

**AVON CYCLES LIMITED**  
**CIN - U35921PB1951PLC001699**  
**Registered Office:** GT Road, Dhandari Kalan, Ludhiana, Punjab-141 010  
**Email:** compliance@avoncycles.com

**NOTICE OF TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF  
AVON CYCLES LIMITED**  
*(Being convened pursuant to an order dated 22<sup>nd</sup> July 2022 passed by the Hon'ble National  
Company Law Tribunal, Chandigarh Bench)*

**MEETING:**

<b>Day</b>	:	Saturday
<b>Date</b>	:	10 <sup>th</sup> September 2022
<b>Time</b>	:	12:30 PM
<b>Venue</b>	:	The deemed venue for the aforesaid Meeting shall be the Registered Office of Avon Cycles Limited ("the Company"), i.e., GT Road, Dhandari Kalan, Ludhiana, Punjab – 141 010
<b>Mode</b>	:	As per the directions of the Hon'ble National Company Law Tribunal, Chandigarh Bench, the meeting shall be conducted through Video Conferencing ("VC") with the facility of remote e-voting

**REMOTE E-VOTING**

<b>Start Date and Time</b>	:	05 <sup>th</sup> September 2022; 10:00 AM
<b>End Date and Time</b>	:	09 <sup>th</sup> September 2022; 05:00 PM

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**COMPANY APPLICATION NO. C.A. (CAA) No. 4/Chd/Pb/2022**

**In the matter of Sections 230-232 and other applicable provisions of the Companies Act, 2013  
read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016**

**And**

**In the matter of Scheme of Arrangement**

**Amongst**

**PAHWA ESTATES AND HOLDINGS PRIVATE LIMITED**

**(Applicant Company No. 1 / Transferor Company)**

**AND**

**AVON CYCLES LIMITED**

**(Applicant Company No. 2 / Transferee Company / Demerged Company)**

**And**

**AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED**

**(Applicant Company No. 3 / Resulting Company)**

**AND**

**Their Respective Shareholders and Creditors**

**FORM NO. CAA 2**

*[Pursuant to Section 230 (3) and Rule 6 and 7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]*

**NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS OF AVON CYCLES LIMITED (APPLICANT COMPANY No. 2 / TRANSFEREE COMPANY / DEMERGED COMPANY)**

**To,**

**The Unsecured Creditors of Avon Cycles Limited**

**(‘Applicant Company No. 2’ or ‘Transferee Company’ or ‘Demerged Company’)**

Notice is hereby given that by an order dated 22<sup>nd</sup> July 2022, the Chandigarh Bench of the Hon’ble National Company Law Tribunal (“**Tribunal**” or “**NCLT**”) has directed a meeting to be held of the unsecured creditors of the Avon Cycles Limited (except whose outstanding balance is equal to or less than INR 50,000/- (Rupees Fifty Thousand Only) as on 30<sup>th</sup> June 2022), for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Arrangement amongst Pahwa Estates and Holdings Private Limited (“**PEHPL**” / “**Transferor Company**” / “**Applicant Company No. 1**”), Avon Cycles Limited (“**ACL**” / “**Transferee Company**” / “**Demerged Company**” / “**Applicant Company No. 2**”) and Avon Energies and Investments Private Limited (“**AEIPL**” / “**Resulting Company**” / “**Applicant Company No. 3**”) (*Applicant Company No. 1, Applicant Company No. 2 and Applicant Company No. 3 hereinafter together referred to as ‘Applicant Companies’ or ‘Participating Companies’*) and their respective shareholders & creditors (**‘Scheme’**).

In pursuance of the said order and as directed therein, further notice is hereby given that a meeting of the unsecured creditors of the Applicant Company No. 2 will be held on **Saturday, the 10<sup>th</sup> Day of September 2022 at 12:30 P.M. (IST) (“Meeting”)** through Video Conferencing (“**VC**”) with facility of remote e-voting and voting during the meeting through e-voting system as per the details provided herein in “**Annexure A**” to this Notice. Accordingly, you are requested to attend the Meeting via VC.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Applicant Company No. 2 at GT Road, Dhandari Kalan, Ludhiana, Punjab-141 010 during business hours.

**Facility of remote e-voting will be available during the prescribed time period before the meeting and facility to vote through e-voting system will be available during the meeting. Accordingly, unsecured creditors can vote through remote electronic means or e-voting system during the meeting. The facility of appointment of proxies by unsecured creditors will not be available for such meeting. A body corporate which is an unsecured creditor is entitled to appoint a representative for the purposes of participating and / or vote through remote e-voting or e-voting during the meeting.**

The Tribunal has appointed Mr. Justice Surinder Gupta (Retd.), as the Chairperson, Mr. Yash Pal Gupta, Advocate, as Alternate Chairperson and Ms. Neelanchi Garg, Chartered Accountant, as the Scrutinizer for the meeting of unsecured creditors including for any adjournment or adjournments thereof as per the NCLT order directions. The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of the Tribunal.

**TAKE NOTICE** that the following resolution is proposed under Section 230 and other applicable provisions of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the Memorandum of Association and Articles of Association of the Applicant Company No. 2, for the purpose of considering, and if thought fit, approving, the Scheme of Arrangement amongst Pahwa Estates and Holdings Private Limited, Avon Cycles Limited and Avon Energies and Investments Private Limited.

***“RESOLVED THAT pursuant to the provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon’ble National Company Law Tribunal, Bench at Chandigarh (“Tribunal” or “NCLT”) and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), approval of the Unsecured Creditors of the Company, be and is hereby accorded to the Scheme of Arrangement amongst Pahwa Estates and Holdings Private Limited (“Transferor Company”), Avon Cycles Limited (“Transferee Company” / “Demerged Company”) and Avon Energies and Investments Private Limited (“Resulting Company”) and their respective shareholders & creditors (“Scheme”).*”**

***“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, (including withdrawal of the Scheme), which may be required and/or imposed by the NCLT while sanctioning the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.”***



A copy of the Explanatory Statement, under Sections 230(3), 232(1) and 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and the other enclosures as indicated in the Index are enclosed.

**Date : 05<sup>th</sup> August 2022**

**For Avon Cycles Limited**

**Place : Ludhiana**

**Sd/-**

**Mandeep Singh Pahwa**

**Registered Office:**

**GT Road, Dhandari Kalan**

**Ludhiana, Punjab-141 010**

**CIN - U35921PB1951PLC001699**

**Authorised Signatory**

**Notes:**

- (1) In terms of the order dated 22<sup>nd</sup> July 2022 of the Tribunal, Chandigarh Bench, the Applicant Company No. 2 is convening the Meeting of unsecured creditors of Applicant Company No. 2 (except whose outstanding balance is equal to or less than INR 50,000/- (Rupees Fifty Thousand Only) as on 30<sup>th</sup> June 2022), through Video Conferencing in compliance of the Guidelines issued by the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 2013 and Rules made thereunder. Facility of remote e-voting will be available during the prescribed time period before the meeting and e-voting will also be available during the meeting. The proceedings of the meeting shall however be deemed to be conducted at the registered office of Company which shall be the deemed venue of the meeting.
- (2) Only unsecured creditors of the Company having outstanding amount more than INR 50,000/- (Rupees Fifty Thousand Only) as on cut-off date i.e. 30<sup>th</sup> June 2022, may attend the Meeting to be held through VC and vote using e-voting system.
- (3) Where in case unsecured creditor is a Corporate/ Body Corporate/ Institution, then pursuant to Section 113 of the Act, they are entitled to participate in the Meetings through their Authorised Representatives. Such Corporate Creditor is required to send either through email at [compliance@avoncycles.com](mailto:compliance@avoncycles.com) or deposit at the Registered Office of the Company, a duly certified copy of the Board Resolution/ Power of Attorney authorizing such Authorized Representative along with the ID of Authorized Representative, to attend and vote at the Meeting on its behalf, not later than 48 hours before the time fixed for the aforesaid Meeting.
- (4) The remote e-voting for the unsecured creditors shall commence on 05<sup>th</sup> September 2022 (10:00 AM - IST) and shall end on 09<sup>th</sup> September 2022 (5:00 PM - IST).
- (5) National Securities Depository Limited ("**NSDL**") has been appointed to provide platform for convening the meeting through video conferencing, remote e-voting and voting during the meeting in a secured and transparent manner. Detailed instructions and operational manual for participation and remote e-voting during the prescribed time period before the meeting and e-voting during the meeting is enclosed as **Annexure A** to the Notice. The unsecured creditors desiring to vote through remote e-voting, attend the meeting through VC and vote during the meeting, are requested to carefully follow the instructions set out in **Annexure A** to this Notice. **The EVEN number for this meeting is 120739.**
- (6) Please take note that as per the directions of the Tribunal, the meeting is proposed to be held through VC with facility of remote e-voting, accordingly, option of attending the meeting physically at venue or through proxy is not available.

- (7) Unsecured creditors who have voted through remote e-voting during the available window as aforementioned in point (4) above will be eligible to attend/participate in the meeting through the NSDL platform. However, they will not be entitled to vote again during the meeting. Only those unsecured creditors who have not participated in remote e-voting system, may cast their e-vote during the meeting through NSDL platform.
- (8) The quorum of the meeting of the unsecured creditors of the Applicant Company No. 2 shall be 2156 (Two Thousand One Hundred Fifty-Six) in number or 40% in value of the total unsecured Creditors of the Applicant Company No. 2 as on 30<sup>th</sup> June 2022. It is also directed that if the required Quorum is not present at the commencement of meeting, then the meeting will be adjourned for 30 minutes, and thereafter the persons present and voting shall be deemed to constitute the quorum.
- (9) The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the unsecured creditors at the registered office of the Applicant Company No. 2 between 10.00 A.M. and 12.00 Noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting. However, the same shall be open for inspection during the aforesaid meeting.
- (10) The Notice, together with the documents accompanying the same, is being sent to all the unsecured creditors of the Applicant Company No. 2, except whose outstanding balance is equal to or less than INR 50,000/- (Rupees Fifty Thousand Only) as on 30<sup>th</sup> June 2022, either by registered post or speed post or through courier at their registered address available with the company or via e-mail. The notice, copies of Scheme of Arrangement, Explanatory Statement and annexures to the aforementioned documents may also be accessed on the website of the Applicant Company No. 2 viz. [www.avoncycles.com](http://www.avoncycles.com) and on the website of NSDL viz. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (11) The notice convening the meeting will be published through advertisement in (i) "Financial Express" (English) in All India Edition and (ii) translation thereof in "Dainik Jagran" (Punjabi) Punjab Edition.
- (12) In accordance with the provisions of Sections 230-232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the unsecured creditors, of the Applicant Company No. 2, voting through remote e-voting or by e-voting system agree to the Scheme.
- (13) The voting rights as well as the value of the unsecured creditors shall be in proportion to the outstanding amount due to them by the Applicant Company No. 2 as on cut-off date i.e., on 30<sup>th</sup> June 2022.
- (14) It is clarified that cast of votes by remote e-voting (prior to the meeting) does not disentitle an unsecured creditor from attending the meeting. However, an unsecured creditor who has voted through remote e-voting prior to the meeting cannot vote through e-voting during the Meeting.
- (15) As directed by the Tribunal, Ms. Neelanchi Garg, Chartered Accountant, has been appointed as Scrutinizer for the said meeting of the unsecured creditors of the Applicant Company No. 2 to scrutinize the voting during the meeting in a fair and transparent manner. Post the meeting, the Scrutinizer will submit the report to the Chairperson after completion of scrutiny of the Voting Process. As per Order of the Tribunal, the Chairperson shall report the result of the said NCLT convened meeting to the Tribunal within 7 days from the date of the conclusion of the meeting with regard to the proposed Scheme.

**Encl.: As above**

**COMPANY APPLICATION NO. C.A. (CAA) No. 4/Chd/Pb/2022**

**In the matter of Sections 230-232 and other applicable provisions of the Companies Act, 2013  
read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016**

**And**

**In the matter of Scheme of Arrangement**

**Amongst**

**PAHWA ESTATES AND HOLDINGS PRIVATE LIMITED**

**(Applicant Company No. 1 / Transferor Company)**

**AND**

**AVON CYCLES LIMITED**

**(Applicant Company No. 2 / Transferee Company / Demerged Company)**

**And**

**AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED**

**(Applicant Company No. 3 / Resulting Company)**

**AND**

**Their Respective Shareholders and Creditors**

**EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1), 232(2) AND 102 OF THE  
COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES,  
ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. Pursuant to the order dated 22<sup>nd</sup> July 2022 passed by the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT"), in the Company Application Number C.A. (CAA) No. 4/Chd/Pb/2022 ("Order"), a meeting of the Unsecured Creditors (except whose outstanding balance is equal to or less than INR 50,000/- (Rupees Fifty Thousand Only) as on 30<sup>th</sup> June 2022) of Avon Cycles Limited (hereinafter referred to as the "Applicant Company No. 2" or "Transferee Company" or "Demerged Company" or "Company" as the context may admit) is being convened and held through Video Conferencing ("VC") with facility of remote e-voting and voting during the meeting through e-voting system on Saturday, 10<sup>th</sup> day of September 2022 at 12:30 PM (IST) ("Meeting"), for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Arrangement amongst Pahwa Estates and Holdings Private Limited, Avon Cycles Limited and Avon Energies and Investments Private Limited and their respective shareholders and creditors under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme").
2. In terms of the said Order, the quorum for the said meeting shall be 2156 (Two Thousand One Hundred Fifty-Six) in number or 40% in value of the total unsecured creditors of the Applicant Company No. 2 as on 30<sup>th</sup> June 2022. It is also directed that if the required Quorum is not present at the commencement of meeting, then the meeting will be adjourned for 30 minutes, and thereafter the persons present and voting, shall be deemed to constitute the quorum.
3. In terms of the said Order, the Tribunal has appointed Mr. Justice Surinder Gupta (Retd.) as the Chairperson, Mr. Yash Pal Gupta, Advocate, as Alternate Chairperson and Ms. Neelanchi Garg, Chartered Accountant, as the Scrutinizer for the meeting of unsecured creditors of Applicant Company No. 2 including for any adjournment or adjournments thereof.
4. This statement is being furnished as required under Sections 230(3), 232(1) and 232(2) and 102 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Rules").

5. In accordance with the provisions of Sections 230-232 of the Act, the Scheme shall be acted upon only if a majority in persons representing three fourths in value of the unsecured creditors, of the Applicant Company No. 2, present and voting through remote e-voting or by e-voting system agree to the Scheme.

**Particulars of Pahwa Estates & Holdings Private Limited ('PEHPL' or 'Applicant Company No. 1'):**

6. Pahwa Estates & Holdings Private Limited ('PEHPL' or 'Applicant Company No. 1') is a private limited company incorporated under the Companies Act, 1956 and has its registered office at GT Road, Dhandari Kalan, Ludhiana, Punjab - 141 010. Its Corporate Identity Number ('CIN') is U35923PB1973PTC003379 and Permanent Account Number ('PAN') is AAACP9847R. Applicant Company No. 1 was incorporated on 17<sup>th</sup> December 1973.
7. The main objects of Applicant Company No. 1 are set out in its Memorandum of Association. The main objects of Applicant Company No. 1 are set out hereunder:
1. *Real Estate Business:*
    - a) *To carry on in India or abroad the business of real estate and properties including their purchase development and sale as land, plots, commercial establishments, buildings, residential houses, housing colonies, flats apartments, plots, multiplexes, hotels, resorts and the like.*
    - b) *To construct and maintain hotels, rests and restaurants.*
    - c) *To carry on the business of real estates as promoters, developers, builders and contractors in India and/ or abroad.*
    - d) *To develop, build and lease out property of any nature and to enter into business of 'build, operate and transfer' or 'build, operate and own'.*
    - e) *To take on lease and use property of any kind.*
  2. *Business of trading in Securities*
    - a) *To trade in or retain securities of all kinds, including shares, debentures, bonds, commercial papers, govt. securities and units of mutual funds or investment plans. However, the company will not undertake the business of non-banking financial company.*
    - b) *To trade in commodities, present and future, as may be permissible through stock exchanges.*
    - c) *To establish subsidiaries and joint ventures through strategic investment.*
8. Applicant Company No. 1 is primarily engaged in the business of renting of immovable properties and investment in shares and securities including investment in shares and securities of group entities.
9. The authorized, issued, subscribed and paid-up share capital of Applicant Company No. 1 as on 31<sup>st</sup> March 2022 is as under:

PARTICULARS	(AMOUNT IN INR)
<b><u>AUTHORIZED SHARE CAPITAL</u></b>	
1,00,000 equity shares of Rs. 100 each	1,00,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b><u>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</u></b>	
44,200 equity shares of Rs. 100 each	44,20,000
<b>Total</b>	<b>44,20,000</b>

Subsequent to 31<sup>st</sup> March 2022, there has been no change in the authorised, issued, subscribed and paid-up share capital of Applicant Company No. 1 and it is the same as above.

10. The securities of Applicant Company No. 1 are not listed on any stock exchange.
11. The details of the Promoters and Directors of Applicant Company No. 1 as on 31<sup>st</sup> March 2022, along with their addresses as well as shareholding are as follows:

**Table A: Details of Promoters:**

Sr. No.	Name of Shareholder	Address	No. of Shares	Shareholding (%)
1	Sh. Onkar Singh Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	14,713	33.29%
2	Smt. Sarabjit Kaur Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	5,313	12.02%
3	Sh. Rishi Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	11,512	26.05%
4	Sh. Mandeep Singh Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	12,062	27.29%
5	M/s Avon Cycles Ltd.	G.T. Road, Dhandari Kalan, Ludhiana	100	0.23%
6	Smt. Pallavi Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	500	1.13%
	<b>Total</b>		<b>44,200</b>	<b>100%</b>

**Table B: Details of Directors:**

Sr. No.	Name	Designation	Address	No of shares	Shareholding (%)
1.	Mandeep Singh Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	12,062	27.29%
2.	Rishi Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	11,512	26.05%
3.	Sarabjit Kaur Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	5,313	12.02%
4.	Onkar Singh Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	14,713	33.29%
	<b>Total</b>			<b>43,600</b>	<b>98.64%</b>

Subsequent to 31<sup>st</sup> March 2022, there has been no change in the details of Promoters and Directors of Applicant Company No. 1 and it is the same as above

**Particulars of Avon Cycles Limited ('ACL' or 'Applicant Company No. 2'):**

12. Avon Cycles Limited ('ACL' or 'Applicant Company No. 2') is an unlisted public limited company incorporated on under the Companies Act, 1913 and has its registered office at GT Road, Dhandari Kalan, Ludhiana, Punjab-141 010. Its Corporate Identity Number ('CIN') is U35921PB1951PLC001699 and Permanent Account Number ('PAN') is AABCA4140R. Applicant Company No. 2 was incorporated on 01<sup>st</sup> October 1951.

13. The main objects of Applicant Company No. 2 are set out in its Memorandum of Association. The main objects of Applicant Company No. 2 are set out hereunder:
1. *To manufacture, purchase, import, acquire, assemble, turn to account, process, treat, consume, stock, distribute, sell, export or otherwise deal in all kinds of cycle parts and accessories in general more particularly complete bicycles of different sizes and designs.*
  2. *To Manufacture, purchase, import, assemble, turn, to account, process, treat, consume, stock, distribute, sell, export or otherwise deal in all kinds of e-bikes, e-rickshaws of different varieties, their parts and accessories in general, of any design.*
  3.
    - a) *To carry on business of generation of power / electricity on commercial basis through any process, such as windmill or solar or hydel or gas or oil based, in any part of India.*
    - b) *To construct / erect power projects on turnkey and commercial basis in any part of India.*
    - c) *To undertake the business of generation, sale, purchase, resale, distribution and transmission of electricity in any part of India.*
    - d) *To act as consultants, agents and commission agents for the erection and maintenance of power projects and for generation and distribution of electricity, in any part of India.*
  4. *To subscribe, purchase or otherwise acquire, hold, sell or dispose of shares, stocks, bonds, debentures, or other interests in any other company, corporation, mutual funds or pvt. Equity funds and also to engage in sale/ purchase or real estate. To indulge in forward trading of commodities and their hedging, including in foreign currencies.*
  5. *To invest by placing on deposit with any approved bank or in any other manner as may be approved by the company, reserves or surplus funds of every description or other money not required for immediate use of the company or to the same in approved and sound securities comma subject to stand under the provisions of section 186 of the Companies Act, 2013:*
    - a) *to give any loan or advance to any person or body corporate, with or without security.*
    - b) *To give any guarantee or provide any security with connection to any loan to any other body corporate.*
    - c) *To make investments by subscription or acquisition of securities from the secondary market.*
    - d) *To acquire any other company incorporated inside or outside the country.*
14. Applicant Company No. 2 is primarily engaged in the business of manufacturing of Bicycle & Cycle Parts, E-Bikes and E-Rickshaws manufacturing of wide variety of bicycles and allied components. In addition to this, the Applicant Company No. 2 has also forayed into constructing & operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities, renting of immovable properties.
15. The authorized, issued, subscribed and paid-up share capital of Applicant Company No. 2 as on 31<sup>st</sup> March 2022 is as under:

PARTICULARS	(AMOUNT IN INR)
<b><u>AUTHORIZED SHARE CAPITAL</u></b>	
10,00,000 equity shares of Rs. 10 each	1,00,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b><u>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</u></b>	
8,53,287 equity shares of Rs. 10 each	85,32,870
<b>Total</b>	<b>85,32,870</b>

Subsequent to 31<sup>st</sup> March 2022, there has been no change in the authorised, issued, subscribed and paid-up share capital of Applicant Company No. 2 and it is the same as above.

16. The securities of Applicant Company No. 2 are not listed on any stock exchange.
17. The details of the Promoters and Directors of Applicant Company No. 2 as on 31<sup>st</sup> March 2022, along with their addresses as well as shareholding are as follows:

**Table A: Details of Promoters:**

Sr. No.	Name	Correspondence Address	No of shares	Shareholding (%)
1.	Sh. Onkar Singh Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	2,28,593	26.79%
2.	Smt. Sarabjit Kaur Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	2,28,593	26.79%
3.	Sh. Rishi Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1,70,047	19.93%
4.	Sh. Mandeep Singh Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1,70,046	19.93%
5.	M/s Pahwa Estates & Holdings Pvt. Ltd.	GT Road, Dhandari Kalan, Ludhiana, Punjab-141 003	56,000	6.56%
	<b>Total</b>		<b>8,53,279</b>	<b>99.99%</b>

**Table B: Details of Directors:**

Sr. No.	Name	Designation	Address	No of shares	Shareholding (%)
1.	Mandeep Singh Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1,70,046	19.93%
2.	Rishi Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1,70,047	19.93%
3.	Sarabjit Kaur Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	2,28,593	26.79%
4.	Onkar Singh Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	2,28,593	26.79%
5.	Sh. Anil Arora	Independent Director	House No. 17-B, Shastri Nagar, Ludhiana-141002	-	-
6.	Sh. Girish Paman Vanvari	Independent Director	801, Martin Nest, 9 Central Avenue, Santacruz West, Mumbai-400054	-	-
7.	Sh. Mahesh Kumar Mittal	Independent Director	154/1, Maharani Jhansi Road, Civil Lines, Ludhiana.	-	-
8.	Sh. Bhavdeep Sardana	Independent Director	C/o The Sukhjit Starch & Chemicals Limited, Sarai Road, Phagwara-144401	-	-
	<b>Total</b>			<b>7,97,279</b>	<b>93.44%</b>

Subsequent to 31<sup>st</sup> March 2022, there has been no change in the details of Promoters and Directors of Applicant Company No. 2 and it is the same as above.

**Particulars of Avon Energies and Investments Private Limited ('AEIPL' or 'Applicant Company No. 3' or 'Resulting Company'):**

18. Avon Energies and Investments Private Limited ('AEIPL' or 'Applicant Company No. 3' or 'Resulting Company') is a private limited company incorporated under the Companies Act, 2013 and has its registered office at GT Road, Dhandari Kalan, Ludhiana, Punjab-141 010. Its Corporate Identity Number ('CIN') is U40105PB2021PTC054920 and Permanent Account Number ('PAN') is AAWCA3026D. Applicant Company No. 3 was incorporated on 24<sup>th</sup> December 2021.
19. The main objects of Applicant Company No. 3 are set out in its Memorandum of Association. The main objects of Applicant Company No. 3 are set out hereunder:
  1. *To carry on business of generation of power/electricity on commercial basis through any process, such as windmill or solar or hydel or gas or oil based and to transmit and distribute power/electricity in any part of India.*
  2. *To construct/erect power projects on turnkey and commercial basis in any part of India.*
  3. *To act as consultants, agents and commission agents for the erection and maintenance of power projects.*
  4. *To invest funds in properties for acquisition and/or construction of power generating plants.*
20. The Applicant Company No. 3 was incorporated with an objective to engage in the business of constructing & operating solar power plant/ wind turbines engaged in power generation and distribution, Investment in shares & securities, renting of immovable properties etc.
21. The authorized, issued, subscribed and paid-up share capital of Applicant Company No. 3 as on 31<sup>st</sup> March 2022 is as under:

PARTICULARS	AMOUNT IN INR
<b><u>AUTHORIZED SHARE CAPITAL</u></b>	
10,000 Equity Shares of INR 10 each	1,00,000
<b>TOTAL</b>	<b>1,00,000</b>
<b><u>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</u></b>	
10,000 Equity Shares of INR 10 each	1,00,000
<b>TOTAL</b>	<b>1,00,000</b>

Subsequent to 31<sup>st</sup> March 2022, there has been no change in the authorised, issued, subscribed and paid-up share capital of Applicant Company No. 3 and it is the same as above.

22. The securities of Applicant Company No. 3 are not listed on any stock exchange.
23. The details of the Promoters and Directors of Applicant Company No. 3 as on 31<sup>st</sup> March 2022, along with their addresses as well as shareholding are as follows:

**Table A: Details of Promoters:**

Sr. No.	Name	Correspondence Address	No of shares	Shareholding (%)
1.	Avon Cycles Limited	GT Road, Dhandari Kalan, Ludhiana, Punjab. 141003	9,998	99.98%



2.	Mandeep Singh Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1	0.01%
3.	Rishi Pahwa	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1	0.01%
<b>Total</b>			<b>10,000</b>	<b>100%</b>

**Table B: Details of Directors**

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>No of shares</b>	<b>Shareholding (%)</b>
1.	Mandeep Singh Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1	0.01%
2.	Rishi Pahwa	Director	1, Avon Villas, Ayali Kalan Road, South city, Ludhiana	1	0.01%
<b>Total</b>				<b>2</b>	<b>0.02%</b>

Subsequent to 31<sup>st</sup> March 2022, there has been no change in the details of Promoters and Directors of Applicant Company No. 3 and it is the same as above.

#### 24. **Board Meeting approving the Scheme of Arrangement**

The Board of Directors of the Applicant Companies have unanimously approved the proposed Scheme of Arrangement vide their respective Board Resolutions dated 31<sup>st</sup> December 2021 in case of Applicant Company No. 1, Applicant Company No. 2, and Applicant Company No. 3, after taking on record the Fair Valuation report dated 30<sup>th</sup> December 2021, issued by registered valuer, Mr. Niranjana Kumar (IBBI Registration No.-IBBI/RV/06/2018/10137).

Names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolutions are as follows:

##### **A. Pahwa Estates and Holdings Private Limited:**

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Voted in Favour/ Against/ Abstained from voting</b>
1.	Sh. Onkar Singh Pahwa	In Favour
2.	Sh. Rishi Pahwa	In Favour
3.	Sh. Mandeep Singh Pahwa	In Favour

##### **B. Avon Cycles Limited:**

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Voted in Favour/ Against/ Abstained from voting</b>
1.	Sh. Onkar Singh Pahwa	In Favour
2.	Sh. Rishi Pahwa	In Favour

Sr. No.	Name of the Director	Voted in Favour/ Against/ Abstained from voting
3.	Sh. Mandeep Singh Pahwa	In Favour
4.	Sh. Anil Arora	In Favour
5.	Sh. Girish Paman Vanvari	In Favour
6.	Sh. Bhavdeep Sardana	In Favour

**C. Avon Energies and Investments Private Limited:**

Sr. No.	Name of the Director	Voted in Favour/ Against/ Abstained from voting
1.	Sh. Rishi Pahwa	In Favour
2.	Sh. Mandeep Singh Pahwa	In Favour

**25. Brief details of the Scheme**

S.No.	Particulars	Particulars
i.	Parties involved in the Scheme	<ul style="list-style-type: none"> <li>- Pahwa Estates and Holdings Private Limited ("<b>PEHPL</b>" / "<b>Transferor Company</b>" / "<b>Applicant Company No. 1</b>")</li> <li>- Avon Cycles Limited ("<b>ACL</b>" / "<b>Transferee Company</b>" / "<b>Demerged Company</b>" / "<b>Applicant Company No. 2</b>")</li> <li>- Avon Energies and Investments Private Limited ("<b>AEIPL</b>" / "<b>Resulting Company</b>" / "<b>Applicant Company No. 3</b>")</li> </ul> <p>Hereinafter, collectively referred to as '<b>Participating Companies or 'Applicant Companies'</b>'.</p>
ii.	Relationship between the Companies	<ul style="list-style-type: none"> <li>- PEHPL holds 6.56% shares in ACL.</li> <li>- ACL holds 0.23% in PEHPL and 99.99% shares in AEIPL</li> </ul>
iii.	Scheme Arrangement of	The Scheme provides for (i) Amalgamation of Pahwa Estates and Holdings Private Limited into and with Avon Cycles Limited (Part B of the Scheme); (ii) Demerger of Non-Core Undertaking of Avon Cycles Limited to Avon Energies & Investments Private Limited; and their respective shareholders and creditors, pursuant to the provisions of Sections 230 – 232 and other applicable provisions of the Act, and rules made thereunder with such modifications and amendments as may be made from time to time, with the appropriate approvals and sanctions of the Tribunal and other relevant regulatory authorities, as may be required under the Act and under all other applicable laws (Part C of the Scheme).
iv.	Appointed Date	Opening business hours on 01 <sup>st</sup> April 2022 or such other date as may be decided or approved by the NCLT.
v.	Effective Date	Effective Date means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the Scheme are filed by the Participating Companies with the Registrar of Company. Any references in this Scheme to

		“upon this Scheme becoming effective” or “effectiveness of this Scheme” shall refer to the Effective Date
vi.	Summary of Share Exchange Ratio Report capturing the fair valuation of Equity Shares of Avon Cycles Limited/ Transferee Company for the purpose of Part B of the Scheme and Share Entitlement Ratio for Part C of the Scheme, dated 30 <sup>th</sup> December 2021 obtained from registered Valuer, Mr. Niranjana Kumar	<p><b>1. <u>Under Part-B of the Scheme: Amalgamation of PEHPL (Amalgamating Company) into ACL (Amalgamated Company)</u></b></p> <p><i>“166 (One Hundred and Sixty Six) Equity Shares of Rs. 10/- each fully paid-up of the Transferee Company (i.e. Avon Cycles Limited) shall be issued for every 100 (One Hundred) Equity Shares held in the Transferor Company (i.e. Pahwa Estates and Holdings Private Limited) having face value of Rs. 100/- each fully paid-up.”</i></p> <p><b>2. <u>Under Part-C of the Scheme: Demerger of Non-core Business of ACL (Demerged Company) into AEIPL (Resulting Company).</u></b></p> <p><i>“1 (One) equity share of the Resulting Company having a face value of INR 10 each fully paid up shall be issued for every 1(One) equity share held in ACL having face value of INR 10 each fully paid up”</i></p> <p><b>The Share Exchange Ratio Report is available for inspection at the registered office of Applicant Company No. 2.</b></p>
vii.	Rationale of the Scheme or the benefits of the Scheme as perceived by the Board of Directors of the Company to the Company, Shareholders, Creditors and Others	<p>With an intent to rationalise the group structure of Avon Cycles Limited, the management intends to amalgamate Pahwa Estates and Holdings Private Limited into and with Avon Cycles Limited. It is expected that such consolidation of entities will eliminate inefficiencies and streamline the corporate structure and cash flows.</p> <p>Avon Cycles Limited, established in 1951, has been engaged in diversified businesses primarily dealing in manufacturing of Bicycle &amp; Cycle Parts, E-Bikes and E-Rickshaws (“<b>Cycle Business</b>” or “<b>Core Undertaking</b>”). In addition, Avon Cycles Limited is also engaged in other business verticals, which includes all businesses, on a going concern basis, other than the Core Undertaking of the Demerged Company, including but not limited to constructing &amp; operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities, renting of immovable properties which are not in use by the Core Undertaking (i.e. Cycle Business) of the Demerged Company (“<b>Non-Core Undertaking</b>”).</p> <p>Core Undertaking and Non-Core Undertaking represents independent business divisions of ACL. The management believes that the nature of offerings and the risk and return profile of each businesses segment is different from one another and hence, the proposed re-organisation would enable enhanced management focus on each of the business verticals, thereby facilitating the management to efficiently exploit opportunities in each of the said businesses.</p> <p>Considering the above and post-merger of PEHPL with ACL, the management then intends to transfer by way of demerger, its Non-Core Undertaking to AEIPL (hereinafter</p>

		<p>carved-out undertaking referred to as “<b>Demerged Business</b>”).</p> <p>The Scheme would result in following benefits, which would be in the best interest of the shareholders, creditors, and employees of all the Companies:</p> <ul style="list-style-type: none"> <li>a) benefits from streamlining and rationalising the group structure;</li> <li>b) focused business approach to the respective line of business; and</li> <li>c) benefit of financial resources, managerial, technical and marketing expertise;</li> </ul> <p>The Scheme shall not in any manner be prejudicial to the interests of concerned stakeholders.</p>
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## 26. Key salient features of the Scheme

### 2 Definitions:

*In this Scheme, unless repugnant to the subject context or meaning thereof, the following capitalised words and expressions shall have the meaning as set out herein below:*

- 2.3. **“Appointed Date”** means April 01, 2022 or such other date as may be decided or approved by the NCLT ;
- 2.6. **“Demerged Company”** means Avon Cycles Limited, as mentioned in the Preamble Clause 1.3.2 of this Scheme;
- 2.7. **“Effective Date”** means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the Scheme are filed by the Participating Companies with the registrar of Company. Any references in this Scheme to “upon this Scheme becoming effective” or “effectiveness of this Scheme” shall refer to the Effective Date
- 2.12 **“Part B Record Date”** means the date to be fixed jointly by the Board of Directors of Transferor Company and Transferee Company, for the purpose of determining the shareholders of Transferor Company to whom the shares of Transferee Company shall be issued and allotted upon coming into effect of Part B of this Scheme;
- 2.13 **“Part C Record Date”** means the date to be fixed jointly by the Board of Directors of Demerged Company and Resulting Company, for the purpose of determining the shareholders of Demerged Company to whom the shares of Resulting Company shall be issued and allotted upon coming into effect of Part C of this Scheme;
- 2.11 **“Non-Core Undertaking”** means all assets and liabilities of the Non-Core Undertaking of the Demerged Company and shall include all assets and liabilities of the Transferor Company vested in it pursuant to Part B of the Scheme. Without prejudice and limitation to the generality of the above, the Non-Core Undertaking means and includes without limitation, the following (as applicable):
- (i) all assets, wherever situated, whether movable or immovable, tangible or intangible including all intellectual property (registered or otherwise), computers and accessories, software and related data, leasehold improvements, plant and machinery, investments, acquisitions, holdings in equity shares, preference shares, debentures and other

*securities of all descriptions in Company in India and elsewhere, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electrical appliances, accessories pertaining to the Non-Core Undertaking of the Demerged Company, including but not limited to, Solar Power Plant / Wind turbines engaged in power generation and distribution, all the rights to the Immovable Property of the Non-Core Undertaking of the Demerged Company, the past track record, profitability, experience, credentials and market share of the Demerged Company relating to its Non-Core Undertaking and shall include all assets of the Transferor Company vested in the Transferee Company pursuant to Part B of the Scheme;*

- (ii) all rights and licenses, all assignments and grants thereof, all permits, clearances and registrations whether under central, state or other laws, rights (including rights / obligations under agreement(s) entered into with various persons including independent consultants, subsidiaries / associate / joint venture Company and other shareholders of such subsidiary / associate / joint venture Company, contracts, applications, letters of intent, memorandum of understandings or any other contracts), non-disposal undertakings, certifications and approvals, regulatory approvals, entitlements, other licenses, consents, tenancies, investments and / or interest (whether vested, contingent or otherwise), taxes, share of advance tax, TDS, minimum alternate tax credit (including but not limited to credits in respect of goods and services tax, sales tax, value added tax, service tax, and other indirect taxes), deferred tax benefits and other benefits in respect of the Non-Core Undertaking of the Demerged Company, cash balances, bank accounts and bank balances, deposits, advances, recoverable, receivables (including inter-unit balances between Non-Core Undertaking of the Demerged Company and Remaining Business, if any), easements, advantages, financial assets, treasury investments, hire purchase and lease arrangements, funds belonging to or proposed to be utilized for the Non-Core Undertaking of the Demerged Company, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Non-Core Undertaking of the Demerged Company and shall also include all rights / obligations pertaining to the Transferor Company vested in the Transferee Company pursuant to Part B of the Scheme;*
- (iii) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programs along with their licenses, manuals and backup copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Non-Core Undertaking of the Demerged Company and related to the Transferor Company which pursuant to Part B of the Scheme shall stand vested in the Transferee Company;*
- (iv) any and all earnest monies and / or security deposits, or other entitlements in connection with or relating to the Non-Core Undertaking of the Demerged Company and related to the Transferor Company which pursuant to Part B of the Scheme stand vested in the Transferee Company;*
- (v) employees of Demerged Company that are determined by its Board of Directors to be engaged in or in relation to the Non-Core Undertaking of the Demerged Company on the date immediately preceding the Effective Date;*
- (vi) all liabilities (including liabilities, allocable as per this Scheme, if any) present and future (including inter-unit payables between Non-Core Undertaking of the Demerged Company and Remaining Business) and the contingent liabilities pertaining to or relatable to the Non-Core Undertaking of the Demerged Company. For the purpose of this clause, the liabilities pertaining to the Non-Core Undertaking of the Demerged Company means and includes:*

- *All liabilities (including contingent liabilities) arising out of the activities or operation of the Non-Core Undertaking of the Demerged Company;*
- *All liabilities (including contingent liabilities) vested in Transferee Company pursuant to Part B of the Scheme*
- *Specific loans and borrowings raised, if any raised, incurred and utilized solely for the activities or operations of the Non-Core Undertaking of the Demerged Company; and*
- *Liabilities other than those referred above, which are general or multipurpose borrowings, if any, of the Demerged Company be allocated to the Non-Core Undertaking of the Demerged Company in the same proportion in which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before the Appointed Date of the Scheme;*

*Any issue as to whether any asset or liability pertains to or is relatable to the Non-Core Undertaking shall be mutually decided between the Board of Directors of the Demerged Company and the Resulting Company on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company)*

- 2.15. **“Remaining Business”** means the remaining business of the Demerged Company after the demerger of Non-Core Undertaking in accordance with Part C of this Scheme;
- 2.16 **“Resulting Company”** means AEIPL as mentioned in the Preamble Clause 1.3.3 of this Scheme
- 2.21 **“Transferee Company”** means Avon Cycles Limited, as mentioned in the Preamble Clause 1.3.2 of this Scheme;
- 2.22 **“Transferor Company”** Pahwa Estates and Holdings Private Limited, as mentioned in the Preamble Clause 1.3.1 of this Scheme

## 1. **Purpose and Rationale for the Scheme:**

With an intent to rationalise the group structure of Avon Cycles Limited, the management intends to amalgamate Pahwa Estates and Holdings Private Limited into and with Avon Cycles Limited. It is expected that such consolidation of entities will eliminate inefficiencies and streamline the corporate structure and cash flows.

Avon Cycles Limited, established in 1951, has been engaged in diversified businesses primarily dealing in manufacturing of Bicycle & Cycle Parts, E-Bikes and E-Rickshaws (**“Cycle Business”** or **“Core Undertaking”**). In addition, Avon Cycles Limited is also engaged in other business verticals, which includes all businesses, on a going concern basis, other than the Core Undertaking of the Demerged Company, including but not limited to constructing & operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities, renting of immovable properties which are not in use by the Core Undertaking (i.e. Cycle Business) of the Demerged Company (**“Non-Core Undertaking”**).

Core Undertaking and Non-Core Undertaking represents independent business division of ACL. The management believes that the nature of offerings and the risk and return profile of each businesses segment is different from one another and hence, the proposed re-organisation would enable enhanced management focus on each of the business verticals, thereby facilitating the management to efficiently exploit opportunities in each of the said businesses.

Considering the above and post-merger of PEHPL with ACL, the management intends to transfer by way of demerger, its Non-Core Undertaking to AEIPL (hereinafter carved-out undertaking referred to as **“Demerged Business”**).

The Scheme would result in following benefits, which would be in the best interest of the shareholders, creditors, and employees of all the Companies:

- a) benefits from streamlining and rationalising the group structure;
- b) focused business approach to the respective line of business; and
- c) benefit of financial resources, managerial, technical and marketing expertise;

The Scheme shall not in any manner be prejudicial to the interests of concerned stakeholders.

## **6. CONSIDERATION AND ISSUE MECHANICS**

- 6.1. Upon this Scheme coming into effect and upon vesting of the Transferor Company in the Transferee Company, a Record Date shall be determined for ascertaining the equity shareholders of the Transferor Company to whom fully paid-up equity shares are to be issued and allotted by the Transferee Company in the manner described in the Clause 6.3.
- 6.2. Upon coming into effect of this Scheme, shares of the Transferor Company as held by the Transferee Company or vice versa shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from Effective Date.
- 6.3. Subject to giving effect of Clause 6.2. above, the Transferee Company shall issue and allot to each equity shareholder (except to the Transferee Company itself or its subsidiary or to any other shareholder holding shares in the Transferor Company, jointly with or as a nominee of the Transferee Company) of the Transferor Company, whose name is recorded in the Register of Members of such Transferor Company as on Part B Record Date or to their respective heirs, executors, administrators or other legal representatives or successors-in-title, as the case may be, as per following share entitlement ratio:

*“166 (One Hundred and Sixty Six) Equity Shares of Rs. 10/- each fully paid-up of the Transferee Company (i.e. Avon Cycles Limited) shall be issued for every 100 (One Hundred) Equity Shares held in the Transferor Company (i.e. Pahwa Estates and Holdings Private Limited) having face value of Rs. 100/- each fully paid-up.”*

- 6.4. The aforesaid ratio for the issue of equity shares by the Transferee Company against the equity shares held by the shareholders in the Transferor Company is based on the recommendations made in the valuation report dated December 30, 2021 issued by independent valuer Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.- IBBI/RV/06/2018/10137)
- 6.5. In the event that the equity shares entitled to be issued result in fractional entitlements, the Transferee Company shall be empowered to consolidate and / or round off such fractional entitlements to nearest higher integer number of respective equity shares.
- 6.6. Simultaneously, with the issue and allotment of above equity shares, existing equity shares of the Transferee Company, as held by the Transferor Company, shall, without any further

application, act, instrument, or deed, be cancelled. The reduction of capital of the Transferee Company pursuant to the Scheme shall be given effect as an integral part of the Scheme without having to follow the process under Section 66 of the Act separately and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. Notwithstanding the reduction of subscribed and paid-up equity share capital of the Transferee Company, Transferee Company shall not be required to add "And Reduced" as suffix to its name. The consent of the shareholders and creditors of Transferee Company to this Scheme shall be deemed to be the consent of its shareholders and creditors for the purposes of effecting the above reduction, if any, under provisions of Section 66 of the Company Act 2013 and no further resolution under Section 66 of the Company Act 2013 would be required to be separately passed.

- 6.7. Equity shares to be issued and allotted in terms hereof will be subject to the Memorandum of Association and Articles of Association of the Transferee Company and shall be deemed to be in compliance with the provisions of the Act or any law for the time being in force.
- 6.8. Issue and allotment of equity shares, pursuant to Clause 6.3. of this Scheme is an integral part of this Scheme. The approval of this Scheme by shareholders of Transferee Company shall be deemed to be in due compliance with all applicable provisions of the Act including but not limited to Sections 42 or 55 or 61 or 62 and other applicable provisions of the Act. However, Board of Transferee Company shall pass necessary resolution for allotment of equity shares as envisaged in the Scheme.
- 6.9. Upon equity shares being issued and allotted by the Transferee Company in accordance with Clause 6.3, the share certificates in relation to the shares held by all the members of the Transferor Company shall stand cancelled and extinguished and be of no effect on and from the date of such issue and allotment.

## **23. DISCHARGE OF CONSIDERATION**

- 23.1. Upon this Scheme becoming effective and post giving effect to Part B of the Scheme and in consideration of the demerger of the Non-Core Undertaking from the Demerged Company to the Resulting Company, the Resulting Company shall, without any further act, instrument, deed or matter, issue and allot fully paid-up equity shares to eligible equity shareholders of the Demerged Company, as on the Part C Record Date, or to their respective heirs, executors, administrators, or legal representatives, in the following ratio:

*"1 (One) equity share of the Resulting Company having a face value of INR 10 each fully paid up shall be issued for every 1(One) equity share held in ACL having face value of INR 10 each fully paid up"*

- 23.2. Simultaneously with the issue and allotment of above equity shares, existing equity shares of the Resulting Company, as held by the Demerged Company, shall, without any further application, act, instrument, or deed, be cancelled. The reduction of capital of the Resulting Company pursuant to the Scheme shall be given effect as an integral part of the Scheme without having to follow the process under Section 66 of the Act separately and the order



of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. Notwithstanding the reduction of subscribed and paid up equity share capital of the Resulting Company, Resulting Company shall not be required to add "And Reduced" as suffix to its name. The consent of the shareholders and creditors of Resulting Company to this Scheme shall be deemed to be the consent of its shareholders and creditors for the purposes of effecting the above reduction, if any, under provisions of Section 66 of the Companies Act 2013 and no further resolution under Section 66 of the Companies Act 2013 would be required to be separately passed.

- 23.3. The aforesaid ratio for the issue of equity shares by the Resulting Company against the equity shares held by the shareholders in the Demerged Company is based on the recommendations made in the Share Entitlement Report dated December 30, 2021 issued by the registered valuer Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.- IBBI/RV/06/2018/10137).
- 23.4. Equity shares to be issued to the equity shareholders of the Demerged Company shall be subject to the Memorandum of Association and Articles of Association of the Resulting Company and shall be deemed to be in compliance with the provisions of the Act or any law for the time being in force.
- 23.5. The approval of this Scheme by the requisite majority of shareholders of the Resulting Company shall be deemed to be in due compliance of the provisions of Section 62 of the Act, and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.
- 23.6. No fractional shares shall be issued by the Resulting Company to the shareholders of the Demerged Company in respect of the residual fractional entitlements (if any), to which the shareholders of the Demerged Company may be entitled on issue and allotment of the equity shares of the Resulting Company in pursuance of this Clause 23.1. Any fraction arising out of such allotment shall be rounded off to the closest higher integer
- 23.7. In the event, the Resulting Company restructures or reorganises its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of this Scheme, the Share Entitlement Ratio, as per Clause 23.1 above shall be adjusted accordingly, and if required, to consider the effect of any such restructuring or reorganisation of equity share capital of the Resulting Company.
- 23.8. The Board of Directors of the Demerged Company and the Resulting Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of the difficulties, if any, in the transition period.

## **7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY**

- 7.1. Upon the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) prescribed under Section 133 of the Companies Act, 2013 and other generally accepted accounting principles in India in the following manner:

- (i) All assets and liabilities of the Transferor Company shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company as on the Appointed Date;
- (ii) The identity of the reserves standing in the books of accounts of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form, as they appeared in the financial statements of the Transferor Company. As a result of preserving the identity, the reserves which are available for distribution before the amalgamation would also be available for distribution as dividend after amalgamation. The balance of the reserves appearing in the financial statements of the Transferor Company as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- (iii) Inter-corporate deposits / loans and advances / balances outstanding, if any, between the Transferee Company and the Transferor Company shall stand cancelled and there shall be no further obligation in this regard.
- (iv) Shares held by the Transferor Company in the Transferee Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be effected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.
- (v) Entire inter-company investments held by the Transferor Company in the Transferee Company and by the Transferee Company in the Transferor Company shall stand cancelled.
- (vi) The difference between the book value of assets and book value of liabilities (including reserves) so recorded in the books of account of the Transferee Company, as reduced by aggregate sum of the share capital issued as consideration as per Clause 6 and after giving effect to clause (iii), (iv) and (v) above as applicable, shall be recorded as capital reserve (debit or credit, as the case may be).
- (vii) In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- (viii) Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its statutory auditor, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards

## **24. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY**

24.1. Upon this Scheme becoming effective, with effect from the Appointed Date and post giving effect to Part B of the Scheme, the Demerged Company shall account for the demerger of the Non-Core Undertaking in its books of accounts with effect from the Appointed Date in the following manner:

- (i) the Demerged Company shall reduce from its books of accounts, the Book Values appearing as on the Appointed Date of all assets and liabilities (including reserves) pertaining to the Non-Core Undertaking;

- (ii) the inter-corporate deposits / loans and advances / balances outstanding between the Non-Core Undertaking of Demerged Company and the Resulting Company, if any, shall stand cancelled and thereafter there shall be no obligation in that behalf;
- (iii) Entire investment made by the Demerged Company in the equity share capital of the Resulting Company, shall stand cancelled
- (iv) Notwithstanding the above, the Board of Directors of the Demerged Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves in compliance with prevailing accounting standards
- (v) The difference between the book value of assets and the book value of liabilities of the Non-Core Undertaking shall be recorded against the following reserves (in the sequential order):
  - (a) Retained Earnings
  - (b) Profit and Loss Account Balances

## **25. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY**

25.1. Upon this Scheme becoming effective and post giving effect to Part B of the Scheme, the Resulting Company shall account for the demerger of the Non-Core Undertaking in its books of accounts with effect from the Appointed Date in the following manner:

- (i) all assets and liabilities (including reserves) in relation to the Non-Core Undertaking shall be recorded in its books of accounts by the Resulting Company at the respective Book Values as appearing in the books of accounts of the Demerged Company as at the Appointed Date;
- (ii) the inter-corporate deposits / loans and advances / balances outstanding between the Non-Core Undertaking of Demerged Company and the Resulting Company, if any, shall stand cancelled and thereafter there shall be no obligation in that behalf;
- (iii) Shares held by the Demerged Company in the Resulting Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be effected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital
- (iv) the aggregate face value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company shall stand credited to the share capital of the Resulting Company in its books of accounts.
- (v) the difference between the book value of assets and book value of liabilities (including reserves) so recorded in the books of account of the Resulting Company, as reduced by aggregate sum of the share capital of the equity shares issued in terms of Clause 23.1, shall be recorded against the following reserves (in the same manner in which reserves shall be adjusted in the books of the Demerged Company in accordance with Clause 24.1(iv) above):

- a) Retained Earnings; and
  - b) Profit and Loss Account Balances;
- (vi) The difference between the book value of assets and book value of liabilities (including reserves) transferred from Demerged Company pursuant to Clause 25.1(i) and aggregate of the share capital issued pursuant to clause 25.1(iv), the Transferred Reserves and after giving effect to inter-company balances, if any, as per clause 25.1 (ii) and cancellation of shares as per Clause 25.1(iii) above, shall be recorded as Capital Reserve.
- (vii) Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to record assets, liabilities and reserves in compliance with prevailing accounting standards

***The aforementioned extracts are as per the proposed Scheme filed with the NCLT. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.***

27. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder. The certificates issued by the respective Statutory Auditors of the Applicant Companies are open for inspection at the registered office of Applicant Company No. 2.

28. **Details of the Directors and Key Managerial Personnel (KMP) and their respective relatives and their respective equity shareholding in each entity as on 31<sup>st</sup> March 2022 are as follows:**

None of the Directors, Key Managerial Personnel and/ or their relatives are, in any way, concerned or interested, financially or otherwise, in the abovementioned resolution except to the extent of shareholding of the Directors given below:

**A. Pahwa Estates & Holdings Private Limited ('PEHPL'):**

S. No.	Name of Directors	Shares (%) held in		
		PEHPL	ACL	AEIPL
1.	Mandeep Singh Pahwa	27.29%	19.93%	0.01%
2.	Rishi Pahwa	26.05%	19.93%	0.01%
3.	Sarabjit Kaur Pahwa	12.02%	26.79%	-
4.	Onkar Singh Pahwa	33.29%	26.79%	-

**B. Avon Cycles Limited ('ACL'):**

S. No.	Name of Directors	Shares (%) held in		
		PEHPL	ACL	AEIPL
1.	Mandeep Singh Pahwa	27.29%	19.93%	0.01%
2.	Rishi Pahwa	26.05%	19.93%	0.01%
3.	Sarabjit Kaur Pahwa	12.02%	26.79%	-
4.	Onkar Singh Pahwa	33.29%	26.79%	-

**C. Avon Energies and Investments Private Limited ('AEIPL'):**

S. No.	Name of Directors	Shares (%) held in		
		PEHPL	ACL	AEIPL
1.	Mandeep Singh Pahwa	27.29%	19.93%	0.01%
2.	Rishi Pahwa	26.05%	19.93%	0.01%

29. Statement disclosing details of Arrangement as per sub-section 3 of Section 230 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016:

S.No.	Particulars	PEHPL	ACL	AEIPL
i.	Details of capital or debt restructuring, if any	Not applicable		
ii.	Benefits of the arrangement as perceived by the Board of directors to the company, members, creditors and others (as applicable)	Refer Para 25 (vii) of the Explanatory Statement.		
iii.	Amounts due to unsecured and secured creditors as on 30 <sup>th</sup> June 2022	<u><b>Secured Creditors:</b></u> Nil  <u><b>Unsecured Creditors:</b></u> INR 10,64,674.14	<u><b>Secured Creditors:</b></u> INR 30,60,96,444.35  <u><b>Unsecured Creditors:</b></u> INR 1,55,23,93,281.74	<u><b>Secured Creditors:</b></u> Nil  <u><b>Unsecured Creditors:</b></u> Nil
iv.	If the Scheme of Arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or associate companies	<ul style="list-style-type: none"> <li>- The Transferor Company holds 6.56% shares in the Transferee/ Demerged Company.</li> <li>- The Transferee/ Demerged Company holds 0.23% in Transferor Company and 99.99% shares in Resulting Company.</li> </ul>		
v.	<b>Disclosure about effect of the compromise or arrangement on:</b>			
a.	Key Managerial Personnel	There is no impact of the Scheme on any of the KMPs of the Applicant Companies. Further, none of the KMPs have any interest in the Scheme except to the extent of shares held by them, if any, in the respective Applicant Companies.		
b.	Directors	The proposed Scheme of Arrangement would not affect any Director of the Applicant Companies except that Applicant Company No. 1 would cease to exist, post effectiveness of the Scheme.		
c.	Promoters / Non-Promoters members	<p>There is no adverse impact of the Scheme on any of the Promoter or Non-promoter Shareholders of the Applicant Companies. Further, none of the Shareholders have any interest in the Scheme except to the extent of shares held by them in the respective Applicant Companies.</p> <p>The Promoter and Non-Promoter Members of the Applicant Company No.1 shall be issued shares of Applicant Company No. 2 as per terms and conditions, detailed in the Scheme of Arrangement</p> <p>The Promoter and Non-Promoter Members of the Applicant Company No.2 shall be issued shares of Applicant Company No. 3 (post giving</p>		

		<i>effect to Part – B of the Scheme</i> ) as per terms and conditions, detailed in the Scheme of Arrangement
d.	Creditors	<p>All the liabilities and dues payable relating to the Applicant Company No. 1/Transferor Company shall become the liabilities and dues payable of/ by the Applicant Company No. 2 / Transferee Company.</p> <p>All the liabilities and dues payable pertaining to the Non-Core Undertaking of the Applicant Company No. 2/ Demerged Company (<i>post giving effect to Part – B of the Scheme</i>) shall become the liabilities and dues payable of/ by the Applicant Company No. 3/ Resulting Company.</p>
e.	Depositors	Applicant Companies does not have any depositors, debenture holders, deposit trustee and debenture trustee.
f.	Debenture Holders	
g.	Deposit trustee and debenture trustee	
h.	Employees of the Company	<p>All the staff, workmen and other employees of the Applicant Company No. 1 (immediately before proposed Amalgamation) shall become the staff, workmen and employees of the Applicant Company No. 2 as per the details mentioned in the Scheme of Arrangement.</p> <p>All the staff, workmen and other employees pertaining to Non-Core Undertaking of the Applicant Company No. 2 immediately before the transfer of said Undertaking under the Scheme of Arrangement (<i>post giving effect to Part-B of the Scheme</i>) shall become the staff, workmen and employees of the Applicant Company No. 3 as per the details mentioned in the Scheme of Arrangement.</p>
vi.	Disclosure about effect of compromise or arrangement on material interest of Directors, Key Managerial Personnel and debenture trustee	
a.	Directors	The proposed Scheme of Arrangement would not affect any Director of the Applicant Companies except that Applicant Company No. 1 would cease to exist, post effectiveness of the Scheme.
b.	Key Managerial Personnel	No material effect of arrangement.
c.	Debenture Trustee	Not Applicable
vii.	Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or arrangement	The Scheme is subject to approval from jurisdictional NCLT. Further, notice under Section 230(5) of Companies Act, 2013 is being submitted with the Central Government, Registrar of Companies, Income Tax Authorities, and Official Liquidator in respect of all the Applicant Companies.
viii.	A statement to the effect that the persons to whom the notice is sent may vote in the meeting either in person or by proxies, or where applicable, by voting through electronic means.	<p>As per the directions of the Tribunal, the meeting is proposed to be held through VC with facility of remote e-voting, accordingly, option of attending the meeting physically at venue or through proxy is not available.</p> <p>Unsecured creditors of Applicant Company No. 2 to whom the Notice is sent may either vote using remote e-voting system or vote during the meeting via VC through e-voting system.</p>

**General:**

30. The copy of draft scheme has been filed with the Registrar of Companies.

31. The National Company Law Tribunal, Chandigarh bench, by its Order dated 22<sup>nd</sup> July 2022 has dispensed with the requirement of convening the meeting(s) of the Equity Shareholders of the Applicant Company No. 1, Applicant Company No. 2 and Applicant Company No. 3.
32. The National Company Law Tribunal, Chandigarh bench, by its Order dated 22<sup>nd</sup> July 2022 has dispensed with the requirement of convening the meeting(s) of the secured creditors and unsecured creditors of the Applicant Company No. 1 and Applicant Company No. 3.
33. The National Company Law Tribunal, Chandigarh bench, by its Order dated 22<sup>nd</sup> July 2022 has directed for convening of the meeting(s) of the secured creditors and unsecured creditors (except whose outstanding balance is equal to or less than INR 50,000/- (Rupees Fifty Thousand Only) as on 30<sup>th</sup> June 2022) of Applicant Company No. 2 *via* Video Conferencing with facility of remote e-voting and publication of notice of the said meeting(s) in newspaper.
34. No investigation or proceedings have been instituted or are pending under applicable provisions of Companies Act, 2013 or erstwhile provisions of Companies Act, 1956 against any of the Applicant Companies.
35. No winding up petition has been admitted against any of the Applicant Companies.
36. Copy of the notice(s) issued to the unsecured creditors of Applicant Company No. 2, the Scheme of Arrangement and Explanatory Statement under Section 230 of the Companies Act, 2013 have been placed on the website of the Applicant Company No. 2 at [www.avoncycles.com](http://www.avoncycles.com)
37. The detailed procedure for participation in the meeting through VC, remote e-voting and voting during the meeting through e-voting system is enclosed with this notice as **Annexure A**. The unsecured creditors desiring to attend the meeting convened through VC and to vote during the meeting or before the meeting, using remote e-voting system, are requested to carefully follow the instructions set out in **Annexure A** to this Notice.
38. The following documents will be open for obtaining extracts from or for making or obtaining copies or inspection by the unsecured creditors of the Applicant Company No. 2 at Avon Cycles Limited, GT Road, Dhandari Kalan, Ludhiana, Punjab-141 010 between 10:00 AM to 12:00 Noon on all working days, except Saturdays, Sundays and Public Holidays upto the date of the meeting:
  - a) Copy of the Order dated 22<sup>nd</sup> July 2022 of the NCLT passed in Company Application No. C.A. (CAA) No. 4/Chd/Pb/2022 directing the convening of meeting(s) of the unsecured creditors of Applicant Company No. 2 (except whose outstanding balance is equal to or less than INR 50,000/- (Rupees Fifty Thousand Only) as on 30<sup>th</sup> June 2022) via Video Conferencing with facility of remote e-voting;
  - b) Copy of the Company Application No. C.A. (CAA) No. 4/Chd/Pb/2022;
  - c) Copy of Scheme of Arrangement;
  - d) Memorandum and Articles of Association of all Applicant Companies;
  - e) Audited Accounting Statement of Applicant Company No. 1 and Applicant Company No. 2 for the period ended 31<sup>st</sup> March 2021 and Provisional Accounting Statement of Applicant Company No. 3 for the period ended 31<sup>st</sup> December 2021;
  - f) Unaudited Accounting Statement of Applicant Company No. 1, Applicant Company No. 2 and Applicant Company No. 3 for the period ended 31<sup>st</sup> March 2022;
  - g) Copies of the Fair Value Report / Share Entitlement Ratio Report dated 30<sup>th</sup> December 2021 issued by Mr. Niranjan Kumar (Registered Valuer) (IBBI Registration No.- IBBI/RV/06/2018/10137);
  - h) Certificates issued by Statutory Auditors of all the Applicant Companies in relation to the accounting treatment prescribed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued thereunder;
  - i) List of unsecured creditors of the Applicant Company No. 2 as on 30<sup>th</sup> June 2022;
  - j) Any other information, contracts or agreements material to the arrangement.

39. A copy of the Scheme and Explanatory Statement shall be furnished to the unsecured creditors, free of charge, within 1 (one) day (except Saturdays, Sundays and public holidays) on a requisition being so made for the same by the unsecured creditors.

**Date : 05<sup>th</sup> August 2022**

**For Avon Cycles Limited**

**Place : Ludhiana**

**Sd/-**

**Mandeep Singh Pahwa**

**Authorised Signatory**

**Registered Office:  
GT Road, Dhandari Kalan  
Ludhiana, Punjab-141 010  
CIN - U35921PB1951PLC001699**



# ANNEXURE-1

## SCHEME OF ARRANGEMENT

### AMONGST

PAHWA ESTATES AND HOLDINGS PRIVATE LIMITED  
("TRANSFEROR COMPANY")

### AND

AVON CYCLES LIMITED  
("TRANSFeree COMPANY" / "DEMERGED COMPANY")

### AND

AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED  
("RESULTING COMPANY")

### AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013  
READ WITH RULES MADE THEREUNDER)

---

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

## PREAMBLE

### **1 PURPOSE AND RATIONALE OF THIS SCHEME**

#### **1.1 Overview**

- 1.1.1. This Scheme of Arrangement ("**Scheme**") is between Pahwa Estates and Holdings Private Limited ("**PEHPL**" / "**Transferor Company**"), Avon Cycles Limited ("**ACL**" / "**Transferee Company**" / "**Demerged Company**") and Avon Energies and Investments Private Limited ("**AEIPL**" / "**Resulting Company**") and their respective shareholders and creditors.

Hereinafter, collectively referred to as "**Participating Companies**".

#### **1.2 Rationale of the Scheme**

- 1.2.1. With an intent to rationalise the group structure of Avon Cycles Limited, the management intends to amalgamate Pahwa Estates and Holdings Private Limited into and with Avon Cycles Limited. It is expected that such consolidation of entities will eliminate inefficiencies and streamline the corporate structure and cash flows.

- 1.2.2. Avon Cycles Limited, established in 1951, has been engaged in diversified businesses primarily dealing in manufacturing of Bicycle & Cycle Parts, E-Bikes and E-Rickshaws ("**Cycle Business**" or "**Core Undertaking**"). In addition, Avon Cycles Limited is also engaged in other business verticals, which includes all businesses, on a going concern basis, other than the Core Undertaking of the Demerged Company, including but not limited to constructing & operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities, renting of immovable properties which are not in use by the Core Undertaking (i.e. Cycle Business) of the Demerged Company ("**Non-Core Undertaking**").

- 1.2.3. Core Undertaking and Non-Core Undertaking represents independent business division of ACL. The management believes that the nature of offerings and the risk and return profile of each businesses segment is different from one another and hence, the proposed re-organisation would enable enhanced management focus on each of the business verticals, thereby facilitating the management to efficiently exploit opportunities in each of the said businesses.

Considering the above and post-merger of PEHPL with ACL, the management intends to transfer by way of demerger, its Non-Core Undertaking to AEIPL (hereinafter carved-out undertaking referred to as "**Demerged Business**").

The Scheme would result in following benefits, which would be in the best interest of the shareholders, creditors, and employees of all the Companies:

- (a) benefits from streamlining and rationalising the group structure;
- (b) focused business approach to the respective line of business; and
- (c) benefit of financial resources, managerial, technical and marketing expertise;

The Scheme shall not in any manner be prejudicial to the interests of concerned stakeholders.

- 1.2.4. This Scheme is segregated into the following parts:

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

- PART A** - Definitions and Share Capital;
- PART B** - Amalgamation of Pahwa Estates and Holdings Private Limited into and with Avon Cycles Limited;
- PART C** - Demerger of Non-Core Undertaking of Avon Cycles Limited to Avon Energies & Investments Private Limited;
- PART D** - General Terms and Conditions

### 1.3 Brief overview of the Company involved in the Scheme

#### 1.3.1 Pahwa Estates & Holdings Private Limited


Pahwa Estates & Holdings Private Limited ("PEHPL" or the "Transferor Company") is a private company originally incorporated in the year 1973 under the name of Deepak Enterprises Private Limited. Later in 1977 the name of company was changed to Pahwa Cycles Private Limited and in year 2007 it was changed to Pahwa Estates & Holdings Private Limited. The company has its registered office at GT Road, Dhandari Kalan, Ludhiana, Punjab. Its Corporate Identity Number ("CIN") is U35923PB1973PTC003379, and Permanent Account Number ("PAN") is AAACP9847R. PEHPL was incorporated on December 17, 1973. PEHPL is engaged in the business of renting of immovable properties and investment in shares and securities including investment in shares and securities of group entities.

#### 1.3.2 Avon Cycles Limited:

Avon Cycles Limited ("ACL" or the "Transferee Company" or the "Demerged Company") was originally incorporated as Avon Cycles Private Limited. The name of company was changed to Avon Cycles Limited by ROC in year 1988. The company has its registered office at GT Road, Dhandari Kalan, Ludhiana, Punjab. Its CIN is U35921PB1951PLC001699, and PAN is AABCA4140R. ACL was incorporated on October 01, 1951. ACL is engaged in diversified businesses primarily dealing in manufacturing of Bicycle & Cycle Parts, E-Bikes and E-Rickshaws ("Cycle Business" or "Core Undertaking"). In addition, Avon Cycles Limited is also engaged in other business verticals, which includes all businesses, on a going concern basis, other than the Core Undertaking of the Demerged Company, including but not limited to constructing & operating solar power plant / wind turbines engaged in power generation and distribution (i.e. 'Power Segment'), investment in shares and securities (i.e. 'Treasury Segment'), renting of immovable properties which are not in use by the Core Undertaking (i.e. Cycle Business) of the Demerged Company (i.e. 'Renting of immovable property segment') ("Non-Core Undertaking")

#### 1.3.3 Avon Energies and Investments Private Limited

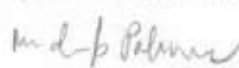
Avon Energies and Investments Private Limited ("AEIPL" or the "Resulting Company") is a private company incorporated under the Company Act, 2013 and has its registered office at GT Road, Dhandari Kalan, Ludhiana, Punjab. Its CIN is U40105PB2021PTC054920 and PAN is AAWCA3026D. AEIPL was incorporated on December 24, 2021. AEIPL is authorised to

For Pahwa Estates & Holdings Pvt. Ltd.  


Director

For Avon Cycles Limited  


Director

For Avon Energies And Investments Pvt. Ltd.  


Director

engage in constructing & operating solar power plant/ wind turbines engaged in power generation and distribution, Investment in shares & securities, renting of immovable properties Etc.

For Pawan Estates & Holdings Pvt. Ltd.

*pr 2/11*

Director

For Avon Cycles Limited

*pr 2/11*

Director

For Avon Energies And Investments Pvt. Ltd.

*man deep Bahara*

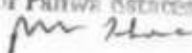
Director

## PART A – DEFINITIONS AND SHARE CAPITAL

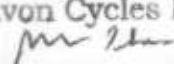
### 2 DEFINITIONS

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

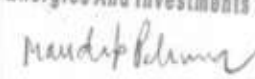
- 2.1. **"Act"** means, Company Act, 2013, as notified, and ordinances, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof;
- 2.2. **"Applicable Law(s)"** means any statute, notification, by-laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, directives, notices, orders or instructions enacted or issued or sanctioned by any appropriate authority, including any modification or re-enactment thereof for the time being in force;
- 2.3. **"Appointed Date"** means April 01, 2022 or such other date as may be decided or approved by the NCLT;
- 2.4. **"Board of Directors" or "Board"** means the respective board of directors of the Participating Companies and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorised by the Board of Directors or such committee of directors;
- 2.5. **"Book Value(s)"** means the value(s) of the assets (ignoring the value of assets consequent to their revaluation, if any) and liabilities of the Participating Companies as on the applicable Appointed Date;
- 2.6. **"Demerged Company"** means Avon Cycles Limited, as mentioned in the Preamble Clause 1.3.2 of this Scheme;
- 2.7. **"Effective Date"** means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the Scheme are filed by the Participating Companies with the registrar of Company. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;
- 2.8. **"Government" or "Governmental Authority"** means any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof;
- 2.9. **"IT Act"** means the Indian Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 2.10. **"NCLT"** means the Chandigarh Bench or any other jurisdictional Bench of National Company Law Tribunal as constituted and authorized as per the provisions of the Company Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of Company under Sections 230 to 232 read with of the Company Act, 2013;
- 2.11. **"Non-Core Undertaking"** means all assets and liabilities of the Non-Core Undertaking of the Demerged Company and shall include all assets and liabilities of the Transferor Company vested in it pursuant to Part B of the Scheme. Without prejudice and limitation to the generality

For Pahuwa Estates & Holdings Pvt. Ltd.  


Director

5  
For Avon Cycles Limited  


Director

For Avon Energies And Investments Pvt. Ltd.  
  
Director

of the above, the Non-Core Undertaking means and includes without limitation, the following (as applicable):

- (i) all assets, wherever situated, whether movable or immovable, tangible or intangible including all intellectual property (registered or otherwise), computers and accessories, software and related data, leasehold improvements, plant and machinery, investments, acquisitions, holdings in equity shares, preference shares, debentures and other securities of all descriptions in Company in India and elsewhere, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electrical appliances, accessories pertaining to the Non-Core Undertaking of the Demerged Company, including but not limited to, Solar Power Plant / Wind turbines engaged in power generation and distribution, all the rights to the Immovable Property of the Non-Core Undertaking of the Demerged Company, the past track record, profitability, experience, credentials and market share of the Demerged Company relating to its Non-Core Undertaking and shall include all assets of the Transferor Company vested in the Transferee Company pursuant to Part B of the Scheme;
- (ii) all rights and licenses, all assignments and grants thereof, all permits, clearances and registrations whether under central, state or other laws, rights (including rights / obligations under agreement(s) entered into with various persons including independent consultants, subsidiaries / associate / joint venture Company and other shareholders of such subsidiary / associate / joint venture Company, contracts, applications, letters of intent, memorandum of understandings or any other contracts), non-disposal undertakings, certifications and approvals, regulatory approvals, entitlements, other licenses, consents, tenancies, investments and / or interest (whether vested, contingent or otherwise), taxes, share of advance tax, TDS, minimum alternate tax credit (including but not limited to credits in respect of goods and services tax, sales tax, value added tax, service tax, and other indirect taxes), deferred tax benefits and other benefits in respect of the Non-Core Undertaking of the Demerged Company, cash balances, bank accounts and bank balances, deposits, advances, recoverable, receivables (including inter-unit balances between Non-Core Undertaking of the Demerged Company and Remaining Business, if any), easements, advantages, financial assets, treasury investments, hire purchase and lease arrangements, funds belonging to or proposed to be utilized for the Non-Core Undertaking of the Demerged Company, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Non-Core Undertaking of the Demerged Company and shall also include all rights / obligations pertaining to the Transferor Company vested in the Transferee Company pursuant to Part B of the Scheme;
- (iii) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programs along with their licenses, manuals and backup copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Non-Core Undertaking of the Demerged Company and related to the Transferor Company which pursuant to Part B of the Scheme shall stand vested in the Transferee Company;
- (iv) any and all earnest monies and / or security deposits, or other entitlements in connection with or relating to the Non-Core Undertaking of the Demerged Company and related to the Transferor Company which pursuant to Part B of the Scheme stand vested in the Transferee Company;

For Pawan Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director



- (v) employees of Demerged Company that are determined by its Board of Directors to be engaged in or in relation to the Non-Core Undertaking of the Demerged Company on the date immediately preceding the Effective Date;
- (vi) all liabilities (including liabilities, allocable as per this Scheme, if any) present and future (including inter-unit payables between Non-Core Undertaking of the Demerged Company and Remaining Business) and the contingent liabilities pertaining to or relatable to the Non-Core Undertaking of the Demerged Company. For the purpose of this clause, the liabilities pertaining to the Non-Core Undertaking of the Demerged Company means and includes:
- All liabilities (including contingent liabilities) arising out of the activities or operation of the Non-Core Undertaking of the Demerged Company;
  - All liabilities (including contingent liabilities) vested in Transferee Company pursuant to Part B of the Scheme
  - Specific loans and borrowings raised, if any raised, incurred and utilized solely for the activities or operations of the Non-Core Undertaking of the Demerged Company; and
  - Liabilities other than those referred above, which are general or multipurpose borrowings, if any, of the Demerged Company be allocated to the Non-Core Undertaking of the Demerged Company in the same proportion in which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before the Appointed Date of the Scheme;

Any issue as to whether any asset or liability pertains to or is relatable to the Non-Core Undertaking shall be mutually decided between the Board of Directors of the Demerged Company and the Resulting Company on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

- 2.12. **"Part B Record Date"** means the date to be fixed jointly by the Board of Directors of Transferor Company and Transferee Company, for the purpose of determining the shareholders of Transferor Company to whom the shares of Transferee Company shall be issued and allotted upon coming into effect of Part B of this Scheme;
- 2.13. **"Part C Record Date"** means the date to be fixed jointly by the Board of Directors of Demerged Company and Resulting Company, for the purpose of determining the shareholders of Demerged Company to whom the shares of Resulting Company shall be issued and allotted upon coming into effect of Part C of this Scheme;
- 2.14. **"Registrar of Company"** means Registrar of Company, Chandigarh or any other applicable jurisdiction;
- 2.15. **"Remaining Business"** means the remaining business of the Demerged Company after the demerger of Non-Core Undertaking in accordance with Part C of this Scheme;
- 2.16. **"Resulting Company"** means AEIPL as mentioned in the Preamble Clause 1.3.3 of this Scheme;
- 2.17. **"Rs."** means Indian Rupees being the lawful currency of the Republic of India;
- 2.18. **"Scheme of Arrangement" or "Scheme"** means this scheme of arrangement in its present form, or with or without any modification(s), as may be approved directed by the NCLT;

For Palawa Betances & Holdings Pvt. Ltd.  
*[Signature]*

Director

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For Avon Cycles Limited  
*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.  
*[Signature]*  
Director

- 2.19. "TDS" means Tax Deducted at Source;
- 2.20. "Tax" or "Taxes" shall mean all outgoings or dues or liabilities, crystallized or contingent, on account of taxes on net income, gross income, gross receipts, sales, use, services, ad valorem, value-added, capital gains, corporate income tax, minimum alternate tax, buyback distribution tax, dividend distribution tax, transfer, franchise and profits; withholding tax; property tax; water tax; any tax payable in a representative capacity, goods and services tax, service tax, value-added tax, duties of custom and excise, octroi duty, entry tax, stamp duty, other governmental charges or duties or other taxes or statutory payments in relation to contract labour and/ or other contractors and/ or sub-contractors, statutory pension or other employment benefit plan contributions, fees, assessments or charges of any kind whatsoever, including any surcharge or cess thereon, together with any interest and any penalties, additions to tax or additional amount with respect thereto; and Taxation will be construed accordingly;
- 2.21. "Transferee Company" means Avon Cycles Limited, as mentioned in the Preamble Clause 1.3.2 of this Scheme;
- 2.22. "Transferor Company" Pahwa Estates and Holdings Private Limited, as mentioned in the Preamble Clause 1.3.1 of this Scheme;

The expressions, which are used but are not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

### 3. COMPLIANCE WITH TAX LAWS

- 3.1. This Scheme, in so far as it relates to the amalgamation as mentioned in Part B of this Scheme, has been drawn up to comply with the conditions relating to "amalgamation" as specified under the tax laws, including Section 2(1B) of the IT Act, which include the following:
- a) all the property of the amalgamating company or companies immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation;
  - b) all the liabilities of the amalgamating company or Companies immediately before the amalgamation becomes the liabilities of the amalgamated company by virtue of the amalgamation;
  - c) shareholders holding not less than three-fourths in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company or its subsidiary) becomes shareholders of the amalgamated company by virtue of the amalgamation.
- 3.2. This Scheme, in so far as it relates to the demerger as mentioned in Part C of this Scheme, has been drawn up to comply with the conditions relating to "demerger" as specified under the tax laws, including Section 2(19AA) of the IT Act, which include the following:
- a) all the assets and properties of the undertaking, being transferred by the Demerged Company, immediately before the demerger shall become the properties of Resulting Company respectively, by virtue of such Demerger;

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director



- b) all the liabilities relating to the undertaking, being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resulting Company respectively, by virtue of the demerger;
- c) the property and the liabilities of the undertaking or undertakings being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;
- d) the Resulting Company issue, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis, except where the Resulting company itself is a shareholder of the Demerged Company;
- e) the shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the demerger by, or by a nominee for, the Resulting Company or, its subsidiary) become shareholders of the Resulting Company respectively by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any undertaking thereof by the Resulting Company; and
- f) the transfer of the Undertaking shall be on a going concern basis;
- 3.3. If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of a new enactment, any amendment or coming into force of any provision of the IT Act or any other law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail and this Scheme shall be modified accordingly with consent of the Participating Companies (acting through their respective Board of Directors).

#### 3.4. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT, shall be effective from the Appointed Date, but shall be operative from the Effective Date.

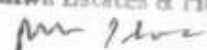
#### 4. CAPITAL STRUCTURE

##### 4.1. Pahwa Estates and Holdings Private Limited ("PEHPL")

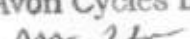
The authorised, issued, subscribed and paid-up share capital of PEHPL as on December 25, 2021, is as under:

Authorised Share Capital	Amount in Rs.
1,00,000 equity shares of Rs. 100 each	1,00,00,000
<b>Total</b>	<b>1,00,00,000</b>
Issued, Subscribed and Paid-Up Share Capital	Amount in Rs.
44,200 equity shares of Rs. 100 each	44,20,000
<b>Total</b>	<b>44,20,000</b>

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of PEHPL, there has been no change in the issued, subscribed, and paid-up equity


For Pahwa Estates & Holdings Pvt. Ltd.  


Director

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 For Avon Cycles Limited  


Director

For Avon Energies And Investments Pvt. Ltd.

  
 Director

share capital of PEHPL

4.2. **Avon Cycles Limited ("ACL"):**

The authorised, issued, subscribed and paid-up share capital of ACL as on December 25, 2021, is as under:

Authorised Share Capital	Amount in Rs.
10,00,000 equity shares of Rs. 10 each	1,00,00,000
<b>Total</b>	<b>1,00,00,000</b>
Issued, Subscribed and Paid Up Share Capital	Amount in Rs.
8,53,287 equity shares of Rs. 10 each	85,32,870
<b>Total</b>	<b>85,32,870</b>

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of ACL, there has been no change in the issued, subscribed, and paid-up equity share capital of ACL

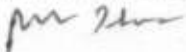
4.3. **Avon Energies and Investments Private Limited:**

The authorised, issued, subscribed and paid-up share capital of Avon Energies and Investments Private Limited, as on December 25, 2021, is as under:

Authorised Share Capital	Amount in Rs.
10,000 equity shares of Rs. 10 each	1,00,000
<b>Total</b>	<b>1,00,000</b>
Issued, Subscribed and Paid Up Share Capital	Amount in Rs.
10,000 equity shares of Rs. 10 each	1,00,000
<b>Total</b>	<b>1,00,000</b>

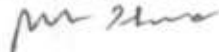
There has been no change in the issued, subscribed, and paid-up equity share capital of AEIPL since incorporation.

For Pahrwa Estates & Holdings Pvt. Ltd.



Director

For Avon Cycles Limited



Director

For Avon Energies And Investments Pvt. Ltd.



Director

**PART B – AMALGAMATION OF PAHWA ESTATES AND HOLDINGS PRIVATE LIMITED  
(‘TRANSFEROR COMPANY’) INTO AND WITH AVON CYCLES LIMITED (‘TRANSFeree COMPANY’)**

**5. TRANSFER AND VESTING OF ASSETS AND LIABILITIES**

- 5.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all the assets and liabilities and the entire business of the Transferor Company shall stand transferred to and vest in the Transferee Company, as a going concern, without any further act or deed, together with all its properties, assets, rights, benefits and interests therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be and as may be modified by them, subject to the provisions of this Scheme, in accordance with Sections 230 to 232 of the Act and all other applicable provisions of law if any, in accordance with the provisions contained herein.
- 5.2. Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and with effect from the Appointed Date:
- (i) All assets of the Transferor Company, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and / or by endorsement and delivery or by vesting and recordal including plant, machinery and equipment, pursuant to this Scheme, shall stand vested in and / or be deemed to be vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.
  - (ii) All other movable properties of the Transferor Company, including investments in shares and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. It is hereby clarified that investments, if any, made by the Transferor Company and all the rights, title and interest of the Transferor Company in any leasehold properties shall, pursuant to the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company.
  - (iii) All immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall be vested in and / or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and / or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties. Upon this Scheme coming into effect and with effect from the

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

Appointed Date, the title to the immovable properties of the Transferor Company shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the vesting order of the NCLT sanctioning the Scheme with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Governmental Authorities shall suffice as record of continuing title with the Transferee Company pursuant to this Scheme becoming effective and shall constitute a deemed mutation and substitution thereof. Transferee Company may, if and as required, undertake such act / action as it deems appropriate in this regard. The Transferee Company shall in pursuance of the vesting order of the NCLT be entitled to the delivery and possession of all documents of title to such immovable property in this regard.

- (iv) All debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, and the Transferee Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any.
- (v) All loans, advances, and other obligations due from the Transferor Company to the Transferee Company or *vice versa*, if any, shall stand cancelled and shall have no effect.
- (vi) All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any governmental, statutory or regulatory bodies) for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which, the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect on, against or in favour of the Transferor Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto. In relation to the same, any procedural requirements required to be fulfilled solely by Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of the Transferor Company.
- (vii) All employees of the Transferor Company, who are on its payrolls shall become employees of the Transferee Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company, in accordance with the provisions of applicable laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.

For Pahlwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director



- (viii) With regard to any provident fund, gratuity fund, superannuation fund or other special fund ("Funds") created or existing for the benefit of such employees of the Transferor Company, it is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. Upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. Any existing provident fund, gratuity fund and superannuation fund trusts created by the Transferor Company for its employees shall be continued for the benefit of such employees on the same terms and conditions until such time that they are transferred to the relevant funds of the Transferee Company. It is clarified that the services of all employees of the Transferor Company transferred to the Transferee Company will be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes or funds. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company.
- (ix) The Transferee Company undertakes to continue to abide by any agreement(s) / settlement(s) entered into with any labour unions / employees by the Transferor Company. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees, if any, with the Transferor Company, as the case may be, shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- (x) All registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trademarks, brand name, logo and any other commercial rights appertaining to the Transferor Company, if any, shall stand transferred to and vested in the Transferee Company without any further act, instrument or deed, cost or charge and shall remain valid, effective and enforceable on the same terms and conditions.
- (xi) The Transferee Company shall be entitled to the benefit of all insurance policies (if any) which have been issued in respect of Transferor Company and the name of the Transferee Company shall be substituted as "Insured" in the policies as if the Transferee Company was initially a party.
- (xii) All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax, securities transaction tax, taxes withheld / paid in a foreign country, value added tax, goods and services tax, sales tax, service tax etc.) payable by or refundable to the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds / claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions etc., as would have been available to the Transferor Company, shall pursuant to this Scheme becoming effective, be available to the Transferee Company.
- (xiii) All approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

or in connection therewith), and certificates of every kind and description whatsoever in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible / entitled, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution / endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the NCLT, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications / documents with relevant authorities concerned for information and record purposes.

- (xiv) Benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, including without limitation, approvals under Sections 62, 179, 180, 185, 186, 188 etc., of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken / complied with by the Transferee Company.
  - (xv) All estates, assets, rights, title, interests and authorities accrued to and / or acquired by the Transferor Company shall be deemed to have been accrued to and / or acquired for and on behalf of the Transferee Company and shall, upon this Scheme coming into effect, pursuant to the provisions of the Act, without any further act, instrument or deed be and stand transferred to or vested in and / or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Transferee Company.
- 5.3. Upon this Scheme becoming effective and to the extent applicable, the secured creditors of the Transferor Company and / or other security holders over the properties of the Transferor Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company and the secured creditors of the Transferee Company and / or other security holders over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company with the Transferee Company, the secured creditors of the Transferor Company and / or other security holders over the properties of the Transferor Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and hence such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company. For this purpose, no further consent from the existing secured creditors / other security holders shall be required and sanction of this Scheme shall be considered as a specific consent towards the same.
- 5.4. The Transferor Company and / or the Transferee Company, as the case may be, shall, at any time after this Scheme becoming effective, in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company have been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. The Transferee Company shall, under the

For Pahlwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

provisions hereof, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.

- 5.5. The Transferor Company and / or the Transferee Company, as the case may be, shall at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, do all such acts or things as may be necessary to transfer / obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company. It is hereby clarified that if the consent of any third party or authority, if any, is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution / endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the NCLT, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications / documents with the relevant authorities concerned for information and record purposes. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

## 6. CONSIDERATION AND ISSUE MECHANICS

- 6.1. Upon this Scheme coming into effect and upon vesting of the Transferor Company in the Transferee Company, a Record Date shall be determined for ascertaining the equity shareholders of the Transferor Company to whom fully paid-up equity shares are to be issued and allotted by the Transferee Company in the manner described in the Clause 6.3.
- 6.2. Upon coming into effect of this Scheme, shares of the Transferor Company as held by the Transferee Company or vice versa shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from Effective Date.
- 6.3. Subject to giving effect of Clause 6.2. above, the Transferee Company shall issue and allot to each equity shareholder (except to the Transferee Company itself or its subsidiary or to any other shareholder holding shares in the Transferor Company, jointly with or as a nominee of the Transferee Company) of the Transferor Company, whose name is recorded in the Register of Members of such Transferor Company as on Part B Record Date or to their respective heirs, executors, administrators or other legal representatives or successors-in-title, as the case may be, as per following share entitlement ratio:

*"166 (One Hundred and Sixty Six) Equity Shares of Rs. 10/- each fully paid-up of the Transferee Company (i.e. Avon Cycles Limited) shall be issued for every 100 (One Hundred) Equity Shares held in the Transferor Company (i.e. Pahwa Estates and Holdings Private Limited) having face value of Rs. 100/- each fully paid-up."*

- 6.4. The aforesaid ratio for the issue of equity shares by the Transferee Company against the equity shares held by the shareholders in the Transferor Company is based on the recommendations made in the valuation report dated December 30, 2021 issued by independent valuer Mr. Niranjan Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137)
- 6.5. In the event that the equity shares entitled to be issued result in fractional entitlements, the Transferee Company shall be empowered to consolidate and / or round off such fractional entitlements to nearest higher integer number of respective equity shares.

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

- 6.6. Simultaneously, with the issue and allotment of above equity shares, existing equity shares of the Transferee Company, as held by the Transferor Company, shall, without any further application, act, instrument, or deed, be cancelled. The reduction of capital of the Transferee Company pursuant to the Scheme shall be given effect as an integral part of the Scheme without having to follow the process under Section 66 of the Act separately and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. Notwithstanding the reduction of subscribed and paid-up equity share capital of the Transferee Company, Transferee Company shall not be required to add "And Reduced" as suffix to its name. The consent of the shareholders and creditors of Transferee Company to this Scheme shall be deemed to be the consent of its shareholders and creditors for the purposes of effecting the above reduction, if any, under provisions of Section 66 of the Company Act 2013 and no further resolution under Section 66 of the Company Act 2013 would be required to be separately passed.
- 6.7. Equity shares to be issued and allotted in terms hereof will be subject to the Memorandum of Association and Articles of Association of the Transferee Company and shall be deemed to be in compliance with the provisions of the Act or any law for the time being in force.
- 6.8. Issue and allotment of equity shares, pursuant to Clause 6.3. of this Scheme is an integral part of this Scheme. The approval of this Scheme by shareholders of Transferee Company shall be deemed to be in due compliance with all applicable provisions of the Act including but not limited to Sections 42 or 55 or 61 or 62 and other applicable provisions of the Act. However, Board of Transferee Company shall pass necessary resolution for allotment of equity shares as envisaged in the Scheme.
- 6.9. Upon equity shares being issued and allotted by the Transferee Company in accordance with Clause 6.3, the share certificates in relation to the shares held by all the members of the Transferor Company shall stand cancelled and extinguished and be of no effect on and from the date of such issue and allotment.

## 7. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEE COMPANY

- 7.1. Upon the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) prescribed under Section 133 of the Companies Act, 2013 and other generally accepted accounting principles in India in the following manner:
- (i) All assets and liabilities of the Transferor Company shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company as on the Appointed Date;
  - (ii) The identity of the reserves standing in the books of accounts of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form, as they appeared in the financial statements of the Transferor Company. As a result of preserving the identity, the reserves which are available for distribution before the amalgamation would also be available for distribution as dividend after amalgamation. The balance of the reserves appearing in the financial statements of the Transferor Company as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.

For Pshwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director



- (iii) Inter-corporate deposits / loans and advances / balances outstanding, if any, between the Transferee Company and the Transferor Company shall stand cancelled and there shall be no further obligation in this regard.
- (iv) Shares held by the Transferor Company in the Transferee Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be effected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.
- (v) Entire inter-company investments held by the Transferor Company in the Transferee Company and by the Transferee Company in the Transferor Company shall stand cancelled.
- (vi) The difference between the book value of assets and book value of liabilities (including reserves) so recorded in the books of account of the Transferee Company, as reduced by aggregate sum of the share capital issued as consideration as per Clause 6 and after giving effect to clause (iii), (iv) and (v) above as applicable, shall be recorded as capital reserve (debit or credit, as the case may be).
- (vii) In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- (viii) Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its statutory auditor, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards.

## 8. LEGAL PROCEEDINGS

- 8.1. All pending suits / appeals or other legal proceedings of whatsoever nature relating to Transferor Company, whether by or against Transferor Company, pending and / or arising on or after of the Appointed Date and relating to Transferor Company, shall not abate or be discontinued or be in any way prejudicially affected by reason of the amalgamation under the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against Transferor Company, as if the Scheme had not been made.
- 8.2. Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in clause 8.1 above transferred to the name of Transferee Company and to have the same continued, prosecuted and enforced by or against the Transferee Company, to the exclusion of Transferor Company.

## 9. TREATMENT OF TAXES

- 9.1. Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all direct and indirect taxes of any nature, duties and cess or any other like payment made

by the Transferor Company to any statutory authorities, including (but not limited to) income tax, service tax, security transaction tax, value added tax, central sales tax, customs duty, minimum alternate tax, advance tax, excise duty, goods and services tax, or any other like payments made by the Transferor Company to any statutory authorities), or other collections made by the Transferor Company and relating to the period after the Appointed Date up to the Effective Date, shall be deemed to have been on account of, or on behalf of, or paid by, or made by the Transferee Company, without any further act, instrument or deed of the Transferor Company or the Transferee Company. Further, upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all deduction otherwise admissible to Transferor Company including deduction admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source shall be eligible for deduction to the Transferee Company upon fulfilment of the applicable conditions under the IT Act. Further, the Transferee Company shall be entitled to claim credit for taxes deducted / collected at source / paid against its tax / duty liabilities / minimum alternate tax, advance tax, service tax, value added tax liability etc., notwithstanding the certificates / challans or other documents for payment of such taxes / duties, as the case may be, being in the name of the Transferor Company.

- 9.2. Upon the Scheme coming into effect on the Effective Date, all taxes payable by or refundable to or being the entitlement of the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds / credits / claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, entitlements (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation, sales tax, closing balance of CENVAT, Input Tax Credit, value added tax, turnover tax, central sales tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, deduction as would have been available to the Transferor Company by operation of law without any act or deed of the Transferee company, shall upon this Scheme becoming effective, be available to the Transferee Company, and losses and unabsorbed depreciation of the Transferor Company be carried forward and set off against tax on future taxable income of the Transferee Company. The Transferee Company shall undertake all necessary compliances prescribed under applicable laws to effectuate transfer of credits of goods and services tax, Input Tax Credits, refunds etc. of the Transferor Company to the Transferee Company.
- 9.3. Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Company including all or any refunds of claims shall be treated as the tax liability or refunds / claims as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company or the Transferee Company, and the Transferee Company shall be entitled to file / revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Transferor Company shall be deemed to have been undertaken by the Transferee Company.
- 9.4. With effect from the Appointed Date, all inter-party transactions between Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes (including for tax compliances, credits / refunds as the case may be). Further, obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company. Further, any tax deducted at source by the Transferor Company / Transferee Company on transactions with the Transferor Company / Transferee Company, if any (from the

Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings be dealt with accordingly.

- 9.5. All the expenses incurred by the Transferee Company and / or Transferor Company in relation to the Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company in accordance with the Section 35DD of the IT Act over a period of five (5) years beginning with the previous year in which the Scheme becomes effective.

10. **CONDUCT OF AFFAIRS UNTIL THE EFFECTIVE DATE:**

- 10.1. With effect from the Appointed Date and up to and including the Effective Date:

- (i) the Transferor Company undertake to carry on and shall be deemed to have carried on the business activities of the Transferor Company and stand possessed of the properties and assets of the Transferor Company, for and on account of and in trust for the Transferee Company;
- (ii) all profits or income accruing to or received by the Transferor Company and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, taxes withheld / paid in a foreign country, value added tax, goods and services tax, sales tax, service tax etc.) or losses arising in or incurred by the Transferor Company shall, for all purposes, be treated as and deemed to be the profits, income, taxes or losses, as the case may be, of the Transferee Company;
- (iii) the Transferor Company shall carry on its business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties / assets, except:
  - (a) when it is expressly provided in this Scheme; or
  - (b) when it is in the ordinary course of business as carried on by the Transferor Company, as on the date of filing of this Scheme in the NCLT; or
  - (c) when written consent of the Transferee Company has been obtained in this regard;
- (iv) except with the consent of the Board of Directors of the Transferee Company and Transferor Company, Transferor Company shall not make any change in its respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, subdivision or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Transferor Company.

11. **SAVING OF CONCLUDED TRANSACTIONS**

- 11.1. The transfer of properties and liabilities to, and the continuance of proceedings by or against, Transferee Company as envisaged in this Part B shall not affect any transaction or proceedings already concluded by Transferor Company on or before the Appointed Date and after the

For Palawa Estates & Holdings Pvt. Ltd.  
*[Signature]*

Director

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For Avon Cycles Limited  
*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.  
*[Signature]*

Director

Appointed Date till the Effective Date, and to such end and intent Transferee Company accepts and adopts all acts, deeds and things done and executed by Transferor Company in respect thereto as done and executed on behalf of itself.

**12. CHANGES IN AUTHORISED SHARE CAPITAL**

12.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the authorised share capital of Transferor Company shall stand transferred to and be merged / amalgamated with the authorised share capital of the Transferee Company, and the fee, if any, paid by the Transferor Company on its authorised share capital shall be set off against fee payable, if any, by the Transferee Company on its authorised capital, subsequent to the amalgamation.

12.2. Upon this Scheme coming into effect and with effect from the Appointed Date (and consequent to transfer of the existing authorised share capital of Transferor Company in accordance with Clause 12.1 of this Scheme above), the authorised share capital of the Transferee Company of Rs. 1,00,00,000 (divided into 10,00,000 equity shares of Rs. 10 each) shall stand enhanced by Rs. 1,00,00,000 (divided into 10,00,000 equity shares of Rs. 10 each). Accordingly, Clause 38 of the Memorandum of Association of the Transferee Company shall stand modified and be substituted by the following:

"The Authorised Share Capital of the Company is Rs 2,00,00,000 (divided into 20,00,000 equity shares of Rs. 10 each)".

12.3. It is hereby clarified that the consent of the shareholders of the Transferor Company and the Transferee Company to this Scheme shall be sufficient for the purposes of effecting the aforesaid amendments in the Memorandum of Association of the Transferee Company and that no further resolutions, whether under the applicable provisions of the Act or under the Articles of Association, shall be required to be separately passed. The fees and the stamp duty paid by the Transferor Company on its authorised share capital shall be set-off against any fees payable by the Transferee Company on increase in its authorised share capital subsequent to amalgamation as mentioned in clause 12.1 above. Balance fees if any payable, after the aforesaid adjustment, by the Transferee Company shall be duly paid upon the sanctioning of the Scheme.

**13. DISSOLUTION OF TRANSFEROR COMPANY**

Upon this Scheme becoming effective, Transferor Company shall be dissolved, without any further act or deed, without being wound up.

For Palson Networks & Holdings Pvt. Ltd.  


For Avon Cycles Limited  


Director

For Avon Energies And Investments Pvt. Ltd.

  
Director



**PART C – DEMERGER OF THE NON-CORE UNDERTAKING OF AVON CYCLES LIMITED  
('DEMERGED COMPANY') INTO AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED  
('RESULTING COMPANY')**

**14. TRANSFER AND VESTING OF THE NON-CORE UNDERTAKING OF THE DEMERGED COMPANY**

- 14.1. Upon this Scheme becoming effective and with effect from the Appointed Date and after giving effect to Part B of this Scheme, the Non-Core Undertaking of the Demerged Company shall stand demerged and be transferred and vested in AEIPL on a going concern basis without any further act or deed so as to become as and from the Appointed Date, the undertaking of the Resulting Company, and to vest in the Resulting Company, all the rights, title, interest or obligations of the Non-Core Undertaking therein, in the manner described hereunder.

**15. TRANSFER OF ASSETS**

- 15.1. Upon this Scheme becoming effective and with effect from the Appointed Date, any and all assets relating to the Non-Core Undertaking, as are movable in nature or are incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialized shares or transfer by vesting and recorded pursuant to this Scheme, shall stand transferred to and vested in the Resulting Company and shall become the property and an integral part of the Resulting Company. The vesting pursuant to this Clause shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialized shares or the occurrence of the Appointed Date, as appropriate to the property being vested and title to such property shall be deemed to have been transferred accordingly.
- 15.2. Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable properties of the Demerged Company relating to the Non-Core Undertaking, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any person or body including without limitation any government, semi-government, local and other Governmental Authority, bodies, customers and other persons shall without any further act, instrument or deed become the property of the Resulting Company.
- 15.3. Upon this Scheme becoming effective and with effect from the Appointed Date, any rights in the immovable properties (including the buildings and structures standing thereon) of the Demerged Company relating to the Non-Core Undertaking shall stand transferred to and be vested in the Resulting Company, subject to Applicable Law(s), without any act or deed required by the Demerged Company and the Resulting Company.
- 15.4. Upon this Scheme becoming effective and with effect from the Appointed Date, in relation to assets belonging to the Non-Core Undertaking, which require separate documents for vesting in the Resulting Company, or which the Demerged Company and / or the Resulting Company otherwise desire to be vested separately, the Demerged Company and the Resulting Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed. It is clarified that the Demerged Company, if and when and from time to time, as may be required by the Resulting Company, execute and register all necessary documents, including execution of an irrevocable power of attorney, to sub-lease / convey its interest / title and rights in respect of the immovable property.

For Pahlwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

- 15.5. Upon this Scheme becoming effective and with effect from the Appointed Date, all assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Non-Core Undertaking shall be deemed to have been acquired for and on behalf of the the Resulting Company and shall also stand transferred to and vested in the the Resulting Company.
- 15.6. It is hereby clarified that if any assets (including but not limited to any estate, rights, title, interest in or authorities relating to such assets) in relation to the Non-Core Undertaking which the Demerged Company owns, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset in trust for the benefit of the the Resulting Company.
- 15.7. All registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trademarks, brand name, logo and any other commercial rights appertaining to the Non-Core Undertaking of the Demerged Company, if any, shall stand transferred to and vested in the Resulting Company without any further act, instrument or deed, cost or charge and shall remain valid, effective and enforceable on the same terms and conditions.
- 15.8. The Resulting Company shall be entitled to the benefit of all insurance policies (if any) which have been issued in respect of Non-Core Undertaking of the Demerged Company and the name of the Resulting Company shall be substituted as "Insured" in the policies as if the Resulting Company was initially a party.

#### 16. TRANSFER OF LIABILITIES

- 16.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all liabilities including debts, secured and unsecured loans, general or multi-purpose borrowings allocable, as per the provisions of Section 2(19AA) of the IT Act, contingent liabilities, duties and obligations of every kind, nature and description attributable to the Non-Core Undertaking including guarantees / undertakings given by the Demerged Company with respect to loans raised shall, without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company so as to become from the Appointed Date, the debts, liabilities, contingent liabilities, undertakings, duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same.
- 16.2. It is clarified that the liabilities and obligations of the Demerged Company which are part of the Non-Core Undertaking, and which shall stand transferred to the Resulting Company, shall include the following:
- (a) the liabilities which directly and specifically arose out of the activities or operations of the Non-Core Undertaking;
  - (b) All liabilities (including contingent liabilities) vested in Transferee Company pursuant to Part B of the Scheme
  - (c) specific loans or borrowings raised and utilized solely for the activities or operations of the Non-Core Undertaking; and
  - (d) in cases other than those referred to in sub-clauses (a) and (b) above, proportionate part of the general or multipurpose borrowings and liabilities, if any, of the Demerged Company allocable to the Non-Core Undertaking in the same proportion in which the value of the assets of the Demerged Company transferred under this Scheme bears to the total value of the assets of the Demerged Company immediately before the Appointed Date.
- 16.3. Upon this Scheme becoming effective, any liabilities attributable to the Non-Core Undertaking

that may arise or crystallize on or after the Appointed Date but which relate to periods prior to the Appointed Date shall, without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company so as to become from the Appointed Date, the debts, liabilities, contingent liabilities, undertakings, duties and obligations of the the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same.

- 16.4. It is hereby clarified that, unless expressly provided for, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of Clause 16.
- 16.5. Where any of the liabilities pertaining to the Non-Core Undertaking on the Appointed Date have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the the Resulting Company.
- 16.6. Upon this Scheme becoming effective and with effect from the Appointed Date, all loans raised and used, and liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the Non-Core Undertaking shall be deemed to be transferred to the the Resulting Company without any further act or deed and the the Resulting Company shall be liable to discharge the same.
- 16.7. The vesting of the Non-Core Undertaking as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Non-Core Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Non-Core Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the assets pertaining to the Non-Core Undertaking as are vested in the Resulting Company as per the Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other assets of the Demerged Company or any other assets of the Resulting Company. Provided further, that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages shall not extend or be deemed to extend to any of the other assets of the Resulting Company or any of the assets of the Resulting Company.
- 16.8. The provisions of Clause 16 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and / or superseded by the foregoing provisions.
- 16.9. Upon this Scheme becoming effective, the borrowing limits of the the Resulting Company shall, without any further act or deed, stand enhanced by an amount being the aggregate of the liabilities pertaining to the Non-Core Undertaking which are being transferred to the Resulting Company pursuant to this Scheme and the Resulting Company shall not be required to pass any separate resolution in this regard.

#### 17. **CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

- 17.1. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered

For ~~Pulwani~~ Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon<sup>23</sup> Cycles Limited

*[Signature]*

Director

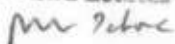
For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

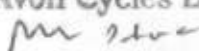
Director

into with various persons including independent consultants, subsidiaries / associate / joint venture company and other shareholders of such subsidiaries / associate / joint venture company, arrangements and other instruments of whatsoever nature in relation to the Non-Core Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the the Resulting Company had been a party or beneficiary or obligee thereto or thereunder.

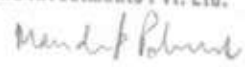
- 17.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the Non-Core Undertaking with the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary or required by the Resulting Company, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
- 17.3. Upon this Scheme becoming effective, any and all registrations, goodwill, licenses, trademarks, trade names, service marks, patents, brand name, logo, copyrights, domain names and all such rights of whatsoever description and nature in relation to the Non-Core Undertaking to which the Demerged Company is a party or to the benefit of which the Non-Core Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand vested and transferred to the Resulting Company and be and remain in full force and effect in favour of the Resulting Company and may be enforced by or against it as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- 17.4. Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Non-Core Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any Governmental Authority, body, local authority, or by any other person, or availed by the Demerged Company in relation to the Non-Core Undertaking are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and / or granted and / or sanctioned and / or allowed to the the Resulting Company.
- 17.5. It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Non-Core Undertaking to which the Demerged Company is a party, cannot be transferred to the Resulting Company for any reason

For Pahlwa Estates & Holdings Pvt. Ltd.  


Director

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 For Avon Cycles Limited  


Director

For Avon Energies And Investments Pvt. Ltd.  
  
 Director



whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company.

- 17.6. Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of the Resulting Company to the extent such resolutions pertain to the Non-Core Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply mutatis mutandis to such resolutions and shall constitute the aggregate of the said limits in the Resulting Company.

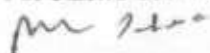
## 18. EMPLOYEES

- 18.1. Upon this Scheme becoming effective, all employees of the Non-Core Undertaking shall be deemed to have become employees of the Resulting Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- 18.2. Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the Non-Core Undertaking, if any, shall be made by the Resulting Company in accordance with the provisions of such schemes or funds and Applicable Law(s).
- 18.3. Subject to Applicable Law(s), the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company, if any, for the employees of the Non-Core Undertaking shall be continued on the same terms and conditions and be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Resulting Company without any separate act or deed / approval.

## 19. CONTINUATION OF LEGAL PROCEEDINGS

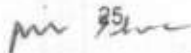
- 19.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company, whether pending on the Appointed Date, or which may be instituted any time in the future (irrespective of whether they relate to periods on or prior to the Appointed Date) and in each case relating to the Non-Core Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date.
- 19.2. If any Proceedings are initiated or carried on against the Demerged Company in respect of the matters referred to in Clause 19.1 above, the the Resulting Company shall defend the same and at the cost of the Resulting Company, and shall reimburse, indemnify and hold harmless the Demerged Company against all such liabilities and obligations.

For Pahwa Estates & Holdings Pvt. Ltd.



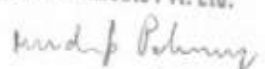
Director

For Avon Cycles Limited



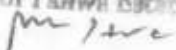
Director

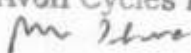
For Avon Energies And Investments Pvt. Ltd.



Director

- 19.3. If any Proceedings is / are pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Resulting Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.
- 19.4. In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the Non-Core Undertaking or not, the decision of the Board of Directors of the Demerged Company and the Resulting Company, as mutually agreed, in this regard shall be conclusive and binding on the Demerged Company and the Resulting Company.
20. **TREATMENT OF TAXES**
- 20.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the Non-Core Undertaking from the Appointed Date onwards, including all advance tax payments, TDS, minimum alternate tax, goods and services tax, any refund and claims shall, for all purposes, be treated as advance tax payments, TDS, minimum alternate tax or refunds and claims, as the case may be, of the Resulting Company.
- 20.2. Upon the Scheme becoming effective, all unavailed credits as on the Appointed Date, including MAT credit and exemptions, benefit of carried forward losses, unabsorbed depreciation and other statutory benefits, incentives, advantages, privileges, exemptions, credits, entitlements including in respect of income tax, cenvat, customs, goods and services tax etc. and arising during the period between the Appointed Date and the Effective Date in relation to the Non-Core Undertaking to which Demerged Company is entitled to as at the Appointed Date shall be available to and vest in the Resulting Company, without any further act or deed.
- 20.3. Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company and the Resulting Company are expressly permitted to revise, their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, applicable Taxes including goods and services tax, excise duty laws and other tax laws, and to claim refunds and / or credit for taxes paid (including minimum alternate tax, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- 20.4. The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Non-Core Undertaking and whether the same would be transferred to the Resulting Company.
- 20.5. Upon the Scheme becoming effective and with effect from the Appointed Date, any TDS deposited, TDS certificates issued, or TDS returns filed by the Demerged Company relating to the Non-Core Undertaking shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resulting Company.
- 20.6. All the expenses incurred by the Demerged Company and the Resulting Company in relation to the Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company in accordance with the Section 35DD of the IT Act over a period of five (5) years beginning with the previous year in which the Scheme becomes effective.
- 20.7. Any refund under the tax laws due to Demerged Company pertaining to the Non-Core Undertaking consequent to the assessments made on the Demerged Company and for which

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 For Avon Cycles Limited  


For Avon Energies And Investments Pvt. Ltd.  


Director

Director

Director

no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to and be received by the Resulting Company. The relevant authorities shall be bound to transfer to the account of and give credit for the same to the Resulting Company upon this Scheme becoming effective upon relevant proof and documents being provided to the said authorities.

## 21. SAVING OF CONCLUDED TRANSACTIONS

- 21.1. The transfer of properties and liabilities to, and the continuance of proceedings by or against the Resulting Company as envisaged in this Part C shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, and to such end and intent the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

## 22. CONDUCT OF BUSINESS


- 22.1. Subject to the effectiveness of the Scheme, with effect from the Appointed Date and up to and including the Effective Date:

- (i) the Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the Non-Core Undertaking, for and on account of and in trust for the Resulting Company; and
- (ii) all income, receipts, profits accruing to the Demerged Company and attributable to the Non-Core Undertaking and all taxes thereon or losses arising or incurred by it with respect to the Non-Core Undertaking shall, for all purposes, be treated as and deemed to be the income, expenses, payments, profits, taxes or losses, as the case may be, of the Resulting Company.
- (iii) the Demerged Company shall carry on the business of the Non-Core Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto; and
- (iv) except with the consent of the Board of Directors of the Demerged Company, the Resulting Company shall not make any change in its respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner effect the reorganisation of share capital of the Resulting Company.

## 23. DISCHARGE OF CONSIDERATION

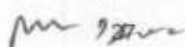
- 23.1. Upon this Scheme becoming effective and post giving effect to Part B of the Scheme and in consideration of the demerger of the Non-Core Undertaking from the Demerged Company to the Resulting Company, the Resulting Company shall, without any further act, instrument, deed or matter, issue and allot fully paid-up equity shares to eligible equity shareholders of the Demerged Company, as on the Part C Record Date, or to their respective heirs, executors, administrators, or legal representatives, in the following ratio:

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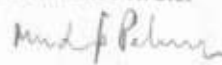
Director

For Avon Cycles Limited



Director

For Avon Energies And Investments Pvt. Ltd.



Director

"1 (One) equity share of the Resulting Company having a face value of INR 10 each fully paid up shall be issued for every 1(One) equity share held in ACL having face value of INR 10 each fully paid up"

- 23.2. Simultaneously with the issue and allotment of above equity shares, existing equity shares of the Resulting Company, as held by the Demerged Company, shall, without any further application, act, instrument, or deed, be cancelled. The reduction of capital of the Resulting Company pursuant to the Scheme shall be given effect as an integral part of the Scheme without having to follow the process under Section 66 of the Act separately and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. Notwithstanding the reduction of subscribed and paid up equity share capital of the Resulting Company, Resulting Company shall not be required to add "And Reduced" as suffix to its name. The consent of the shareholders and creditors of Resulting Company to this Scheme shall be deemed to be the consent of its shareholders and creditors for the purposes of effecting the above reduction, if any, under provisions of Section 66 of the Companies Act 2013 and no further resolution under Section 66 of the Companies Act 2013 would be required to be separately passed.
- 23.3. The aforesaid ratio for the issue of equity shares by the Resulting Company against the equity shares held by the shareholders in the Demerged Company is based on the recommendations made in the Share Entitlement Report dated December 30, 2021 issued by the registered valuer Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137).
- 23.4. Equity shares to be issued to the equity shareholders of the Demerged Company shall be subject to the Memorandum of Association and Articles of Association of the Resulting Company and shall be deemed to be in compliance with the provisions of the Act or any law for the time being in force.
- 23.5. The approval of this Scheme by the requisite majority of shareholders of the Resulting Company shall be deemed to be in due compliance of the provisions of Section 62 of the Act, and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.
- 23.6. No fractional shares shall be issued by the Resulting Company to the shareholders of the Demerged Company in respect of the residual fractional entitlements (if any), to which the shareholders of the Demerged Company may be entitled on issue and allotment of the equity shares of the Resulting Company in pursuance of this Clause 23.1. Any fraction arising out of such allotment shall be rounded off to the closest higher integer
- 23.7. In the event, the Resulting Company restructures or reorganises its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of this Scheme, the Share Entitlement Ratio, as per Clause 23.1 above shall be adjusted accordingly, and if required, to consider the effect of any such restructuring or reorganisation of equity share capital of the Resulting Company.
- 23.8. The Board of Directors of the Demerged Company and the Resulting Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of the difficulties, if any, in the transition period.

24. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

For Pahwa Estates & Holdings Pvt. Ltd.

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Director

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Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director



24.1. Upon this Scheme becoming effective, with effect from the Appointed Date and post giving effect to Part B of the Scheme, the Demerged Company shall account for the demerger of the Non-Core Undertaking in its books of accounts with effect from the Appointed Date in the following manner:

- (i) the Demerged Company shall reduce from its books of accounts, the Book Values appearing as on the Appointed Date of all assets and liabilities (including reserves) pertaining to the Non-Core Undertaking;
- (ii) the inter-corporate deposits / loans and advances / balances outstanding between the Non-Core Undertaking of Demerged Company and the Resulting Company, if any, shall stand cancelled and thereafter there shall be no obligation in that behalf;
- (iii) Entire investment made by the Demerged Company in the equity share capital of the Resulting Company, shall stand cancelled
- (iv) Notwithstanding the above, the Board of Directors of the Demerged Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves in compliance with prevailing accounting standards
- (v) The difference between the book value of assets and the book value of liabilities of the Non-Core Undertaking shall be recorded against the following reserves (in the sequential order):
  - (a) Retained Earnings
  - (b) Profit and Loss Account Balances;

**25. ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY**

25.1. Upon this Scheme becoming effective and post giving effect to Part B of the Scheme, the Resulting Company shall account for the demerger of the Non-Core Undertaking in its books of accounts with effect from the Appointed Date in the following manner:

- (i) all assets and liabilities (including reserves) in relation to the Non-Core Undertaking shall be recorded in its books of accounts by the Resulting Company at the respective Book Values as appearing in the books of accounts of the Demerged Company as at the Appointed Date;
- (ii) the inter-corporate deposits / loans and advances / balances outstanding between the Non-Core Undertaking of Demerged Company and the Resulting Company, if any, shall stand cancelled and thereafter there shall be no obligation in that behalf;
- (iii) Shares held by the Demerged Company in the Resulting Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be effected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital
- (iv) the aggregate face value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company shall stand credited to the share capital of the Resulting Company in its books of accounts.

For Palawa Estates & Holdings Pvt. Ltd.

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Director

For Avon Cycles Limited

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Director

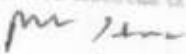
For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

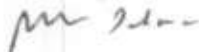
- (v) the difference between the book value of assets and book value of liabilities (including reserves) so recorded in the books of account of the Resulting Company, as reduced by aggregate sum of the share capital of the equity shares issued in terms of Clause 23.1, shall be recorded against the following reserves (in the same manner in which reserves shall be adjusted in the books of the Demerged Company in accordance with Clause 24.1(iv) above):
- a) Retained Earnings; and
  - b) Profit and Loss Account Balances;
- (vi) The difference between the book value of assets and book value of liabilities (including reserves) transferred from Demerged Company pursuant to Clause 25.1(i) and aggregate of the share capital issued pursuant to clause 25.1(iv), the Transferred Reserves and after giving effect to inter-company balances, if any, as per clause 25.1 (ii) and cancellation of shares as per Clause 25.1(iii) above, shall be recorded as Capital Reserve.
- (vii) Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to record assets, liabilities and reserves in compliance with prevailing accounting standards.

For Palwan Resources & Holdings Pvt. Ltd.



Director

For Avon Cycles Limited



Director

For Avon Energies And Investments Pvt. Ltd.



Director

## PART D – GENERAL TERMS AND CONDITIONS

### 26. SEQUENCE OF COMING INTO EFFECT OF PART B AND PART C OF THE SCHEME

26.1. Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:

- (i) Amalgamation of PEHPL into and with ACL in accordance with Part B of this Scheme;
- (ii) Issuance and allotment of fully paid-up equity shares of ACL to the shareholders of the PEHPL as on the Part B Record Date in accordance with Clause 6 and consequential cancellation of share capital of ACL (held by PEHPL);
- (iii) Transfer of the authorised share capital of the PEHPL to ACL as provided in Part B of this Scheme, and consequential increase in the authorised share capital of the ACL as provided in Part B of this Scheme;
- (iv) Demerger of the Non-Core Undertaking of ACL to AEIPL pursuant to Part C of this Scheme; and
- (v) Issuance and allotment of fully paid-up equity shares of AEIPL to the shareholders of ACL as on the Part C Record Date in accordance with Clause 23 and consequential cancellation of share capital of AEIPL (held by ACL).

### 27. COMPLIANCE WITH LAWS

27.1. This Scheme is presented and drawn up to comply with the provisions / requirements of Sections 230 to 232 and other applicable provisions of the Act, for the purpose of: (a) amalgamation of PEHPL into and with ACL; and (b) demerger of the Non-Core Undertaking of ACL into AEIPL and other related arrangements and compromise, if any, amongst the Participating Companies and / or their respective shareholders and creditors.

27.2. In relation to Part B of this Scheme, this Scheme has been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income Tax Act, 1961. Further, in relation to Part C of this Scheme, this Scheme has been drawn up to comply with the conditions relating to "demerger" as specified under the tax laws, including Section 2(19AA) and other relevant sections of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with the said provision at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provision of the Income-tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provision. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the relevant Participating Companies, which power shall be exercised reasonably in the best interests of the Company concerned and their stakeholders.

### 28. POWER TO GIVE EFFECT TO THIS PART

28.1 The Transferee Company / Resulting Company shall enter into and/or issue and/ or execute deeds writings or confirmation or enter into any tripartite arrangements, confirmations or

For Palawa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

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*[Signature]*

Director

novations, to which the Transferor Company / Demerged will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company / Resulting Company shall be deemed to be authorised to execute any such deeds, writings, confirmations on behalf of the Transferor Company / Demerged Company and to implement or carry out all formalities required on the part of the Transferor Company / Demerged Company to give effect to the provisions of this Scheme.

28.2 Upon coming into effect of the Scheme, the Transferee Company and/or the Transferor Company shall, with reasonable dispatch / time lines apply for transition of all licenses and statutory registrations of the Transferor Company / Demerged Company including but not limited to product registrations (including applications and authorizations for product registrations), manufacturing licenses, insurance policies, product permissions, certificates, market authorizations, filings, dossiers (including experience and pre-qualification submissions), industrial licenses, municipal permissions, approvals, consents, permits, quotas, incentives, subsidies and recognitions. The period between effective date and the last date on which the transfer of all such aforementioned licenses and statutory registrations have occurred is hereinafter referred to as "Transitory Period". During the Transition Period the Transferee Company / Resulting Company, may procure or use or manufacture or sale, all materials and products under the respective country registrations including the packing material, art work, label goods, cartons, stickers, wrappers, labels, containers, point of sale material, sign board, samples, closures, publicity materials in the name and form/format of the Transferor Company / Demerged Company under any license and/or statutory registration, if any, while conducting the business of the Non-Core Undertaking, with a view to avoid any disruption of business, to ensure continuity of operations and uninterrupted supply of the registered products for export purposes.

28.3 Even after the Scheme becomes operative, the Transferee Company / Resulting Company shall be entitled to operate all Banks Accounts and use all bank guarantees and letter of credit of the Transferor Company / Demerged Company, relating to the undertaking and release all monies and complete and enforce all subsisting contracts and transactions in respect of the Transferor Company / Demerged Company in the name of Transferor Company / Demerged Company in so far as may be necessary, till the transfer of rights and obligations of the Transferor Company / Demerged Company to the Transferee Company / Resulting Company until this Scheme is formally accepted by the all the parties concerned.

## 29. DIVIDENDS

29.1 The Participating Companies shall be entitled to declare and pay dividends, whether interim and / or final, to their respective shareholders prior to the Effective Date.

29.2 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Participating Companies, and if applicable as per the provisions of the Act, be subject to the approval of the shareholders of each of the Participating Companies.

## 30. APPLICATIONS TO THE NCLT

30.1 The Participating Companies may, with all reasonable dispatch, make a joint application to the NCLT, under Sections 230 to 232 and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and / or conducting of the meetings of the classes of their respective shareholders and for sanctioning this Scheme with such modifications, as may be

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For Pakwa Estates & Holdings Pvt. Ltd.

For Avon Cycles Limited

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Director

Director

Director



approved by the NCLT.

- 30.2 Upon this Scheme being approved by the requisite majority of the shareholders of the Participating Companies (wherever required), the Participating Companies shall, file a joint petition before the NCLT for sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act, and for such other order or orders, as the NCLT may deem fit for putting this Scheme into effect. Upon this Scheme becoming effective, the shareholders of the Participating Companies shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

**31. INTERPRETATION**

- 31.1 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any provisions of applicable law at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the applicable law shall prevail. Subject to obtaining the sanction of the Tribunal, if necessary, this Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments/modifications as may become necessary, whether before or after the Effective Date, shall, subject to obtaining the sanction of the Tribunal, if necessary, vest with the Board of Directors of the Participating Companies, and which power shall be exercised reasonably in the best interests of the Participating Companies, and their respective shareholders.

**32. EFFECTIVENESS**

- 32.1 Subject to the provisions of this Scheme, the certified copies of the orders of the NCLT approving this Scheme shall be filed with the jurisdictional Registrar of Company by the Participating Companies ("**Effective Date**"), and the Scheme shall be effective from the Appointed Date.

**33. MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

- 33.1 The Participating Companies, acting through their respective Boards of Directors, may assent to any modifications or amendments to this Scheme, which the NCLT and / or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out this Scheme. The Participating Companies, acting through their respective Boards of Directors, be and are hereby authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions, whether by reason of any orders of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and / or any matters concerning or connected therewith.
- 33.2 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Participating Companies and their respective shareholders, and the terms and conditions of this Scheme, the latter shall prevail.
- 33.3 If any part of this Scheme is invalid, ruled illegal or rejected or is unreasonably delayed or not sanctioned by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part

For Pakwan Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

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Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

shall cause this Scheme to become materially adverse to any party, in which case the Participating Companies, acting through their respective Boards of Directors, shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected, or being unreasonably delayed or not sanctioned by any court of competent jurisdiction, or unenforceable under present or future laws.

33.4 The Participating Companies, acting through their respective Boards of Directors, shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by a Court or the NCLT or any other authority is unacceptable to any of them or if so decided by the Board of Directors. If any part of this Scheme is found to be unworkable for any reason whatsoever, this shall not, subject to the decision of the Participating Companies, affect the validity or implementation of the other parts and / or provisions of this Scheme. In the event a part of this Scheme is found unworkable and the Participating Companies decide to implement the remaining part of this Scheme, to the extent it is unworkable, shall become null and void and no rights or liabilities whatsoever shall accrue to, or be incurred inter se by, the parties or their respective stakeholders or any other persons with respect to such part of the Scheme.

34. For the purpose of clause 31 and Clause 33 of the Scheme, the consent / approval from the shareholders and / or creditors as required in terms of section 230 of the Companies Act, 2013 for approval of the Scheme, shall be deemed to be sufficient approval to the Board of Directors of the Participating Companies and all concerned for carrying on any modification or withdrawal of the Scheme as may be required.

35. **SCHEME CONDITIONAL ON APPROVAL / SANCTIONS**

34.1 This Scheme is and shall be conditional upon and subject to:

- a) The Scheme being approved by the requisite majority in number and value of the various class of shareholders and / or creditors (where applicable) of the Participating Companies, as required under the Act and as may be directed by the NCLT or any other competent authority, as may be applicable.
- b) The Scheme being sanctioned by the NCLT or any other regulatory authority under Sections 230 to 232 and other applicable provisions of the Act.
- c) Certified copies of the orders of the NCLT sanctioning the Scheme being filed with the concerned Registrar of Company, by the Participating Companies.

36. **EFFECT OF NON-RECEIPT OF APPROVALS**

35.1 In the event that the Scheme is not sanctioned by the NCLT or in the event any of the other requisite consents, approvals, permissions, sanctions or conditions are not obtained or complied with or for any other reason, the Scheme cannot be implemented, the Scheme shall not take effect and shall be withdrawn and in that event no rights or liabilities, whatsoever, shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

37. **RESIDUAL**

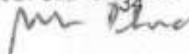
36.1 Upon this Scheme becoming effective and post giving effect to Part B of this Scheme, ACL shall be entitled to operate all bank accounts, cash and deposits, realize all monies and complete and enforce all pending contracts and transactions relating to Transferor Company in

For Palawan Estates & Holdings Pvt. Ltd.



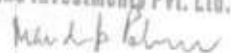
Director

For Avon Cycles Limited



Director

For Avon Energies And Investments Pvt. Ltd.



Director

its name to the extent necessary.

- 36.2 Upon this Scheme becoming effective and post giving effect to Part C of this Scheme, AEIPL shall be entitled to operate all bank accounts, cash and deposits, realize all monies and complete and enforce all pending contracts and transactions relating to Non-Core Undertaking in its name to the extent necessary.

38. **COSTS**

- 37.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Participating Companies arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by Avon Cycles Limited.

.....

For Palwa Estates & Holdings Pvt. Ltd.

*[Signature]*

Director

For Avon Cycles Limited

*[Signature]*

Director

For Avon Energies And Investments Pvt. Ltd.

*[Signature]*

Director

30 December 2021

To,  
The Board of Directors  
Avon Cycles Limited  
G T Road, Dhandari Kalan,  
Ludhiana, Punjab

To,  
Board of Directors,  
Pahwa Estates And Holdings Private Limited  
G T Road, Dhandari Kalan,  
Ludhiana, Punjab

To,  
The Board of Directors  
Avon Energies and Investments Private Limited  
G T Road, Dhandari Kalan,  
Ludhiana, Punjab

**Subject: Recommendation of fair share exchange ratio for the proposed amalgamation of Pahwa Estates And Holdings Private Limited ('PEHPL') with Avon Cycles Limited ('ACL')**

**Recommendation of fair share entitlement ratio for the proposed demerger of the 'Non-core Business' of Avon Cycles Limited ('ACL') into Avon Energies and Investments Private Limited ('AEIPL')**

Dear Sir/ Madam,

We refer to the engagement letter dated 15 December 2021 whereby the Board of Directors of Avon Cycles Limited ('ACL' or 'Amalgamated Company' or 'Demerged Company'), Pahwa Estates And Holdings Private Limited ('PEHPL' or 'Amalgamating Company') and Avon Energies and Investments Private Limited ('AEIPL' or 'Resulting Company') (hereinafter all of them together referred to as 'the Management'), appointed Niranjan Kumar, Registered Valuer- Securities or Financial Assets ('NK', 'we' or 'us') to undertake a valuation exercise and recommend on a 'going concern' premise:

1. Fair Share exchange ratio for the proposed amalgamation of PEHPL with ACL in Step 1; and
2. Fair Share entitlement ratio for the proposed demerger of 'Non-core Business' of ACL into AEIPL in Step 2.

Hereinafter the transaction referred to in Step 1 shall be referred to as the 'proposed amalgamation' and the transaction referred to in Step 2 shall be referred to as the 'proposed demerger'; the Amalgamated Company, Amalgamating Company and Resulting Company shall together be referred to as 'Transacting Companies'; and the Management including the Board of Directors of Transacting Companies shall together be referred to as 'the Management'.

Please find enclosed the report (comprising 22 pages including annexures) detailing our recommendation of share exchange ratio for the proposed amalgamation and share entitlement ratio for the proposed demerger, the methodologies employed, and the assumptions used in our analysis.

This report sets out our scope of work, background, source of information, procedures performed by us and our recommendation of the share exchange/ entitlement ratio.

## BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

**Avon Cycles Limited ('ACL' or 'Amalgamated Company' or 'Demerged Company')** was incorporated on 01 October 1951 and has been engaged in diversified business primarily dealing in manufacturing of Bicycle & Cycle Parts, E-Bikes and E-Rickshaws. In addition, it is also engaged in other business verticals of constructing & operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities and renting of immovable properties.

Hereinafter businesses of ACL of constructing & operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities and renting of immovable properties are collectively referred to as 'Non-core Business'.

**Pahwa Estates And Holdings Private Limited ('PEHPL' or 'Amalgamating Company')** was incorporated on 17 December 1973 and is engaged in the business of renting of immovable properties and investment in shares and securities including investment in shares and securities of group entities.

**Avon Energies and Investments Private Limited ('AEIPL' or 'Resulting Company' or 'Demerged Company No. 2')** has been recently incorporated on 22 December 2021 and is a wholly owned subsidiary of ACL.

We understand that the Management of the Transacting Companies that they are contemplating a composite scheme of amalgamation and arrangement ('the Scheme'), wherein they intend to:

- a) amalgamate PEHPL with ACL; and
- b) demerge the 'Non-core Business' of ACL into AEIPL.

in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force, in each case, as amended from time to time, and in a manner provided in the Draft Composite Scheme of Amalgamation and Arrangement ('Scheme') in which under:

- 1) Part B of the Scheme, PEHPL (Amalgamating Company) is proposed to be amalgamated with ACL (Amalgamated Company);
- 2) Part C of the Scheme, the Non-core Business of ACL (Demerged Company) is proposed to be demerged into AEIPL (Resulting Company);

Further as part of the scheme, the entire shareholding of the Amalgamated Company in Amalgamating Company or vice versa shall stand cancelled on part B of the Scheme becoming effective and hence, no shares of the Amalgamated Company shall be issued to the extent of inter-company holding.

Also, as a part of the Scheme, entire shareholding of Demerged Company in Resulting Company (pursuant to part C of the Scheme being effective) and the entire existing issued

and paid-up share capital of the Resulting Company i.e. AEIPL (Pre Demerger Equity Share Capital) held by ACL i.e. the Demerged Company would be cancelled by way of capital reduction.

We understand that as a consideration for the:

- i) proposed amalgamation under Part B of the Scheme, equity shares of the Amalgamated Company would be issued to the equity shareholders of Amalgamating Company (except to the extent of equity shares of Amalgamating Company held by Amalgamated Company which would get cancelled upon amalgamation);
- ii) proposed demerger under Part C of the Scheme, equity shares of the Resulting Company would be issued to the equity shareholders of Demerged Company;

The equity shares to be issued for the aforesaid proposed amalgamation and proposed demerger will be based on the share exchange/ share entitlement ratio as determined by the Board of Directors on the basis of the share exchange/ share entitlement ratio report prepared by us.

In connection with the above-mentioned proposed amalgamation and proposed demerger, the Management of Transacting Companies has jointly appointed Niranjana Kumar, Registered Valuer- Securities or Financial Assets ('NK') to submit a report recommending a share exchange ratio and share entitlement ratio for the proposed amalgamation and proposed demerger respectively.

We would like to emphasize that certain terms of the proposed amalgamation and proposed demerger are stated in our report, however the detailed terms of the proposed amalgamation and proposed demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed amalgamation and proposed demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

We understand that the appointed date for the proposed amalgamation and proposed demerger shall be 01 April 2022 as defined in the Scheme or such other date as the competent authority may direct or approve. We have determined the share exchange ratio and share entitlement ratio for the proposed amalgamation and proposed demerger respectively as at the report date ('Valuation Date').

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of the Transacting Companies and then arrive at the fair share exchange/ share entitlement ratio using internationally accepted valuation methodologies as may be applicable to the Transacting Companies and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 notified by the Institute of Chartered Accountants of India (ICAI).

The Management have informed us that:

- a) There would not be any capital variation in the Transacting Companies till the proposed amalgamation and proposed demerger becomes effective without approval of the shareholders and other relevant authorities;
- b) There are no unusual/ abnormal events in the Transacting Companies other than those represented to us by the Management till the report date materially impacting their operating/ financial performance; and
- c) There would be no significant variation between the draft composite scheme of amalgamation and arrangement and the final scheme approved and submitted with the relevant authorities.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

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## SOURCES OF INFORMATION

In connection with the recommendation of fair share exchange/ entitlement ratio, we have used the following information obtained from the Management and/ or gathered from public domain:

### A. Company specific information:

Information provided by the Management includes:

- Audited standalone financial statements of ACL and PEHPL for the financial year ended 31 March 2021 ('FY21');
- Limited reviewed standalone financial statements of ACL and PEHPL for the six months period ended 30 September 2021;
- Shareholding pattern of ACL and PEHPL as at the report date;
- Draft composite scheme of arrangement between the Transacting Companies and their respective shareholders pursuant to which proposed amalgamation and proposed demerger is to be undertaken;
- Financial projections from FY22 to FY26 ('Management Projections') which represent Management's best estimate of the future financial performance of ACL; and
- Discussions and correspondence with the Management in connection with business operations of Transacting Companies and its investee companies, past trends, proposed future business plans and prospects, realizability of assets, etc.

### B. Industry and economy information:

- Information including market prices, trading volumes etc., available in public domain and databases such as CapitalIQ, Capitaline, NSE, BSE etc.
- Such other information and documents as provided by the Management for the purposes of this engagement.

Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management.



## PROCEDURES ADOPTED

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Discussion with the Management to:
  - Understand the business and fundamental factors that affect the business of the Transacting Companies including their earning generating capacity.
  - Enquire about the historical financial performance, current state of affairs, business plans and the future performance estimates.
- Analysis of information shared by the Management
- Reviewed the cashflow projections provided by the Management including understanding the basis of preparation and the underlying assumptions;
- Reviewed the draft composite scheme of amalgamation and arrangement between the Transacting Companies.
- Considered audited standalone financial statements of the ACL and PEHPL for the financial year ended 31 March 2021;
- Considered limited reviewed standalone financial statements of ACL and PEHPL for the six months period ended 30 September 2021;
- Considered the shareholding pattern of ACL and PEHPL as at the report date;
- Selection of appropriate internationally accepted valuation approach / methodology/(ies);
- Arrived at valuations of the Transacting Companies using the method/(s) considered appropriate;
- Determined at the fair share exchange ratio for the proposed amalgamation of PEHPL with ACL after considering the existing shareholding pattern; and
- Determined the share entitlement ratio for the proposed demerger of Non-core Business from ACL to AEIPL, for issue of equity shares of AEIPL to the shareholders of ACL as consideration for the proposed demerger.

## SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of the valuation agreed as per the terms of the engagement;
- the date of this report;
- shareholding pattern of Transacting Companies forming part of transaction prior to effectiveness of the Scheme and no change in the shareholding of associate/ subsidiary companies;
- proposed capital reduction of all the existing outstanding issued and paid up share capital of AEIPL ('Resulting Company');
- proposed share entitlement ratio for the proposed demerger of Non-core Business under Part C of the Scheme as recommended by the Management;
- audited standalone financial statements of ACL and PEHPL for the financial year ended 31 March 2021;
- limited reviewed standalone financial statements of ACL and PEHPL for the six months period ended 30 September 2021;
- realization of cashflow projections as provided by the Management for ACL;
- data detailed in the section - Sources of Information

We have been informed that the business activities of the Transacting Companies and Non-core Business have been carried out in the normal and ordinary course between the latest available financials and the report date and that no material changes have occurred in their respective operations and financial position between the latest available financial statements and the report date.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement, but which will strongly influence the worth of a share.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Transacting Companies till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The COVID-19 (SARS-CoV-2) ("Coronavirus" or "Virus" or "Covid") is presenting potentially significant impacts upon economic activity and certain businesses. At the Valuation Date, the Covid pandemic is still ongoing, and the future impact of the Coronavirus is not being

qualitatively or quantitatively assessed at this time. For carrying out the Valuation, we have factored the impact of Covid in the Valuation based on the information available till the Valuation Date and based on our understanding of it's likely impact on the business of ACL and PEHPL. However, this should not be considered as an accurate assessment of the future impact of the COVID-19, or any prediction regarding the future course of events that would arise due to the Covid pandemic.

The determination of fair value for arriving at share exchange ratio/ share entitlement ratio is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair share exchange/ share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share exchange/ share entitlement ratio at which the proposed amalgamation/ proposed demerger shall take place will be with the Board of Directors of the Transacting Companies, who should take into account other factors such as their own assessment of the proposed amalgamation/ proposed demerger and input of other advisors.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – Sources of Information.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of

- the accuracy of information that was publicly available, which formed a substantial basis for the report; and
- the accuracy of information made available to us by the Management;

We have not carried out a due diligence or audit or review of the Transacting Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Management Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us during the course of this engagement.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed amalgamation/ proposed demerger. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management of the Transacting Companies is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Transacting Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management has indicated to us that they have understood any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we

assume no responsibility for any errors in the information furnished by the Transacting Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Transacting Companies. However, nothing has come to our attention to indicate that the information provided to us was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Transacting Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Transacting Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report does not look into the business/ commercial reasons behind the proposed amalgamation/ proposed demerger nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed amalgamation/ proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of share exchange/ share entitlement ratio only.

We would like to emphasize that as per the proposed demerger envisaged in the Scheme, the Non-core Business of ACL ('Demerged Company') will be demerged into its wholly owned subsidiary i.e. AEIPL ('Resulting Company') and upon cancellation of entire outstanding issued and paid up equity share capital (Pre demerger equity share capital) by way of capital reduction as part of the Scheme of the Resulting Company, fresh issue of shares would be made to the existing equity shareholders of ACL on a proportionate basis such that their existing equity shareholding in ACL is replicated in the Resulting Company. Accordingly, we believe that any share entitlement ratio can be considered appropriate and fair to the equity shareholders of ACL for the proposed demerger as the inter-se proportionate equity shareholding of any shareholder pre-demerger and post-demerger would remain same and not vary and we have therefore not carried out any independent valuation of the subject business.

We must emphasize that realization of forecasted free cash flows or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

We must emphasize that the latest financial statements as at the report date for Transacting companies were not provided by the Management for our value analysis, however the Management has represented that they do not expect significant changes in the net asset

position between 30 September 2021 and the report date. We have therefore considered financial statements as at 30 September 2021 for the purpose of our value analysis.

We must emphasize that during the interim period from 30 September 2021 till the Valuation Date, the Board of Directors of ACL and PEHPL has approved buy back of 43,155 and 8,000 fully paid up equity shares respectively. Accordingly, we have considered effect of the same for the purpose of our equity value analysis.

Certain terms of the proposed amalgamation and proposed demerger are stated in our report, however the detailed terms of the proposed amalgamation and proposed demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed amalgamation and proposed demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the Scheme document.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Board of Directors of the Transacting Companies who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall our liability exceed the amount as agreed in our Engagement Letter.

This valuation report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the share exchange/ share entitlement ratio for the proposed amalgamation/ proposed demerger and relevant filing with regulatory authorities in this regard, without our prior written consent.

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## COMPANY AND FINANCIAL BACKGROUND

**Avon Cycles Limited ('ACL' or 'Amalgamated Company' or 'Demerged Company')** has been engaged in diversified business primarily dealing in manufacturing of Bicycle & Cycle Parts, E-Bikes and E-Rickshaws. In addition, it is also engaged in other business verticals of constructing & operating solar power plant / wind turbines engaged in power generation and distribution, investment in shares and securities and renting of immovable properties.

Snapshot of the audited standalone financial statements for the year ended 31 March 2021 and limited reviewed standalone financial statements for the six months period ended 30 September 2021 of ACL is set out below:

Balance sheet as at			Profit and loss statement for the period ended		
Particulars	INR Million		Particulars	INR Million	
	30-Sep-21 Limited Reviewed	31-Mar-21 Audited		30-Sep-21 Limited Reviewed	31-Mar-21 Audited
<b>Equity and liabilities</b>			<b>No. of months</b>	<b>6</b>	<b>12</b>
<b>Shareholder's funds</b>			Revenue from operations	3,544.3	7,103.1
Share capital	8.6	8.6	<b>Total revenue</b>	<b>3,544.3</b>	<b>7,103.1</b>
Reserves and surplus	7,091.8	6,854.7	<b>Expenses</b>		
<b>Non current liabilities</b>			Cost of goods sold	(2,504.4)	(4,675.8)
Long term borrowings	461.1	290.4	Employee benefit expenses	(254.1)	(445.1)
Other non current liabilities	658.0	743.9	<b>Other operating expenses</b>	<b>(550.5)</b>	<b>(1,203.5)</b>
<b>Current liabilities</b>			<b>EBITDA</b>	<b>235.2</b>	<b>778.7</b>
Short term borrowings	160.9	-	Depreciation and amortisation	(125.7)	(249.6)
Trade payables	1,098.5	1,176.6	<b>EBIT</b>	<b>109.5</b>	<b>529.1</b>
Other current liabilities	450.1	569.5	Finance costs	(26.9)	(36.6)
<b>Total equity and liabilities</b>	<b>9,929.0</b>	<b>9,643.7</b>	Other income	244.2	432.4
<b>Assets</b>			Exceptional items	(10.3)	(19.5)
<b>Non-current assets</b>			<b>PBT</b>	<b>316.6</b>	<b>905.3</b>
Net fixed assets	2,144.4	1,934.4	Tax expense	(58.6)	(220.6)
Non current investments			<b>PAT</b>	<b>258.0</b>	<b>684.7</b>
- in equity shares of PEHPL	0.2	0.2	Source: Information provided by Management		
- in equity shares of other companies	924.7	760.1			
Other non current assets	564.7	684.5			
<b>Current assets</b>					
Current investment	765.7	897.3			
Inventories	1,540.2	1,149.1			
Trade receivables	1,480.0	1,330.0			
Cash and cash equivalents	1,591.2	1,981.4			
Other current assets	917.8	906.6			
<b>Total assets</b>	<b>9,929.0</b>	<b>9,643.7</b>			

Source: Information provided by Management

### Shareholding Pattern

The equity shareholding pattern of ACL as at report date is set out below :-

Name	Number of shares (Face Value of INR 10 each)	Percentage %
Sh. Onkar Singh Pahwa	2,28,593	26.8%
Smt. Sarabjit Kaur Pahwa	2,28,593	26.8%
Sh. Rishi Pahwa	1,70,047	19.9%
Sh. Mandeep Singh Pahwa	1,70,046	19.9%
M/s Pahwa Estates & Holdings Pvt. Ltd.	56,000	6.6%
Others	8	0.0%
<b>Total</b>	<b>8,53,287</b>	<b>100%</b>

**Pahwa Estates And Holdings Private Limited ('PEHPL' or 'Amalgamating Company')** is engaged in the business of renting of immovable properties and investment in shares and securities including investment in shares and securities of group entities.

Snapshot of the audited standalone financial statements for the year ended 31 March 2021 and limited reviewed standalone financial statements for the six months period ended 30 September 2021 of PEHPL is set out below:

Balance sheet as at			Profit and loss statement for the period ended		
Particulars	INR Million		Particulars	INR Million	
	30-Sep-21 Limited Reviewed	31-Mar-21 Audited		30-Sep-21 Limited Reviewed 6	31-Mar-21 Audited 12
<b>Equity and liabilities</b>			<b>No. of months</b>		
<b>Shareholder's funds</b>			Revenue from operations	-	-
Share capital	5.2	5.2	Other operating income	20.0	60.0
Reserves and surplus	135.3	118.7	<b>Total revenue</b>	<b>20.0</b>	<b>60.0</b>
<b>Non current liabilities</b>			<b>Expenses</b>		
Long term provisions	2.2	2.0	Operating expenses	(0.8)	(1.4)
<b>Current liabilities</b>			<b>EBITDA</b>	<b>19.2</b>	<b>58.6</b>
Short term borrowings	-	34.1	Depreciation and amortisation	(0.6)	(1.1)
Trade payables	0.7	0.1	<b>EBIT</b>	<b>18.6</b>	<b>57.5</b>
Other current liabilities	0.9	1.8	Finance costs	(0.8)	(0.6)
<b>Total equity and liabilities</b>	<b>144.4</b>	<b>161.9</b>	<b>PBT</b>	<b>17.8</b>	<b>56.9</b>
<b>Assets</b>			Tax expense	(1.2)	(1.0)
<b>Non-current assets</b>			<b>PAT</b>	<b>16.6</b>	<b>55.8</b>
Plant Property and Equipment	22.2	22.8	<i>Source: Information provided by Management</i>		
Non current investments					
- In equity shares of ACL	0.2	0.2			
- In equity shares of other companies	47.9	48.0			
Other non-current assets	6.5	6.1			
<b>Current assets</b>					
Current investment					
- Investment in mutual funds	48.8	82.3			
Cash and cash equivalents	18.5	2.3			
Other current assets	0.3	0.2			
<b>Total assets</b>	<b>144.4</b>	<b>161.9</b>			
<i>Source: Information provided by Management</i>					

## Shareholding Pattern

The equity shareholding pattern of PEHPL as at report date is set out below :-

Name	Number of shares (Face Value of INR 100 each)	Percentage %
Sh. Onkar Singh Pahwa	14,713	33.3%
Sh. Mandeep Singh Pahwa	12,062	27.3%
Sh. Rishi Pahwa	11,512	26.0%
Smt. Sarabjit Kaur Pahwa	5,313	12.0%
Smt. Pallavi Pahwa	500	1.1%
M/s Avon Cycles Ltd.	100	0.2%
<b>Total</b>	<b>44,200</b>	<b>100.0%</b>

## VALUATION APPROACHES

### Valuation Base:

Valuation base means the indication of the type of value being used in an engagement. Different Valuation bases may lead to different conclusions of value. Considering the nature of this exercise, we have adopted 'Relative Value' as the Valuation base.

### Premise of Value:

Premise of Value refers to the conditions and circumstances how an asset is deployed. Considering the nature of this exercise, we have adopted 'Going Concern' value as the premise of value.

### Intended Users:

This Report is intended for consumption of the Board of Directors of ACL, PEHPL and AEIPL and may be submitted to the shareholders of respective Companies and relevant regulatory



and judicial authorities as may be mandatorily required under the laws of India, in connection with the Proposed Transaction.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to project related performance, market, industry performance and general business and economic conditions, many of which are beyond the control of the company.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

1. Asset Approach
2. Market Approach
3. Income Approach

For the proposed amalgamation and proposed demerger, we have considered the following commonly used and accepted methods for determining the value of the equity shares of the Transacting Companies for the purpose of recommending the share exchange ratio/ share entitlement ratio, to the extent relevant and applicable:

### **1. Asset Approach - Net Asset Value Method ('NAV')**

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.

*Valuation of ACL and PEHPL is carried out on a 'going concern' premise. ACL and PEHPL are currently generating profits and is expected to make profits in the near to medium term. The historical net asset value of the Business may not be representative of their earning potential. Further, self-generated key intangibles such as technology, customer relationship, brand/ trademark, distribution network may not be reflected in their historical net asset value. Accordingly, Asset Approach has not been adopted for the valuation.*

### **2. Market Approach**

#### **a) Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair

value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transaction and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.

*As the equity shares of ACL and PEHPL are not listed on any stock exchange, we have therefore not used this method to determine their fair value of the equity shares of Amalgamating Company and Amalgamated Company respectively.*

#### **b) Comparable Companies Multiples ('CCM') / Comparable Transactions Multiples ('CTM') method**

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

*Based on our business profiling analysis as well as discussion with the Management, we understand that there are no comparable listed companies which are operating in similar/ comparable line of business as that of ACL, we have therefore not used CCM method.*

*Considering the business operations of PEHPL, which is undertaking commercial leasing activities and other market parameters, we understand that there are no comparable companies having similar financial and operating metrics as that of PEHPL. We have therefore not used CCM method.*

Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

*Based on our discussion with the Management we understand that there are no recent comparable transactions involving companies of similar nature and having a similar operating/ financial metrics as that of ACL and PEHPL, we have therefore not used CTM method.*

### **3. Income Approach**

#### **3a. Discounted Cash Flow Method ('DCF')**

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount.

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent, and added to the present value of the available cash flow to estimate the value of the business.

Such DCF analysis involves determining the following:

- Estimating future free cash flows: Free cash flows are the cash flows expected to be generated by the company/ asset that are available to the providers of the company's capital – both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e., the cost of capital: This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

*Valuation of ACL has been carried out adopting Income approach (Discounted cash flow method). Under the DCF method the projected free cash flows to the firm for the horizon period are discounted at the weighted average cost of capital. Terminal value of the business at the end of the horizon period is estimated based on an appropriate perpetual growth rate considering inter-alia long-term inflation and other business-related factors. The sum of the discounted value of such free cash flows for the horizon period and terminal value is the enterprise value. Adjustments for debt and debt-like items, investments and cash and cash equivalents is considered to determine the equity value.*

*Valuation of PEHPL has been carried out adopting Income approach. Under the Income Approach, business is valued considering estimated benefits, normally using some measure of earnings or cash flows generated by the company. These estimated benefits are then capitalized using an appropriate capitalization rate to determine capitalized value. Since PEHPL is engaged in business of commercial leasing properties it is expected to earn single stream of revenue from leased properties. Accordingly, we have used capitalization rate to arrive at the capitalized value of properties leased. The capitalized value is adjusted for debt and debt-like items, surplus investments and cash and cash equivalents to determine the equity value of PEHPL.*

### **BASIS OF FAIR SHARE EXCHANGE RATIO**

The basis of proposed amalgamation of PEHPL with ACL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a Share Exchange Ratio, it is necessary to arrive at a single value for ACL and PEHPL. It is however important to note that in doing so we are not attempting to arrive at the absolute values but at their relative values to facilitate the determination of a Share Exchange Ratio.

The Share Exchange Ratio has been arrived at on the basis of a relative valuation based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses, having regard to information base, key underlying assumptions, and limitations.

We have independently applied valuation methodologies discussed herein above as appropriate and arrived at the value per share of ACL and PEHPL. To arrive at the Share Exchange Ratio for the proposed amalgamation, suitable minor adjustments/ rounding off have been done.

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## RECOMMENDATION OF SHARE EXCHANGE RATIO FOR THE PROPOSED AMALGAMATION.

### Proposed amalgamation of PEHPL (Amalgamating Company) into ACL (Amalgamated Company) under Part B of the Scheme.

The share exchange ratio has been determined on the basis of a relative (and not absolute) equity value of the Amalgamated company and Amalgamating Company for the proposed amalgamation based on the various methodologies mentioned herein earlier. Suitable rounding off have been carried out wherever necessary to arrive at the recommended fair share exchange ratio.

Method of Valuation	ACL			PEHPL			Reference
	Value per share (INR)	Weights	Product	Value per share (INR)	Weights	Product	
Income Approach	10,198.2	1	10,198.2	16,896.3	1	16,896.3	Annexure 1 & 2
Market Approach	NA	0	-	NA	0		
Asset Approach	NA	0	-	NA	0		
<b>Total</b>		<b>1</b>	<b>10,198.2</b>		<b>1</b>	<b>16,896.3</b>	

<b>Fair value per equity share (INR)</b>	<b>10,198.2</b>	<b>16,896.3</b>
<b>Recommended share exchange ratio</b>		<b>166</b>

### Recommendation:

*166 (One Hundred and Sixty Six) equity shares of ACL having face value of INR 10 each fully paid up shall be issued for every 100 (One Hundred) equity shares held in PEHPL having face value of INR 100 each fully paid up.*

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## RECOMMENDATION OF SHARE ENTITLEMENT RATIO FOR THE PROPOSED DEMERGER

### A) Proposed demerger of Non-core Business of ACL (Demerged Company) into AEIPL (Resulting Company).

#### Rationale for Share Entitlement Ratio for Part C of the Scheme

As mentioned earlier, as part of Scheme, Non-core Business of ACL is proposed to be demerged into its wholly owned subsidiary i.e. AEIPL. ACL has identified all the assets and liabilities of the Non-core Business which are to be taken over by and transferred to AEIPL. Also, as a part of the Scheme all the outstanding issued and paid-up share capital of AEIPL ('Pre-Demerger Equity Share Capital') would be cancelled by way of capital reduction.

We understand that, upon the Scheme being effective, all the equity shareholders of ACL would also become the equity shareholders of AEIPL and with the entire outstanding issued and paid-up equity share capital of AEIPL ('Pre-Demerger Equity Share Capital') getting cancelled by way of a capital reduction as part of the same scheme, their equity shareholding in AEIPL would mirror their existing equity shareholding in ACL prior to the demerger.

Taking into account the above facts and circumstance, any share entitlement ratio can be considered appropriate and fair for the proposed demerger of Non-Core Business as the proportionate equity shareholding of any equity shareholder pre-demerger and post-demerger would remain same and not vary, we have therefore not carried out any independent valuation of the subject business. Accordingly, the Management of ACL and AEIPL has proposed following share entitlement ratio with respect to equity shares:

#### To the equity shareholders of ACL:

*"1 (One) equity share of AEIPL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity share held in ACL having face value of INR 10 each fully paid up."*



Date: 30 December 2021  
Place: Pune

Respectfully submitted,

Niranjn Kumar  
Registered Valuer- Securities or Financial Assets  
IBBI Registration Number: IBBI/RV/06/2018/10137  
ICAIRVO/06/RV-P000021/2018-19  
UDIN: 21121635AAAAIV8457

## Annexure-1:

### Valuation workings of ACL (Amalgamated Company) as per DCF method:

#### Assumptions

WACC (Refer Exhibit I)	14.3%
Tax Rate	25.17%
Terminal growth rate	4.0%

INR million						
Particulars	Oct - Mar 2022	2023	2024	2025	2026	Terminal
Period in months	6	12	12	12	12	Year
Revenues	4,595.7	8,922.5	9,783.3	10,730.1	11,771.6	12,242.4
EBITDA	630.8	992.2	1,100.9	1,224.9	1,362.4	1,416.9
Depreciation	(193.7)	(327.2)	(318.9)	(328.5)	(341.7)	(355.4)
<b>EBIT</b>	<b>437.0</b>	<b>665.0</b>	<b>782.0</b>	<b>896.4</b>	<b>1,020.7</b>	<b>1,061.5</b>
Tax Expense	(110.0)	(167.4)	(196.8)	(225.6)	(256.9)	(267.2)
<b>NOPAT</b>	<b>327.0</b>	<b>497.6</b>	<b>585.2</b>	<b>670.8</b>	<b>763.8</b>	<b>794.3</b>
<b>Adjustments for:</b>						
Depreciation	193.7	327.2	318.9	328.5	341.7	355.4
Changes in working capital	658.2	(174.2)	(312.1)	(320.7)	(336.3)	(118.7)
Capital expenditure	(164.4)	(250.0)	(350.0)	(400.0)	(400.0)	(355.4)
<b>Free Cashflow to Firm (FCFF)</b>	<b>1,014.6</b>	<b>400.7</b>	<b>242.0</b>	<b>278.6</b>	<b>369.2</b>	<b>675.7</b>
Time to Midpoint	0.25	1.00	2.00	3.00	4.00	4.00
PV factor (@ 14.3%)	0.97	0.88	0.77	0.67	0.59	0.59
<b>PV of FCFF</b>	<b>981.5</b>	<b>350.7</b>	<b>185.3</b>	<b>186.6</b>	<b>216.4</b>	<b>396.0</b>

Particulars	INR million
Present value of explicit period	1,920.6
Add: Present value of perpetuity (Refer note below)	3,843.4
<b>Enterprise value</b>	<b>5,764.0</b>
Less: Debt and debt like items	(685.6)
Add: Surplus Investments	1,747.1
Add: Cash and cash equivalent	1,591.2
<b>Equity value as at 30 September 2021</b>	<b>8,416.8</b>
Gross up factor	1.03
<b>Equity value as at Valuation Date</b>	<b>8,702.0</b>
No of equity shares outstanding as at Valuation Date	8,53,287
<b>Equity Value per share (INR per share) as at Valuation Date</b>	<b>10,198.2</b>

#### Calculation of present value of perpetuity

Particulars	INR million
FCFF at Terminal Year (A)	675.7
WACC (B)	14.3%
Terminal Growth Rate (C)	4.0%
<b>Value of perpetuity D = (A / B - C)</b>	<b>6,557.3</b>
Discount factor for FY26 (E)	0.59
<b>Present value of perpetuity (D * E)</b>	<b>3,843.43</b>

\* Terminal growth rate has been estimated considering inter-alia sustainable estimated long term inflation and other factors.



## Breakup of surplus investments:

	INR Million	
Particulars	Carrying value	Fair value
<b><u>Non-current Investments</u></b>		
Investments in private companies		
- PEHPL	0.2	1.6
- Other Companies#	418.5	418.5
Investment in private equity funds (unquoted)#	352.3	352.3
Investment in Mutual Funds (unquoted)	38.7	39.0
Investment in debentures and bonds (unquoted)	107.9	106.6
Investment in equity shares (quoted)	7.4	9.6
<b>Total non-current investments</b>		<b>927.5</b>
<b><u>Current investments</u></b>		
Investment in mutual funds (unquoted)	59.4	108.1
Investment in shares (quoted) - PMS Shares	706.2	711.5
<b>Total current investments</b>		<b>819.6</b>
<b>Total Investments</b>		<b>1,747.1</b>

#As represented by the Management, carrying value is considered to be representative of its fair value.

## Calculation of WACC:

Particulars	Assumption	Remarks
<b>Cost of Equity (Ke)</b>		
Risk free rate	6.2%	Average 3 months daily yield of 10 year government bond
Market risk premium	6.2%	NK valuation estimate
Levered Beta	1.34	Considering peer companies operating in bicycle business (Source : CapitalIQ)
Company specific risk premium	3.0%	Refer note below
<b>Cost of equity</b>	<b>17.5%</b>	
<b>Cost of Debt (Kd)</b>		
Pre-tax cost of debt (kd)	8.3%	Current cost of debt of ACL
Maximum marginal tax rate	25.2%	
Post tax - cost of debt (kd)	6.2%	
Debt : Equity	0.40	Target debt:equity ratio of the Industry
<b>Weighted average cost of capital</b>	<b>14.3%</b>	

Note: Company specific risk premium is considering inter-alia historical performance, Management Projections achievability (Revenue, estimated market share and Margins), sensitivity analysis and other relevant factors.

## Other key considerations:

To arrive at the value attributable to equity shareholders, enterprise value arrived above using DCF method has been adjusted for the following:

- Debt and debt like items outstanding as at 30 September 2021 amounting to INR 685.6 million.
- Net surplus assets outstanding as at 30 September 2021 amounting to INR 3,175.7 million.

### Annexure-3:

#### Valuation Workings of PEHPL (Amalgamating Company) as per Income Approach:

We have used income approach which involves capitalizing a “normalized” net income estimates by an appropriate yield wherein net income is the property’s gross income (rental revenue) minus the property’s operating expense, which is capitalized using appropriate capitalization rate.

Based on dynamics of the sector and discussions with the Management, we have assumed a long-term rent escalation rate of 5%.

INR Million	
Particulars	Amount
Capitalized Value - Properties rented to Avon Cycles I	36.0
Capitalized Value - Property rented to Trent Ltd (Refe	13.3
<b>Equity Value before adjustments</b>	<b>49.2</b>
Add: Investments	669.9
Add: Cash and cash equivalents#	16.2
<b>Equity value of PEHPL as at Valuation Date</b>	<b>735.3</b>
Number of equity shares outstanding	44,200
<b>Equity value per share (INR per share) of PEHPL as :</b>	<b>16,634.8</b>
# adjusted for security deposit	

#### Break-up of investments:

INR Million		
Particulars	Carrying value	Fair value
<b>Non-current Investments</b>		
Investments in private companies		
- Equity shares of ACL	0.2	559.5
- Equity shares of Others#	47.9	47.9
<b>Current Investments</b>		
Investment in equity shares (quoted)	0.1	0.1
Investment in mutual funds (quoted)	48.7	62.4
<b>Total Investments</b>		<b>669.9</b>

#As represented by the Management, carrying value is considered to be representative of its fair value.

#### Capitalization Rate

The capitalization rate considered for arriving at the enterprise value is the Cost of Equity ('CoE').

Particulars	Assumption	Remarks
<b>Cost of Equity (Ke)</b>		
Risk free rate	6.2%	Average 3 months daily yield of 10 year government bond
Market risk premium	6.2%	NK valuation estimate
Levered Beta	0.75	Considering peer companies operating in commercial leasing business in India (Source : CapitalIQ)
Company specific risk premium	3.2%	Refer note below
<b>Cost of equity</b>	<b>14.1%</b>	

Note: Company specific risk premium is considering inter-alia historical performance, sensitivity analysis and other relevant factors.

**Exhibit I : Capitalized Value - Properties rented to Group Company**

INR in Million	
Particulars	Amount (A)
Annual Rental Income	4.7
Escalation rate	5.00%
Property tax	(0.3)
<b>Net Rental Income</b>	<b>4.4</b>
Capitalisation Rate	9.1%
<b>Capitalised value of property before taxes</b>	<b>48.1</b>
Less: Taxes	(12.1)
<b>Capitalized Value - Properties rented to Avon Cycles Ltd</b>	<b>36.0</b>

**Exhibit II : Capitalized Value - Property rented to Others**

INR Million				
Discounted cash flow				
FYE 31 March	2022	2023	2024	TY
No. of months	6 months	12 months	12 months	12 months
Lease Rent - Trent	2.0	4.5	5.0	5.3
<b>Total Income</b>	<b>2.0</b>	<b>4.5</b>	<b>5.0</b>	<b>5.3</b>
Property tax paid	(0.2)	(0.4)	(0.4)	(0.5)
<b>Net Income (A)</b>	<b>1.8</b>	<b>4.1</b>	<b>4.6</b>	<b>4.8</b>
Share of PEHPL in lease rentals (B)	35.5%	35.5%	35.5%	35.5%
<b>Share of Pahwa Estates in lease rentals (A * B)</b>	<b>0.7</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>
Taxes Paid	(0.2)	(0.4)	(0.4)	(0.4)
<b>Free Cash Flows</b>	<b>0.5</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>
Period factor - mid year discounting	0.25	1.00	2.00	2.00
Discount factor - mid year discounting	0.97	0.88	0.77	0.77
<b>Present value of cash flows</b>	<b>0.5</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>

**Capitalized value**

INR in Million	
Particulars	
Present value of cashflow for explicit period	2.4
Present value of cashflow for terminal period	10.9
<b>Capitalized Value of property rented to Trent Ltd</b>	<b>13.3</b>

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**PAHWA ESTATES AND HOLDINGS PRIVATE LIMITED**

(Formerly: Pahwa Cycles Pvt. Ltd.)

Regd. Office: G. T. Road, Dhandari Kalan, Ludhiana-141 003. Ph. 0161-4684800 | Email: avon@avoncycles.com

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PAHWA ESTATES & HOLDINGS PRIVATE LIMITED ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON 31<sup>st</sup> DAY OF DECEMBER, 2021**

1. The Scheme of Arrangement ("Scheme") between Pahwa Estates & Holdings Private Limited ("PEHPL"/ "Transferor Company"), Avon Cycles Limited ("ACL"/ "Transferee Company") and Avon Energies and Investments Private Limited ("AEIPL"/ "Resulting Company"), and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), provides for:
  - a. Amalgamation of Pahwa Estates & Holdings Private Limited into and with Avon Cycles Limited;
  - b. Demerger of Non-core Undertaking of Avon Cycles Limited to Avon Energies and Investments Private Limited
2. The Board of Directors of the Company at its meeting held on December 31, 2021 approved the Scheme.
3. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors of the Company explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key Managerial Personnel ('KMP') laying out in particular the share exchange ratio, specifying any special valuation difficulties.
4. Following documents were placed before the board:
  - ✦ Scheme of Arrangement;
  - ✦ Share Exchange Ratio Report / Share Entitlement Ratio Report dated December 30, 2021 issued by Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137).
5. **Share Exchange/Entitlement Ratio Report:**

Following are important extracts of the Share Exchange Ratio Report / Share Entitlement Ratio Report dated December 30, 2021 issued by Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137):

For Pahwa Estates &amp; Holdings Pvt. Ltd.

Director



# PAHWA ESTATES AND HOLDINGS PRIVATE LIMITED

(Formerly: Pahwa Cycles Pvt. Ltd.)

Regd. Office: G. T. Road, Dhandari Kalan, Ludhiana-141 003. Ph. 0161-4684800 | Email: avon@avoncycles.com

*"166 (One Hundred and Sixty Six) equity shares of ACL having face value of INR 10 each fully paid up shall be issued for every 100 (Hundred) equity shares held in PEHPL having face value of INR 100 each fully paid up."*

*"1 (One) equity share of AEIPL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity share held in ACL having face value of INR 10 each fully paid up."*

No special valuation difficulties were reported.

**6. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company:**

The Company has only one class of shareholders, i.e. equity shareholders.

In accordance with Clause 6.3. of the Scheme, the Transferee Company shall, without any further act or deed, issue and allot to the shareholders of the Company (except to the Transferee Company itself or to any other shareholder holding shares in the Transferor Company, jointly with or as a nominee of the Transferee Company), whose name is recorded in the register of members of Company as on the Record Date, equity shares in exchange of equity shares as held by them in the Company i.e., *166 (One Hundred and Sixty Six) equity shares of ACL having face value of INR 10 each fully paid up shall be issued for every 100 (Hundred) equity shares held in PEHPL having face value of INR 100 each fully paid up.*

Simultaneously with the issue and allotment of above equity shares, existing equity shares of the Transferee Company, as held by the Transferor Company, shall, without any further application, act, instrument, or deed, be cancelled.

**7. Effect of the Scheme on the KMP of the Company:**

There will be no impact of the Scheme on the KMP of the Company. Further, none of the KMP have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.

For and Behalf of the Board  
For Pahwa Estates & Holdings Private Limited  
*For Pahwa Estates & Holdings Pvt. Ltd.*

*Rishi Pahwa*

**Director**

Rishi Pahwa  
Director  
DIN: 00286399



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF AVON CYCLES LIMITED ('COMPANY')  
IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING  
HELD ON 31<sup>st</sup> DAY OF DECEMBER, 2021**

1. The Scheme of Arrangement ("Scheme") between Pahwa Estates & Holdings Private Limited ("PEHPL"/ "Transferor Company"/ "Company"), Avon Cycles Limited ("ACL"/ "Transferee Company/ Demerged Company") and Avon Energies and Investments Private Limited ("AEIPL"/ "Resulting Company") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), provides for:
  - a. Amalgamation of Pahwa Estates & Holdings Private Limited into and with Avon Cycles Limited;
  - b. Demerger of Non-core Undertaking of Avon Cycles Limited to Avon Energies and Investments Private Limited
2. The Board of Directors of the Company at its meeting held on December 31, 2021 approved the Scheme.
3. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors of the Company explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key Managerial Personnel ('KMP') laying out in particular the share exchange ratio, specifying any special valuation difficulties.
4. Following documents were placed before the board:
  - ✦ Scheme of Arrangement;
  - ✦ Share Exchange Ratio Report / Share Entitlement Ratio Report dated December 30, 2021 issued by Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.- IBBI/RV/06/2018/10137).

**5. Share Exchange/Entitlement Ratio Report:**

Following are important extracts of the Share Exchange Ratio Report / Share Entitlement Ratio Report dated December 30, 2021 issued by Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137):

*"166 (One Hundred and Sixty Six) equity shares of ACL having face value of INR 10 each fully paid up shall be issued for every 100 (Hundred) equity shares held in PEHPL having face value of INR 100 each fully paid up."*

**For Avon Cycles Limited**

*[Signature]*

**Director**

**AVON CYCLES LIMITED**

0161-4684800 (100 Lines)

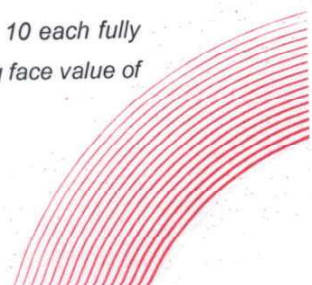
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Regd. Off.: G.T.Road, Ludhiana - 141003 (India)

📄 CIN NO.: U35921PB1951PLC001699



"1 (One) equity share of AEIPL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity share held in ACL having face value of INR 10 each fully paid up."

No special valuation difficulties were reported.

**6. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company:**

The Company has only one class of shareholders, i.e. equity shareholders.

**Amalgamation of Transferor Company into and with Transferee Company** - Basis share exchange ratio (as provided in the Share Entitlement report), Equity Shares would be issued by the Transferee Company to the shareholders of Transferor Company (except to the Transferee Company itself or its subsidiary or to any other shareholder holding shares in the Transferor Company, jointly with or as a nominee of the Transferee Company), in exchange of the equity shares as held by them in the respective Transferor Companies.

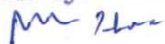
**Demerger of Non-core Undertaking of Demerged Company to Resulting Company** - In accordance with Clause 23.1 of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to the eligible equity shareholders of the Company (whose name is recorded in the register of members of Company as on the Record Date) equity shares in exchange of equity shares as held by them in the Company i.e., 1 (One) equity share of AEIPL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity share held in ACL having face value of INR 10 each fully paid up.

Simultaneously with the issue and allotment of above equity shares, existing equity shares of the Resulting Company, as held by the Demerged Company, shall, without any further application, act, instrument, or deed, be cancelled.

**7. Effect of the Scheme on the KMP of the Company:**

There will be no impact of the Scheme on the KMP of the Company. Further, none of the KMP have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.

For and Behalf of the Board  
For Avon Cycles Limited  
For Avon Cycles Limited

  
Rishi Pahwa  
Director  
DIN: 00286399

Director

**AVON CYCLES LIMITED**

0161-4684800 (100 Lines) | avon@avoncycles.com | www.avoncycles.com | G.T.Road, Ludhiana - 141003 (India)  
Regd. Off.: G.T.Road, Ludhiana - 141003 (India) | CIN NO.: U35921PB1951PLC001699





# ANNEXURE-5

## AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED

Regd. Off: Avon Cycles Premises, G.T. Road, Dhandari Kalan, Ludhiana-141003

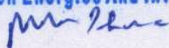
Email: mandeep@avoncycles.com | Ph. No: 0161-4684800 | CIN: U40105PB2021PTC054920

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON 31<sup>st</sup> DAY OF DECEMBER, 2021**

1. The Scheme of Arrangement ("Scheme") between Pahwa Estates & Holdings Private Limited ("PEHPL"/ "Transferor Company"), Avon Cycles Limited ("ACL"/ "Transferee Company") and Avon Energies and Investments Private Limited ("AEIPL"/ "Resulting Company"), and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), provides for:
  - a. Amalgamation of Pahwa Estates & Holdings Private Limited into and with Avon Cycles Limited;
  - b. Demerger of Non-core Undertaking of Avon Cycles Limited to Avon Energies and Investments Private Limited;
2. The Board of Directors of the Company at its meeting held on December 31, 2021 approved the Scheme.
3. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors of the Company explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key Managerial Personnel ('KMP') laying out in particular the share exchange ratio, specifying any special valuation difficulties.
4. Following documents were placed before the board:
  - ↓ Scheme of Arrangement;
  - ↓ Share Exchange Ratio Report / Share Entitlement Ratio Report dated December 30, 2021 issued by Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137).
5. **Share Entitlement Ratio Report:**

Following are important extracts of the Share Exchange Ratio Report dated December 30, 2021 issued by Mr. Niranjana Kumar (Registered Valuer) (IBBI Registration No.-IBBI/RV/06/2018/10137):

For Avon Energies And Investments Pvt. Ltd.



Director



# AVON ENERGIES AND INVESTMENTS PRIVATE LIMITED

Regd. Off: Avon Cycles Premises, G.T. Road, Dhandari Kalan, Ludhiana-141003

Email: mandeep@avoncycles.com | Ph. No: 0161-4684800 | CIN: U40105PB2021PTC054920

*"166 (One Hundred and Sixty Six) equity shares of ACL having face value of INR 10 each fully paid up shall be issued for every 100 (Hundred) equity shares held in PEHPL having face value of INR 100 each fully paid up."*

*"1 (One) equity share of AEIPL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity share held in ACL having face value of INR 10 each fully paid up."*

No special valuation difficulties were reported.

## 6. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company:

The Company has only one class of shareholders, i.e. equity shareholders.

**Demerger of Non-core Undertaking of Demerged Company to Resulting Company** – In accordance with Clause 23.1 of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to the eligible equity shareholders of the Company (whose name is recorded in the register of members of Company as on the Record Date) equity shares in exchange of equity shares as held by them in the Company i.e., *1 (One) equity share of AEIPL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity share held in ACL having face value of INR 10 each fully paid up.*

Simultaneously with the issue and allotment of above equity shares, existing equity shares of the Resulting Company, as held by the Demerged Company, shall, without any further application, act, instrument, or deed, be cancelled.

## 7. Effect of the Scheme on the KMP of the Company:

There will be no impact of the Scheme on the KMP of the Company. Further, none of the KMP have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.

**For and Behalf of the Board**

**For Avon Energies And Investments Private Limited**

For Avon Energies And Investments Pvt. Ltd.

Rishi Pahwa  
Director

Director

DIN: 00286399



# ANNEXURE-6



**BAL MAHAJAN & CO.**  
**CHARTERED ACCOUNTANTS**

Office: B-15, 120/1, National Street,  
G.T.Road, Miller Ganj,  
Ludhiana-141003, Punjab.  
Contact: 0161-2531586, 9814652586  
E-mail: ca.nitinmahajan@gmail.com

## INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS,  
PAHWA ESTATES & HOLDINGS PRIVATE LIMITED

### Report on the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **M/s. Pahwa Estates & Holdings Private Limited** ("the Company") which comprise the balance sheet as at **31<sup>st</sup> March, 2021**, the Statement of Profit & Loss and Cash Flow Statement for the year then ended and 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, the aforesaid standalone 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, 2021, its profit & loss and its Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31st March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

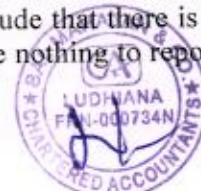
Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

#### Information Other than Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises Board's Report, Report on Corporate Governance and Business Responsibility report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially consistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to me materially misstated. If, based on the work we performed, we conclude that there is 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 Standalone Financial Statements**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud & error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the standalone financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

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

### **Opinion**

Our objectives are to obtain reasonable assurance about whether the standalone 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. 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 standalone 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 standalone 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 standalone financial statements for the year ended 31st March 2021, and are therefore the key audit matters. We describe these matters in our auditor's report as applicable 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.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a. We have obtained and sought all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
  - c. The Balance Sheet and the Statement of Profit and dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards referred to in section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director of the company in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
  - g. With respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:





- i) The Company has disclosed the impact of pending litigations on its financial position on its standalone financial statements as of March 31, 2021;
- ii) The Company has made provision in its standalone financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts;
- iii) There were no amounts which were required to be transferred to the Investor Education Protection Fund.
- iv) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31<sup>st</sup> March, 2021.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

Place: Ludhiana  
Dated: 03.09.2021

For **BAL MAHAJAN & Co.**  
Chartered Accountants  
Firm Registration No. 000734N



**Nitin Mahajan**  
(Partner)  
M. No. 508917



## **ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Standalone Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Pahwa Estates & Holdings Pvt. Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). 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, 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.





### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**For BAL MAHAJAN & Co.**

Chartered Accountants

Firm Registration No. 000784N



**Nitin Mahajan**  
(Partner)

M. No. 508917

Place: Ludhiana  
Dated: 03.09.2021

## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(referred to in paragraph 2 under 'Report on Other Legal and Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and the situation of its Property, Plant & Equipment.
- (b) The Property, Plant & Equipment have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) The company has no inventory.
- (iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us the Company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- (vi) The Company is not covered by the Companies (Cost Records and Audit) Rules 2014; hence the provisions of clause 3(vi) are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, goods and service tax value added tax, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) As at 31<sup>st</sup> March, 2021 according to the records of the company and the information and explanations given to us, there are no dues of sales-tax, income-tax, service tax, custom-duty, excise duty, VAT which have not been deposited on account of any dispute.
- (viii) The Company has neither taken any loans/ borrowings from banks or financial institutions or government nor issued any debentures.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and no term loans have been borrowed by the Company.
- (x) According to the information and explanations given to us, during the year, no fraud on or by the company by its officers or its employees has been noticed or reported during the year.
- (xi) The company has not paid any managerial remuneration during the reporting period.
- (xii) The Company is not a Nidhi Company and hence provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the related party transactions of Company are in compliance with section 177 and 188 of the Act, where applicable, and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly 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 the provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For BAL MAHAJAN & Co.**

Chartered Accountants

Firm Registration No. 000734N

  
Nitin Mahajan  
(Partner)  
M. No. 508917

Place: Ludhiana  
Dated: 03.09.2021

**PAHWA ESTATES AND HOLDINGS (PVT) LTD, LUDHIANA**

**Standalone Balance Sheet as on 31.03.2021**

PARTICULARS	Note	As at 31.03.2021 (Amount in ₹)	As at 31.03.2020 (Amount in ₹)
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Fund</b>			
a) Share Capital	2	5,220,000	5,220,000
b) Surplus	3	118,689,776	111,105,465
Total Shareholders Fund		123,909,776	116,325,465
<b>2 NON CURRENT LIABILITIES</b>			
a) Long Term Borrowings		-	-
b) Deferred Tax Liability (net)		-	-
c) Other long Term Liabilities		-	-
d) Long-Term Provisions	4	2,010,000	2,541,000
		2,010,000	2,541,000
<b>3 CURRENT LIABILITIES</b>			
a) Short Term Borrowings	5	34,062,881	-
b) Trade Payables			
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues of trade payable other than micro and small enterprises		79,399	9,441
c) Other current Liabilities	6	1,833,640	1,118,874
d) Short Term Provisions		-	-
		35,975,920	1,128,315
<b>TOTAL</b>		161,895,696	119,994,780
<b>II ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
a) Property, Plant and Equipment			
(i) Tangible Assets	7	22,760,041	23,803,708
(ii) Intangible Assets		-	-
(iii) Capital Work- in-Progress		-	-
		22,760,041	23,803,708
b) Non-Current Investments	8	48,189,828	48,189,828
c) Deferred Tax Assets (Net)	9	15,464	105,348
d) Long Term Loans and Advances	10	6,114,252	2,717,063
e) Other Non current assets		-	-
		77,079,585	74,815,947
<b>2 CURRENT ASSETS</b>			
a) Current Investments	11	82,251,646	43,037,681
b) Inventories		-	-
c) Trade Receivables	12	25,752	13,767
d) Cash and Bank Balances	13	2,329,273	2,037,596
e) Short Term Loans and Advances	14	209,440	89,789
f) Other Current Assets		-	-
		84,816,111	45,178,833
<b>- TOTAL</b>		161,895,696	119,994,780

**III Notes forming part of the Financial Statements**

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As per our report of even date

For and on behalf of Board

For Bal Mahajan & Co.

Chartered Accountants

Firm Registration No. 000734N

LUDHIANA

FRN-000734N

(Nitin Mahajan)

Partner

M.No. 508917

UDIN:- 21508917AAAAFI3775

(Rishi Pahwa)  
Managing Director

(Mandeep Singh Pahwa)  
Director

Place : Ludhiana

Dated: 03.09.2021

**PAHWA ESTATES AND HOLDINGS (PVT) LTD, LUDHIANA**  
**Standalone Statement of Profit & Loss for the year ended 31-03-2021**

PARTICULARS	Note	Year Ended 31.03.2021 (Amount in ₹)	Year Ended 31.03.2020 (Amount in ₹)
I. Revenue From Operations		-	-
II. Other Income	15	59,980,585	7,561,854
<b>Total Revenue</b>		<b>59,980,585</b>	<b>7,561,854</b>
III. Expenses:			
(a) Operation & Other Expenses	16	1,355,578	4,757,590
(b) Finance Costs	17	608,520	-
(c) Depreciation & Amortisation Expense	7	1,128,803	1,429,449
<b>Total Expenses</b>		<b>3,092,901</b>	<b>6,187,039</b>
IV. Profit Before Tax		56,887,684	1,374,815
V. Tax Expense:			
(a) Current Tax		952,000	1,058,000
(b) Deferred Tax		89,884	145,673
		<b>1,041,884</b>	<b>1,203,673</b>
<b>Profit for the year</b>		<b>55,845,800</b>	<b>171,142</b>
VI. Earnings per equity share of face value of Rs. 100 each Basic and diluted (in Rs.)	18	1,069.84	3.28
VII. Notes forming part of the Financial Statements	1-32		

As per our report of even date

For Bal Mahajan & Co.

Chartered Accountants

Firm Registration no.000734N

(Nitin Mahajan)

Partner

M.No. 508917

UDIN:- 21508917AAAAFI3775

Place : Ludhiana

Dated: 03.09.2021

For and on behalf of Board

(Rishi Pahwa)

Managing Director

(Mandeep Singh Pahwa)

Director

Director

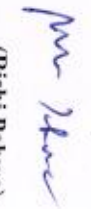



# Pahwa Estates & Holdings Pvt. Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2021

	2020-21	2019-20	(₹)
<b>A. Cash Flow From Operating Activities</b>			
Net profit before tax	56,887,684	1,374,815	
<b>Adjustments for :</b>			
Interest expenses	608,520	-	
Depreciation	1,128,803	1,429,449	
Profit/Loss on Sales of Investment	(2,068,961)	-	
Diminution in Current Investments	-	3,812,505	
Reversal of Diminution in Investments	(3,812,505)	-	
Interest Received	-	(14,500)	
Dividend Received	(48,970,000)	(853,281)	
Rent	(5,129,119)	(6,694,073)	
Operating profit before working capital changes	(58,243,262)	(2,319,900)	
	(1,355,578)	(945,085)	
<b>Adjustments for :</b>			
Debtors	(11,985)	14,837	
Inventories	-	-	
Loan & Advances(excluding Advance Tax)	(186,040)	330,045	
Current Liabilities & Provisions (Excluding Provision of Income Tax )	784,725	161,878	
Cash generations from operation	586,700	506,761	
	(768,878)	(438,325)	
<b>Taxes Paid</b>	(4,529,290)	(1,434,160)	
<b>Net Cash from operating activities (A)</b>	(5,298,168)	(1,872,485)	
<b>B. Cash Flow From Investing Activities</b>			
Purchase/ Sale of Fixed Assets	(85,136)	-	
Purchase/ Sale of Investment	(39,213,965)	(687,495)	
Sale of Fixed Assets	-	-	
Interest Received	-	14,500	
Dividend Received	48,970,000	853,281	
Profit/Loss on Sales of Investment	2,068,961	-	
Diminution in Current Investments	-	(3,812,505)	
Reversal of Diminution in Investments	3,812,505	-	
Rent Received	5,129,119	6,694,073	
Net Cash From Investing Activities (B)	20,681,485	3,061,854	
<b>C. Cash Flow From Financing Activities</b>			
Interest Paid	(608,520)	-	
Dividend Paid	(48,546,000)	-	
Dividend Distribution Tax Paid	-	-	
Proceeds from loan funds	34,062,881	-	
Net Cash From Financing Activities (C)	(15,091,639)	-	
<b>Total ( A + B + C )</b>	(15,091,639)	-	
Cash & Cash Equivalents as on 01/04/20	291,677	1,189,369	
Cash & Cash Equivalents as on 31/03/21	2,037,596	848,226	
Cash & Cash Equivalents as on 31/03/21	2,329,273	2,037,596	

As per our report of even date  
**For Bal Mahajan & Co.**  
Chartered Accountants  
Firm Registration no.000734N  
  
(Nitin Mahajan)  
Partner  
M.No. 508917  
UDIN:- 21508917AAAAFI3775  
Place : Ludhiana  
Dated: 03.09.2021

For and on behalf of the Board  
  
(Rishi Pahwa)  
Managing Director  
For and on behalf of the Board  
  
(Mandeeep Singh Pahwa)  
Director

**PAHWA ESTATES AND HOLDINGS (PVT) LTD, LUDHIANA**

**Notes forming Part of the Standalone Financial Statements for the year ended 31st March, 2021**

**1 Accounting Policies:**

Accounts are maintained under the mercantile system of accounting, which is recognised when received, adopting historical cost concept. The significant accounting policies are as under:-

**a) Fixed Assets:**

All fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on written down value method on the basis of useful life which is in conformity with the requirements of the Companies Act, 2013.

**b) Investments:**

Long term investments are carried at cost of acquisition (other than permanent diminution). Current assets are given at cost or market value whichever is lower.

**c) Impairment of Assets:**

The company on an annual basis tests the carrying amount of assets for impairment so as to determine:

a) The provision for impairment loss, if any. or

b) the reversal, if any, required on account of impairment loss recognised in previous periods.

**d) Deferred Tax**

Deferred Tax Liabilities on taking into account the impact of timing differences between standalone financial statements and estimated taxable income.

**2 SHARE CAPITAL**

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of Rs. 100/- each as follows:

	₹ As at 31st March, 2021	₹ As at 31st March, 2020
<b>Authorised Share Capital :</b>		
1,00,000 Equity Shares of Rs.100/-each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, Subscribed and paid up :</b>		
52,200 Equity shares of Rs.100/- each	5,220,000	5,220,000
fully paid up	<u>5,220,000</u>	<u>5,220,000</u>

**a) Reconciliation of number of shares**

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
<b>Equity Shares</b>				
- Opening Balance	52,200	5,220,000	52,200	5,220,000
- Changes during the year	-	-	-	-
- Closing Balance	52,200	5,220,000	52,200	5,220,000

**b) Terms/ Rights attached to Equity Shares**

The Company has one class of equity shares having a par value of Rs. 100 each. Each shareholder is eligible for one vote per share held. The dividend, if proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.





c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	%	No. of Shares	%
Onkar Singh Pahwa	14,713	28.19	14,713	28.19
Sarabjit Kaur Pahwa	5,313	10.18	5,313	10.18
Rishi Pahwa	11,512	22.05	11,512	22.05
Mandeep Singh Pahwa	12,062	23.11	12,062	23.11
Kaushalya Devi Pahwa Trust	8,000	15.32	8,000	15.32

3 **SURPLUS**

Reserves and Surplus consist of the following reserves

**General Reserve**

As per last Balance Sheet

Add: Transferred from Profit and Loss Account

**Profit and loss Account**

As per last Balance Sheet

Add: Profit for the year

Less : Appropriations

a) Tax adjustment of earlier years

b) MAT Credit Entitlement

c) Dividend Paid

**TOTAL**

₹  
As at  
31st March, 2021

₹  
As at  
31st March, 2020

20,244,184

-

20,244,184

90,861,281

55,845,800

146,707,082

(284,510)

48,546,000

98,445,592

118,689,776

20,244,184

-

91,132,330

171,142

91,303,472

364,856

77,335

-

90,861,281

111,105,465

4 **LONG TERM PROVISIONS**

Long-term provisions consist of the following :

Other Provisions

(i) Provision for Income Tax

₹  
As at  
31st March, 2021

₹  
As at  
31st March, 2020

2,010,000

2,010,000

2,541,000

2,541,000

5 **SHORT TERM BORROWINGS**

Short-term Borrowings consist of the following :

**Secured loans**

Loans repayable on demand

a) From Banks

b) from others

**Unsecured loans**

a) From Related Person

b) from others

₹  
As at  
31st March, 2021

₹  
As at  
31st March, 2020

-

-

-

-

34,062,881

34,062,881

-

-

-

-

-

6 **OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following :

(i) Other Payables

Other payables includes :

(i) Expenses Payable

(ii) Security Payable

(iii) Cheques issued but not presented

(iv) TDS Payable

(v) GST (Goods and Services Tax) Payable

₹  
As at  
31st March, 2021

₹  
As at  
31st March, 2020

1,833,640

1,833,640

1,118,874

1,118,874

44,967

819,472

3,630

946,089

19,482

40,045

805,400

174,215

-

99,214



**PAHWA ESTATES AND HOLDINGS (PVT) LIMITED**

**Schedules to Accounts (Contd.)**

**7 PPE (PROPERTY, PLANT & EQUIPMENT)**

Sr. No	Description	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION				NET BLOCK	
		As on 01.04.2020	Additions	Deletions/Adjustemnts	Total as on 31.03.2021	As on 01.04.2020	For the year	Deletions/Adjustemnts	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(i)	Tangible Assets										
1	Freehold Land	568136	-	-	568136	-	-	-	-	568136	568136
2	Leasehold Land	490533	-	-	490533	-	-	-	-	490533	490533
3	Buildings	34892715	-	-	34892715	12295178	1118351	-	13413529	21479186	22597537
4	Plant & Machinery	1066437	85,136.00	-	1151573	999696	10254	-	1009950	141623	66741
5	Computers	95037	-	-	95037	94855	-	-	94855	182	182
6	Vehicles	298085	-	-	298085	286056	-	-	286056	12029	12029
7	Furniture & Fixtures	166087	-	-	166087	162652	198	-	162850	3237	3435
8	Office Equipment	56880	-	-	56880	47752	-	-	47752	9128	9128
9	Electrical Installations	937004	-	-	937004	881017	-	-	881017	55987	55987
	Tangible Assets (Total)	38570914	85,136.00	-	38656050	14767206	1128803	-	15896009	22760041	23803708
	Previous Year	38570914	-	-	38570914	13337757	1429449	-	14767206	23803708	25233157
(ii)	Intangible Assets										
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Capital work in Progress	-	-	-	-	-	-	-	-	-	-
	Grand Total	38570914	85,136.00	-	38656050	14767206	1128803	-	15896009	22760041	23803708





8	<b>NON- CURRENT INVESTMENTS</b>		₹		₹
	Non-current investments consist of the following :		As at		As at
		Units	31st March,2021	Units	31st March,2020
a)	<b>TRADE INVESTMENTS (at cost)</b>				
	<b>Fully paid equity shares (unquoted)</b>				
	Avon Cycles Ltd.	56,000	224,000	56,000	224,000
	Avon Fitness Machines pvt. Ltd.	4,785,000	47,850,000	4,785,000	47,850,000
			<u>48,074,000</u>		<u>48,074,000</u>
b)	<b>OTHER INVESTMENTS</b>				
(i)	Investment in equity shares (quoted)				
	Bihar Sponge Iron Ltd	2,400	54,628	2,400	54,628
	Steel Strips & Tube Ltd.	1,600	11,200	1,600	11,200
	UTI Equity Fund	5,000	50,000	5,000	50,000
			<u>115,828</u>		<u>115,828</u>
(ii)	Investment in units of Mutual Fund (unquoted)		-		-
	<b>Total Non Current Investments</b>		<u>48,189,828</u>		<u>48,189,828</u>
	Market Value of Quoted Investments		115,828		115,828
9	<b>DEFERRED TAX BALANCES</b>				
	Major components of deferred tax balances consist of the following:				
			₹		₹
	<b>Deferred Tax Assets (net)</b>		As at		As at
			31st March,2021		31st March,2020
	<b>Deferred Tax Asset</b>				
	- Long Term Capital Loss		15,464		105,348
	- Short Term Capital Loss		-		-
	<b>Deferred Tax Assets</b>		<u>15,464</u>		<u>105,348</u>
10	<b>LONG TERM LOANS &amp; ADVANCES</b>				
	Long term loan and advances consist of the following :-				
			₹		₹
			As at		As at
			31st March,2021		31st March,2020
a)	Unsecured,considered good				
i)	Security deposits		608,095		608,095
ii)	Advance tax (including refunds receivable)(net)		5,349,884		2,108,968
iii)	Prepaid Expenses		156,273		-
			<u>6,114,252</u>		<u>2,717,063</u>



# 11 CURRENT INVESTMENTS

Current investments consist of the following :

## a) TRADE INVESTMENTS (at cost)

## b) OTHER INVESTMENTS

(i) Investment in equity shares (quoted)

(ii) Investment in equity/pref shares (unquoted)

(iii) Investment in units of Mutual Fund (unquoted)

	₹	₹	₹	₹
	As at	As at	As at	As at
	31st March,2021	31st March,2021	31st March,2020	31st March,2020
<b>a) TRADE INVESTMENTS (at cost)</b>	-	-	-	-
<b>b) OTHER INVESTMENTS</b>				
(i) Investment in equity shares (quoted)	-	-	-	-
(ii) Investment in equity/pref shares (unquoted)	-	-	-	-
(iii) Investment in units of Mutual Fund (unquoted)				
HDFC Infrastructure Fund	80,000	800,000	80,000	728,000
IDFC Bond Fund - Income Plan	73,328	2,500,000	73,328	2,500,000
IDFC Money Manager Fund Treasury Plan A	565	8,497	565	8,497
IDFC Multicap Fund- Growth- Reg	16,381	1,500,000	16,381	1,177,296
ICICI Prudential Gilt Fund- Growth	54,672	3,251,553	54,672	3,251,553
Principal Large Cap Fund - Reg Plan - Growth	-	-	73,949	3,396,410
Principal Income Fund Short Term Plan - Regular	40,374	999,795	40,374	999,795
SBI Blue Chip Fund- Reg Plan - Growth	88,520	2,500,000	88,520	2,500,000
Sbi Savings Fund - Reg Plan - Growth	18,211	586,500	-	-
SBI Focused Equity Fund Reg Gr	16,197	2,932,500	-	-
SBI Liquid Fund Reg Gr	4,245	13,500,000	-	-
ICICI Prudential Liquid Fund - Direct Plan - Gr	64,519	19,500,000	-	-
ICICI Prudential Medium Term Bond Fund - Grov	146,813	2,690,232	146,813	2,690,232
Principal Balanced Fund- Reg Plan- Growth	42,643	3,000,000	42,643	2,660,892
Principal Focussed Multicap Fund- Direct- Gr	199,378	12,623,824	199,378	11,484,201
HDFC Low Duration Fund	49,283	1,965,000	27,674	1,000,000
HDFC Dividend Yield Regular Growth	78,901	792,675	-	-
HDFC Hybrid Equity Fund- Reg- Growth	-	-	28,878	1,225,923
HDFC Flexicap Fund - Direct - Growth	2,815	2,000,000	2,815	1,361,726
Axis Multicap Fund - Gr	178,891	2,000,000	178,891	1,855,098
ABSL Focussed Equity Fund- Gr- Reg	28,123	1,600,000	28,123	1,287,856
Axis Equity Advantage Fund- SeriesI Growth	299,990	3,000,000	299,990	3,000,000
Axis Bluechip Fund - Regular Growth( EF-GP)	38,880	1,250,000	38,880	1,010,886
Axis Money Market Fund - reg-Gr	665	718,239	-	-
Axis Bluechip Fund - Regular Growth( EF-GP)	3,899	140,000	-	-
Axis Midcap fund- Reg Gr	2,916	140,000	-	-
Kotak Opp. Fund Growth - Regular	9,438	1,250,000	9,438	899,314
kotak Money Market Fund- Gr-reg Plan	107	361,544	-	-
Kotak Flexicap fund - Reg-gr	3,470	140,000	-	-
DSP Ultra Short Fund- reg - Gr	134	356,287	-	-
DSP Equity Opportunities Fund- Reg - Gr	561	145,000	-	-
	<u>82,251,646</u>		<u>43,037,681</u>	

# 12 TRADE RECEIVABLES (Unsecured)

Trade receivable consist of the following :-

a) Receivable from Related Parties

b) Receivable from Others

i) Considered Good

ii) Considered Doubtful

	₹	₹
	As at	As at
	31st March,2021	31st March,2020
a) Receivable from Related Parties	-	-
b) Receivable from Others		
i) Considered Good	25,752	13,767
ii) Considered Doubtful	-	-
	<u>25,752</u>	<u>13,767</u>

# 13 CASH AND BANK BALANCES

Cash and bank Balances consist of the following :-

a) Cash & cash equivalents

i) Balances with banks

In current accounts

ii) Cheques in hand

iii) Cash in hand

iv) Imprest Balances

	₹	₹
	As at	As at
	31st March,2021	31st March,2020
a) Cash & cash equivalents		
i) Balances with banks		
In current accounts	2,280,903	2,000,418
ii) Cheques in hand	19,797	23,260
iii) Cash in hand	26,093	10,346
iv) Imprest Balances	2,480	3,572
	<u>2,329,273</u>	<u>2,037,596</u>





14	<b>SHORT TERM LOANS AND ADVANCES</b> Short term loans and advances consist of the following :-	₹	₹
		As at 31st March,2021	As at 31st March,2020
	a) Secured,considered good	-	-
	b) Unsecured,considered good		
	i) Other loans and advances	209,440	89,789
		<u>209,440</u>	<u>89,789</u>
	Other loans and advances considered goods includes		
	Prepaid expenses	209,440	89,789
15	<b>OTHER INCOME</b>	₹	₹
		2020-21	2019-20
	i) Interest	-	14,500
	ii) Dividend	48,970,000	853,281
	iii) Net gain on Sale of Investments	2,068,961	-
	iv) Reversal of Dimunition in investments	3,812,505	-
	v) Rent Received	5,129,119	6,694,073
		<u>59,980,585</u>	<u>7,561,854</u>
16	<b>OTHER EXPENSES</b> <b>Administrative Expenses</b>	₹	₹
		2020-21	2019-20
	i) Audit Fee	23,600	23,600
	ii) Agricultural expenses	356,492	166,093
	iii) Rates & Taxes	382,255	523,421
	iv) Miscellaneous Expenses	4,590	22,361
	v) Repair & Maintenance Expenses	580,381	201,350
	vi) Subscription	8,260	8,260
	vii) Dimunition in investments	-	3,812,505
		<u>1,355,578</u>	<u>4,757,590</u>
17	<b>FINANCE COSTS</b>	₹	₹
		2020-21	2019-20
	i) Interest	608,520	-
		<u>608,520</u>	<u>-</u>
18	<b>PAYMENT TO AUDITOR AS</b>	₹	₹
		2020-21	2019-20
	i) Audit Fees	23,600	23,600
	ii) Tax Audit Fee	-	-
	iii) Others	-	-
		<u>23,600</u>	<u>23,600</u>



**19 EARNING PER EQUITY SHARE**

The calculation of Earning Per Share (EPS) as disclosed in the Statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006. A statement on calculation of Basic/diluted EPS as under :-

	₹ 2020-21	₹ 2019-20
Profit after tax and adjustments	55,845,800	171,142
Total (A)	55,845,800	171,142
Weighted average number of equity shares	52,200	52,200
Total (B)	52,200	52,200
Earning per share : Basic/Diluted (A/B)	1,070	3

**20 VALUE OF DIRECT IMPORT  
( C.I.F. VALUE)**

	₹ 2020-21	₹ 2019-20
i) Raw Material	NIL	NIL
ii) Components & Spares	NIL	NIL
iii) Capital Goods	NIL	NIL

**21 EXPENDITURES IN FOREIGN CURRENCY**

	₹ 2020-21	₹ 2019-20
- Royalty	-	-
- Know How	-	-
- Professional Charges	-	-
- Interest	-	-
- Others	-	-

**22 EARNINGS IN FOREIGN CURRENCY**

	₹ 2020-21	₹ 2019-20
FOB Value of Exports	-	-
- FOB Value of Exports	-	-
- Royalty	-	-
- Know How	-	-
- Professional Charges	-	-
- Dividend	-	-
- Interest	-	-
- Others	-	-

**23 REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDEND**

	₹ 2020-21	₹ 2019-20
	NIL	NIL



## 24 Related Party Transactions

### a) List of Related Parties and Relationship

Party	Relation
<b>Directors</b>	
Sh. Onkar Singh Pahwa	Key Management Personnel
Sh. Rishi Pahwa	
Smt. Sarabjit Kaur	
Sh. Mandeep Singh Pahwa	
<b>Relatives of Key Management Personnel</b>	
Pallavi Pahwa	Relatives of Directors
<b>Significant Influence of Key management Personnel</b>	
Avon Cycles Ltd.	Relatives of Directors
Avon Fitness Machines Pvt. Ltd.	
Kaushalya Devi Pahwa Trust	

### b) Related Party Transactions :

(Amount in Rupees)

Transactions	Key Management Personnel		Relatives of Key Management Personnel		Significant influence of key Mgt. Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods	-	-	-	-	-	-
Sales of Goods	222,846	261,823	-	-	-	-
Interest Received	-	-	-	-	-	-
Dividend Received	-	-	-	-	48,970,000	-
Dividend Paid	40,548,000	-	465,000	-	7,533,000	-
Rent Received	-	-	-	-	4,388,063	4,136,305
Debit balances outstanding as at the closing	-	-	-	-	-	-
Credit balances as at the closing	-	-	-	-	-	-





- 25 Previous years's figures have been regrouped, rearranged where necessary.
- 26 The figures have been rounded off to the nearest rupee.
- 27 Balance shown under Sundry Creditors, Sundry Debtors and Loans & Advances are subject to confirmation and reconciliation.
- 28 Income Tax assessments of the Company have been completed upto the accounting year ended 31.03.2019 relevant to the assessment year 2019-20.
- 29 On certain points, appeals/references/revisions are pending at various stages in respect of past year income-tax assessments. Additional demands/refunds, if any, shall be accounted for as and when these are actually paid/refunds.
- 30 **DIVIDENDS:**  
The company is proposing to declare dividend for the year 31 March 2021. Dividend of Rs 120.06 lakh @Rs 230/- per equity share is proposed to be distributed for the year ended March 2021.
- 31 **Micro, Small and Medium Enterprises**  
Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

PARTICULARS	₹	
	2020-21	2019-20
(i) Principal amount remainnng unpaid at the end of accounting year	0	0
(ii) Interest due on above	0	0
The amount of interest paid by the Company in terms of section 16 of the MSMED, along with amount of payment made to the suppliers beyond the appointed date during the accounting year.	0	0
The amount of interest accrued and remaining unpaid at the end of the financial year.	0	0
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under the MSMED	0	0
The amount of further interest remaining due and payable in succeeding years,until such interest is actually paid.	0	0

- 32 In the opinion of the Directors, Current Assets, Loans & Advances have a value on realisation in the ordinary course of business atleast equal to the value at which they are stated in the Balance Sheet.

As per our report of even date

For Bal Mahajan & Co.

Chartered Accountants

Firm Registration no. 000734N

(Nitin Mahajan)

Partner

M.No. 508917

UDIN:- 21508917AAAAFI3775

Place : Ludhiana

Dated: 03.09.2021

For and on behalf of Board

(Rishi Pahwa)

Managing Director

(Mandeep Singh Pahwa)

Director

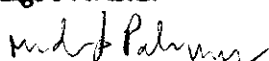
## Provisional Standalone Balance Sheet as on 31.03.2022

PARTICULARS	Note	As at 31.03.2022	As at 31.03.2021
<b>I EQUITY AND LIABILITIES</b>		(Amount in ₹)	(Amount in ₹)
<b>1 Shareholders' Fund</b>			
a) Share Capital	1	4,420,000	5,220,000
b) Surplus	2	120,192,968	118,689,776
Total Shareholders Fund		124,612,968	123,909,776
<b>2 NON CURRENT LIABILITIES</b>			
a) Long Term Borrowings		-	-
b) Deferred Tax Liability (net)		-	-
c) Other long Term Liabilities		-	-
d) Long-Term Provisions	3	4,354,000	2,010,000
		4,354,000	2,010,000
<b>3 CURRENT LIABILITIES</b>			
a) Short Term Borrowings	4	-	34,062,881
b) Trade Payables			
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues of trade payable other than micro and small enterprises		11,770	79,399
c) Other current Liabilities	5	1,042,180	1,833,640
d) Short Term Provisions		-	-
		1,053,950	35,975,920
<b>TOTAL</b>		130,020,918	161,895,696
<b>II ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
a) Property, Plant and Equipment			
(i) Tangible Assets	6	21,599,281	22,760,041
(ii) Intangible Assets		-	-
(iii) Capital Work- in-Progress		-	-
		21,599,281	22,760,041
b) Non-Current Investments	7	48,139,828	48,189,828
c) Deferred Tax Assets (Net)	8	15,464	15,464
d) Long Term Loans and Advances	9	9,478,854	6,114,252
e) Other Non current assets		-	-
		79,233,427	77,079,585
<b>2 CURRENT ASSETS</b>			
a) Current Investments	10	49,492,226	82,251,646
b) Inventories		-	-
c) Trade Receivables	11	95,097	25,752
d) Cash and Bank Balances	12	956,358	2,329,273
e) Short Term Loans and Advances	13	243,810	209,440
f) Other Current Assets		-	-
		50,787,491	84,816,111
<b>TOTAL</b>		130,020,918	161,895,696
<b>III Notes forming part of the Financial Statements</b>	1-16	0	0


Place : Ludhiana

Dated: 16.07.2022

For Pahwa Estates &amp; Holdings Pvt. Ltd.

  
 Director

For Pahwa Estates &amp; Holdings Pvt. Ltd.

  
 Director

**PAHWA ESTATES AND HOLDINGS (PVT) LTD, LUDHIANA**  
**Provisional Standalone Statement of Profit & Loss for the year ended 31-03-2022**

PARTICULARS		Note	Year Ended 31.03.2022	Year Ended 31.03.2021
			(Amount in ₹)	(Amount in ₹)
I.	Revenue From Operations		-	-
II.	Other Income	14	31,216,704	59,980,585
	<b>Total Revenue</b>		<b>31,216,704</b>	<b>59,980,585</b>
III.	<b>Expenses:</b>			
(a)	Operation & Other Expenses	15	1,137,708	1,355,578
(b)	Finance Costs	16	822,356	608,520
(c)	Depreciation & Amortisation Expense	6	1,217,244	1,128,803
	<b>Total Expenses</b>		<b>3,177,308</b>	<b>3,092,901</b>
IV.	<b>Profit Before Tax</b>		<b>28,039,396</b>	<b>56,887,684</b>
V.	<b>Tax Expense:</b>			
(a)	Current Tax		3,402,000	952,000
(b)	Deferred Tax			89,884
			<b>3,402,000</b>	<b>1,041,884</b>
	<b>Profit for the year</b>		<b>24,637,396</b>	<b>55,845,800</b>
VI.	Earnings per equity share of face value of Rs. 100 each Basic and diluted (in Rs.)	18	471.98	1,069.84
VII.	Notes forming part of the Financial Statements	1-16		

**For Pahwa Estates & Holdings Pvt. Ltd.**

Place : Ludhiana  
Dated: 16.07.2022

*Indu P. Pahwa*  
**Director**

**For Pahwa Estates & Holdings Pvt. Ltd.**

*[Signature]*  
**Director**

# Pahwa Estates & Holdings Pvt. Ltd.

## PROVISIONAL CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2022

(₹)

	2021-2022	2020-2021
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax	28,039,396	56,887,684
<b>Adjustments for :</b>		
Interest expenses	822,356	608,520
Depreciation	1,217,244	1,128,803
Profit/Loss on Sales of Investment	(12,197,800)	(2,068,961)
Dimuniation in Current Investments	195,196	-
Reversal of Dimunition in Investments	-	(3,812,505)
Interest Received	-	-
Dividend Received	(13,137,789)	(48,970,000)
Rent	(5,881,115)	(5,129,119)
Operating profit before working capital changes	(942,512)	(1,355,578)
<b>Adjustments for :</b>		
Debtors	(69,345)	(11,985)
Inventories	-	-
Loan & Advances(excluding Advance Tax)	121,903	(186,040)
Current Liabilities & Provisions (Excluding Provision of Income Tax )	(859,089)	784,725
Cash generations from operation	(1,749,043)	(768,878)
Taxes Paid	(4,505,279)	(4,529,290)
<b>Net Cash from operating activities (A)</b>	(6,254,322)	(5,298,168)
<b>B. Cash Flow From Investing Activities</b>		
Purchase/ Sale of Fixed Assets	(56,484)	(85,136)
Purchase/ Sale of Investment	32,809,421	(39,213,965)
Sale of Fixed Assets	-	-
Interest Received	-	-
Dividend Received	13,137,789	48,970,000
Profit/Loss on Sales of Investment	12,197,800	2,068,961
Dimuniation in Current Investments	(195,196)	-
Reversal of Dimunition in Investments	-	3,812,505
Rent Received	5,881,115	5,129,119
<b>Net Cash From Investing Activities (B)</b>	63,774,445	20,681,485
<b>C. Cash Flow From Financing Activities</b>		
Redemption of Capital	(800,000)	-
Premium on Redemption of Share Capital	(11,200,000)	-
Interest Paid	(822,356)	(608,520)
Dividend Paid	(12,006,000)	(48,546,000)
Expenses on Buy-Back of Shares	(1,800)	-
Proceeds from loan funds	(34,062,881)	34,062,881
<b>Net Cash From Financing Activities (C)</b>	(58,893,037)	(15,091,639)
<b>Total ( A + B + C )</b>	(1,372,914)	291,677
<b>Cash &amp; Cash Equivalents as on 01/04/21</b>	2,329,273	2,037,596
<b>Cash &amp; Cash Equivalents as on 31/03/22</b>	956,359	2,329,273

Place : Ludhiana  
Dated: 16.07.2022

For Pahwa Estates & Holdings Pvt. Ltd.

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*  
Director

Director

**PAHWA ESTATES AND HOLDINGS (PVT) LTD, LUDHIANA**

**Provisional Notes forming Part of the Provisional Standalone Financial Statements for the period ended 31st March, 2022**

**1 SHARE CAPITAL**

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of Rs. 100/- each as follows:

	₹ As at 31st March, 2022	₹ As at 31st March, 2021
<b>Authorised Share Capital :</b>		
1,00,000 Equity Shares of Rs.100/-each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, Subscribed and paid up :</b>		
44,200 Equity shares of Rs.100/- each	4,420,000	5,220,000
fully paid up	<u>4,420,000</u>	<u>5,220,000</u>

**a) Reconciliation of number of shares**

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount (₹)	No. of shares	Amount(₹)
<b>Equity Shares</b>				
- Opening Balance	52,200	5,220,000	52,200	5,220,000
- Changes during the year	(8,000)	(800,000)	-	-
- Closing Balance	44,200	4,420,000	52,200	5,220,000

**b) Terms/ Rights attached to Equity Shares**

The Company has one class of equity shares having a par value of Rs. 100 each. Each shareholder is eligible for one vote per share held. The dividend, if proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:**

Name of Shareholder	As at 31st March, 2022			As at 31st March, 2021	
	No. of Shares	%		No. of Shares	%
Onkar Singh Pahwa	14,713	33.29		14,713	28.19
Sarabjit Kaur Pahwa	5,313	12.02		5,313	10.18
Rishi Pahwa	11,512	26.05		11,512	22.05
Mandeep Singh Pahwa	12,062	27.29		12,062	23.11
Kaushalaya Devi Pahwa Trust	-	0		8,000	15.32

**For Pahwa Estates & Holdings Pvt. Ltd.**

*Mandeep Pahwa*  
Director

**For Pahwa Estates & Holdings Pvt. Ltd.**

*[Signature]*  
Director

2	<b>SURPLUS</b>	As at	As at
	Reserves and Surplus consist of the following reserves	31st March, 2022	31st March, 2021
	<b>General Reserve</b>		
	As per last Balance Sheet	20,244,184	20,244,184
	Add: Transferred from Profit and Loss Account		
	Less: Buy-Back of Shares	(11,200,000)	
	Less: Transfer to Capital reserve	(80,000)	
		<u>8,964,184</u>	<u>-</u>
			20,244,184
	<b>Capital Reserve</b>		
	As per last Balance Sheet	-	-
	Add: Transferred from General Reserve	80,000	
		<u>80,000</u>	<u>-</u>
			-
	<b>Profit and loss Account</b>		
	As per last Balance Sheet	98,445,592	90,861,281
	Add: Profit for the year	24,637,396	55,845,800
		<u>123,082,988</u>	<u>146,707,082</u>
	Less : Appropriations		
	a) Tax adjustment of earlier years	(73,596)	(284,510)
	b) Dividend Paid	12,006,000	
	c) Expenses on Buy-Back Shares	1,800	
		<u>111,148,784</u>	<u>48,546,000</u>
			98,445,592
	<b>TOTAL</b>	<u>120,192,968</u>	<u>118,689,776</u>
3	<b>LONG TERM PROVISIONS</b>	As at	As at
	Long-term provisions consist of the following :	31st March, 2022	31st March, 2021
	Other Provisions		
	(i) Provision for Income Tax	4,354,000	2,010,000
		<u>4,354,000</u>	<u>2,010,000</u>
4	<b>SHORT TERM BORROWINGS</b>	As at	As at
	Short-term Borrowings consist of the following :	31st March, 2022	31st March, 2021
	<b>Secured loans</b>		
	Loans repayable on demand		
	a) From Banks	-	-
	b) from others	-	-
	<b>Unsecured loans</b>		
	a) From Related Person	-	-
	b) from others	-	34,062,881
		<u>-</u>	<u>34,062,881</u>
5	<b>OTHER CURRENT LIABILITIES</b>	As at	As at
	Other current liabilities consist of the following :	31st March, 2022	31st March, 2021
	(i) Other Payables	1,042,180	960,538
		<u>1,042,180</u>	<u>81,642</u>
			1,833,640
	Other payables includes :		
	(i) Expenses Payable	63,347	44,967
	(ii) Security Payable	804,707	819,472
	(iii) Cheques issued but not presented	81,642	3,630
	(iv) TDS Payable	-	946,089
	(v) GST Payable	92,484	19,482
	For Palwa Estates & Holdings Pvt. Ltd.		
	Director		
	For Palwa Estates & Holdings Pvt. Ltd.		
	Director		



**PAHWA ESTATES AND HOLDINGS (PVT) LIMITED**  
Schedules to Accounts (Contd.)

**6 PPE [PROPERTY, PLANT & EQUIPMENT]**

Sr. No	Description	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION				NET BLOCK	
		As on 01.04.2021	Additions	Deletions/ Adjustemnts	Total as on 31.03.2022	As on 01.04.2021	For the year	Deletions/ Adjustemnts	Upto 31.03.2022	As on 31.03.2022	As on 31.03.2021
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(i)	<b>Tangible Assets</b>										
1	Freehold Land	568136	-	-	568136	-	-	-	-	568136	568136
2	Leasehold Land	490533	-	-	490533	-	-	-	-	490533	490533
3	Buildings	34892715	-	-	34892715	13413529	1176809	-	14590338	20302377	21479186
4	Plant & Machinery	1151573	56,484.00	-	1208057	1009950	39980	-	1049930	158127	141623
5	Computers	95037	-	-	95037	94855	-	-	94855	182	182
6	Vehicles	298085	-	-	298085	286056	-	-	286056	12029	12029
7	Furniture & Fixtures	166087	-	-	166087	162850	455	-	163305	2782	3237
8	Office Equipment	56880	-	-	56880	47752	-	-	47752	9128	9128
9	Electrical Installations	937004	-	-	937004	881017	-	-	881017	55987	55987
	<b>Tangible Assets (Total)</b>	<b>38656050</b>	<b>56,484.00</b>	<b>-</b>	<b>38712534</b>	<b>15896009</b>	<b>1217244</b>	<b>-</b>	<b>17113253</b>	<b>21599281</b>	<b>22760041</b>
	<b>Previous Year</b>	<b>38570914</b>	<b>-</b>	<b>-</b>	<b>38656050</b>	<b>13337757</b>	<b>1429449</b>	<b>-</b>	<b>15896009</b>	<b>22760041</b>	<b>23803708</b>
(ii)	<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
	<b>Previous Year</b>	-	-	-	-	-	-	-	-	-	-
	<b>Capital work in Progress</b>	-	-	-	-	-	-	-	-	-	-
	<b>Grand Total</b>	<b>38656050</b>	<b>56,484.00</b>	<b>-</b>	<b>38712534</b>	<b>15896009</b>	<b>1217244</b>	<b>-</b>	<b>17113253</b>	<b>21599281</b>	<b>22760041</b>

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*  
Director

For Pahwa Estates & Holdings Pvt. Ltd.

*[Signature]*  
Director

7	<b>NON-CURRENT INVESTMENTS</b>	As at		As at	
	Non-current investments consist of the following :	Units	31st March, 2022	Units	31st March, 2021
<b>a) TRADE INVESTMENTS (at cost)</b>					
<b>Fully paid equity shares (unquoted)</b>					
	Avon Cycles Ltd.	56,000	224,000	56,000	224,000
	Avon Fitness Machines pvt. Ltd.	4,785,000	47,850,000	4,785,000	47,850,000
			<u>48,074,000</u>		<u>48,074,000</u>
<b>b) OTHER INVESTMENTS</b>					
<b>(i) Investment in equity shares (quoted)</b>					
	Bihar Sponge Iron Ltd	2,400	54,628	2,400	54,628
	Steel Strips & Tube Ltd.	1,600	11,200	1,600	11,200
	UTI Equity Fund	-	-	5,000	50,000
			<u>65,828</u>		<u>115,828</u>
	<b>Total Non Current Investments</b>		<u><u>48,139,828</u></u>		<u><u>48,189,828</u></u>
	Market Value of Quoted Investments		65,828		115,828
<b>8 DEFERRED TAX BALANCES</b>					
Major components of deferred tax balances consist of the following:					
	<b>Deferred Tax Assets (net)</b>	As at 31st March, 2022		As at 31st March, 2021	
	<b>Deferred Tax Asset</b>				
	- Long Term Capital Loss		15,464		15,464
	- Short Term Capital Loss		-		-
	<b>Deferred Tax Assets</b>		<u>15,464</u>		<u>15,464</u>
<b>9 LONG TERM LOANS &amp; ADVANCES</b>					
Long term loan and advances consist of the following :-					
	<b>a) Unsecured, considered good</b>	As at 31st March, 2022		As at 31st March, 2021	
	i) Security deposits		608,095		608,095
	ii) Advance tax (including refunds receivable)(net)		8,870,759 ✓		5,349,884
	iii) Prepaid Expenses		-		156,273
			<u>9,478,854</u>		<u>6,114,252</u>

For Palwa Estates & Holdings Pvt. Ltd.

*M. S. Palwa*  
Director

For Palwa Estates & Holdings Pvt. Ltd.

*J. S. Palwa*  
Director

10	CURRENT INVESTMENTS	As at	As at
	Current investments consist of the following :	31st March, 2022	31st March, 2021
	<b>a) TRADE INVESTMENTS (at cost)</b>	-	-
	<b>b) OTHER INVESTMENTS</b>		
	(i) Investment in equity shares (quoted)	-	-
	(ii) Investment in equity/pref shares (unquoted)	-	-
	(iii) Investment in units of Mutual Fund (unquoted)		
	HDFC Infrastructure Fund	80,000	80,000
	IDFC Bond Fund - Income Plan	73,328	73,328
	IDFC Money Manager Fund Treasury Plan A	565	565
	IDFC Multicap Fund- Growth- Reg	16,381	16,381
	ICICI Prudential Gilt Fund- Growth	54,672	54,672
	ICICI Prudential Liquid Fund - Direct Plan - Gr	16,130	16,130
	Sundaram Short Duration Fund (Principal Short T	40,374	40,374
	SBI Blue Chip Fund- Reg Plan - Growth	88,520	88,520
	Sbi Savings Fund - Reg Plan - Growth	-	18,211
	SBI Focused Equity Fund Reg Gr	19,340	16,197
	SBI Liquid Fund Reg Gr	-	4,245
	SBI Short Term Debt Fund - regular Plan - growth	116,284	-
	SBI Multicap Fund - regular Plan - growth	99,995	-
	ICICI Prudential Liquid Fund - Direct Plan - Gr	-	64,519
	ICICI Prudential Medium Term Bond Fund - Gro	-	146,813
	Sundaram Aggressive Hybrid Fund (Principal Hyl	42,643	42,643
	Sundaram Focussed Fund (Principal Focussed Mu	72,043	199,378
	HDFC Low Duration Fund	38,557	49,283
	HDFC Dividend Yield Regular Growth	115,236	78,901
	HDFC Flexicap Fund - Direct - Growth	2,815	2,815
	ABSL Focussed Equity Fund- Gr- Reg	28,123	28,123
	Axis Flexicap Fund - Gr	267,392	-
	Axis Flexicap Fund - Gr	178,891	178,891
	Axis Equity Advantage Fund- Series I Growth	-	299,990
	Axis Bluechip Fund - Regular Growth( EF-GP)	38,880	38,880
	Axis Money Market Fund - reg-Gr	198	665
	Axis Bluechip Fund - Regular Growth( EF-GP)	9,939	3,899
	Axis Midcap fund- Reg Gr	6,954	2,916
	Kotak Opp. Fund Growth - Regular	9,438	9,438
	kotak Money Market Fund- Gr-reg Plan	31	107
	Kotak Flexicap fund - Reg-gr	8,646	3,470
	DSP Ultra Short Fund- reg - Gr	39	134
	DSP Equity Opportunities Fund- Reg - Gr	1,321	561
	UTI Flexicap Fund - Reg - Growth	5,000	-
		<u>49,492,226</u>	<u>82,251,646</u>

11	TRADE RECEIVABLES (Unsecured)	As at	As at
	Trade receivable consist of the following :-	31st March, 2022	31st March, 2021
	<b>a) Receivable from Related Parties</b>	-	-
	<b>b) Receivable from Others</b>		
	i) Considered Good	95,097	25,752
	ii) Considered Doubtful	-	-
		<u>95,097</u>	<u>25,752</u>

For Palwa Estates & Holdings Pvt. Ltd.

*m d p Palu*

Director

For Palwa Estates & Holdings Pvt. Ltd.

*Director*

Director

<b>12 CASH AND BANK BALANCES</b>	<b>As at</b>	<b>As at</b>
Cash and bank Balances consist of the following :-	<b>31st March, 2022</b>	<b>31st March, 2021</b>
a) Cash & cash equivalents		
i) Balances with banks		
In current accounts	931,752	2,280,903
ii) Cheques in hand	-	19,797
iii) Cash in hand	19,213	26,093
iv) Imprest Balances	5,394	2,480
	<u>956,358</u>	<u>2,329,273</u>
<b>13 SHORT TERM LOANS AND ADVANCES</b>	<b>As at</b>	<b>As at</b>
Short term loans and advances consist of the following :-	<b>31st March, 2022</b>	<b>31st March, 2021</b>
a) Secured, considered good	-	-
b) Unsecured, considered good		
i) Other loans and advances	243,810	209,440
	<u>243,810</u>	<u>209,440</u>
Other loans and advances considered goods includes		
Prepaid expenses	238,810	209,440
<b>14 OTHER INCOME</b>	<b>2021-22</b>	<b>2020-21</b>
i) Dividend	13,137,789	48,970,000
ii) Net gain on Sale of Investments	12,197,800	2,068,961
iii) Reversal of Diminution in investments	-	3,812,505
iv) Rent Received	5,881,115	5,129,119
	<u>31,216,704</u>	<u>59,980,585</u>
<b>15 OTHER EXPENSES</b>	<b>2021-22</b>	<b>2020-21</b>
Administrative Expenses		
i) Audit Fee	23,600	23,600
ii) Agricultural expenses (Net of Agriculture Income)	430,457	356,492
iii) Rates & Taxes	439,239	382,255
iv) Legal/Professional Charges	29,500	-
v) Miscellaneous Expenses	11,456	4,590
vi) Repair & Maintenance Expenses	-	580,381
vii) Subscription	8,260	8,260
vii) Diminution in investments	195,196	
	<u>1,137,708</u>	<u>1,355,578</u>
<b>16 FINANCE COSTS</b>	<b>₹</b>	<b>₹</b>
	<b>2021-22</b>	<b>2020-21</b>
i) Interest	822,356	608,520
	<u>822,356</u>	<u>608,520</u>

For Palwa Estates & Holdings Pvt. Ltd.

*m d p Pohnra*  
Director

For Palwa Estates & Holdings Pvt. Ltd.

*J L*  
Director



# ANNEXURE-8

CA. Jeevan Arora  
B.Com, FCA, DISA

**J.ARORA & CO.**  
CHARTERED ACCOUNTANTS

1<sup>st</sup> Floor, c/o Shri Ram Enterprises  
Opp. Ravi Dutt Motors, Mall Road  
Ferozepur City-152002  
Mobile No.98155-90621

## Independent Auditor's Report

**To The Members of Avon Cycles Limited**

**Report on the Audit of the Standalone Ind AS Financial Statements**

### Opinion

We have audited the accompanying Standalone financial statements of **M/s. Avon Cycles Limited** which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit & Loss (including OCI), the Statement of changes in equity and the statement of Cash Flow for the year then ended and summary of significant accounting policies and other explanatory information comprising Notes to Accounts.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2021, its profit & loss and its Cash Flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31st March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

## **Information Other than Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors are responsible for the other information. The other information comprises Board's Report, Report on Corporate Governance and Business Responsibility report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially consistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to me materially misstated. If, based on the work we performed, we conclude that there is 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 Standalone Financial Statements**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the standalone financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud & error. In making those risk assessments, the auditors considers internal control relevant to the Company's preparation and fair presentation of the standalone financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

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

## Opinion

Our objectives are to obtain reasonable assurance about whether the standalone 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. 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 standalone financial statements for the year ended 31st March 2021, and are therefore the key audit matters. We describe these matters in our auditor's report as applicable 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.

#### **Report on Other Legal and Regulatory Requirements**

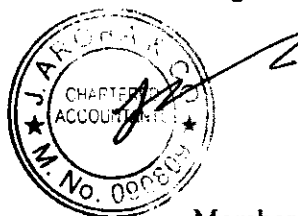
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us.
  - (d) In our opinion, the aforesaid Ind AS standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS standalone financial statements - Refer Note 36 to the Ind AS standalone financial statements;
  - ii. The Company has made provision in its standalone financial statements as required under the applicable law or accounting standards for material foreseeable losses on long term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **J. Arora & Co.**  
Chartered Accountants

Firm’s Registration No: 011921N



**Jeevan Arora**  
Proprietor

Membership No: 090809

Place: Ludhiana  
Date: 06.09.2021

## **Annexure A to the Independent Auditor's Report**

With reference to the **Annexure A** referred to in the Independent Auditor's Report to the members of the Company on the Ind AS standalone financial statements for the year ended 31<sup>st</sup> March 2021, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Property, Plant & Equipment have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties of land and buildings which are freehold, are held in the name of the Company. In respect of immovable properties that have been taken on lease and disclosed as Right of Use Assets in the Ind AS standalone financial statements, the lease agreements are in the name of the Company.

As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.

- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (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 the loans given, investments made, guarantees and securities given.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) The maintenance of Cost Records has been specified by the Central Government u/s 148(1) of the Companies Act, 2013 in respect of generation, transmission, distribution and supply of electricity by the Company. We have broadly reviewed the books of accounts maintained by Company pursuant to rules prescribed by Central Government for maintenance of Cost Records u/s 148(1) of the Companies Act, 2013 in respect of manufacture of power and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2021, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes except for the following:

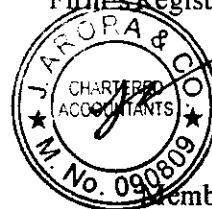
Name of the statute	Nature of dues	Amount (Rs. lakh )	Amount paid under protest*(Rs. lakh )	Period to which the amount relates	Forum where dispute is pending
Central excise Act, 1944	Duty of Excise	4.89693	0.48973	2008-09	Customs, Excise And Service Tax Appellate Tribunal
		2.76437	Nil	April 2006 to December 2009	Customs, Excise And Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	29.02327	2.17675	2008-09 TO 2011-12	Commissioner Appeal, Central Goods & Service Tax, Ludhiana
Finance Act	Custom Duty	22.39695	1.67977	2018-19	Commissioner (Appeal), Central Goods & Service Tax, Ludhiana

- ii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company does not have any borrowings from government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans have been applied by Company for the purpose for which they were borrowed.

- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, 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) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For J. Arora & Co.  
Chartered Accountants

Firm's Registration No: 011921N



Jeevan Arora  
Proprietor

Membership No: 090809

Place: Ludhiana  
Date: 06.09.2021

## **Annexure B to the Independent Auditor's Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Avon Cycles Limited ("the Company") as of 31<sup>st</sup> March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

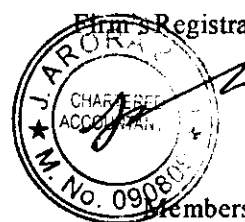
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Place: Ludhiana  
Date: 06.09.2021

For J. Arora & Co.  
Chartered Accountants

Firm's Registration No: 011921N



Jeevan Arora  
Proprietor  
Membership No: 090809

**Avon Cycles Limited, Ludhiana**  
**Standalone Balance Sheet as at 31.03.2021**

(Amount ₹ In Lakh)

	Note	As at 31.03.2021	As at 31.03.2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
a) Property Plant & Equipment	2	14,092.26	12,609.95
b) Right-of-Use Asset	3	472.66	521.98
c) Investment Properties	2.1	2,949.83	3,027.81
e) Capital Work in Progress		2,245.38	2,000.91
f) Intangible Assets	2.3	56.87	60.93
g) Financial Assets:			
i) Non Current Investments	4	7,603.69	4,332.01
ii) Long Term Loans & Advances	5	0.65	43.48
iii) Other Financial Assets	6	680.63	5,779.87
h) Employee Planned Assets	7	6.30	-
i) Other Non current assets	8	5,684.73	6,008.22
<b>Total Non- Current Assets</b>		<b>33,793.00</b>	<b>34,385.16</b>
<b>Current Assets</b>			
a) Inventories	9	11,490.67	5,040.17
b) Financial Assets:			
i) Current Investments	10	8,973.44	5,600.37
ii) Trade Receivables	11	13,299.87	13,591.83
iii) Cash & Cash Equivalents	12	13,468.94	8,066.81
iv) Other Balances with Banks	13	6,345.01	3,941.13
v) Short Term Loans & Advances	14	3,800.29	4,483.27
vi) Other Financial Assets	15	308.18	171.88
c) Other Current Assets	16	4,898.55	4,755.15
d) Assets held for Sale	2.2	62.27	104.03
<b>Total Current Assets</b>		<b>62,647.22</b>	<b>45,754.64</b>
<b>TOTAL ASSETS</b>		<b>96,440.22</b>	<b>80,139.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Share Capital	17	89.64	89.64
b) Other Equity	18	68,547.04	61,487.35
<b>Total Equity</b>		<b>68,636.68</b>	<b>61,576.99</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
a) Financial Liabilities:			
i) Long Term Borrowings	19	2,903.83	1,599.84
ii) Lease Liability	20	270.44	302.28
iii) Other Financial Liabilities	21	497.34	464.39
b) Employee Benefit Obligation	22	90.82	39.44
c) Long-Term Provisions	23	4,763.60	5,240.00
d) Deferred Tax Liability (net)	24	1,806.73	1,261.59
e) Other Non- Current Liabilities	25	10.13	11.73
<b>Total Non- Current Liabilities</b>		<b>10,342.89</b>	<b>8,919.27</b>
<b>Current Liabilities</b>			
Financial Liabilities:			
i) Short Term Borrowings	26	-	228.68
ii) Lease Liability	27	30.10	26.21
iii) Trade Payables			
(a) total outstanding dues of micro and small enterprises	28	5,896.78	2,402.92
(b) total outstanding dues of trade payable other than micro and small enterprises	28	5,868.77	3,143.56
iii) Other Financial Liabilities	29	2,029.25	741.97
b) Short Term Provisions	30	1,725.86	2,203.60
c) Other current Liabilities	31	1,909.89	896.60
<b>Total Current Liabilities</b>		<b>17,460.65</b>	<b>9,643.54</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>96,440.22</b>	<b>80,139.80</b>

Notes on Financial Statements

I to 66

As per our report of even date

For J. Arora & Co.

Chartered Accountants

Firm Registration No.0119017

(Jeevan Arora)

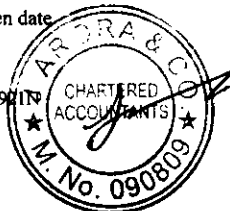
Proprietor

M.No 090809

UDIN: 21090809AAAACCT6305

Place : Ludhiana

Dated: 06.09.2021



For and on behalf of the Board

*[Signature]*

(Rishi Pahwa)

Joint Managing Director

For and on behalf of the Board

*[Signature]*

(Mandeep Singh Pahwa)

Director

**Avon Cycles Limited, Ludhiana**  
**Standalone Statement of Profit & Loss Account for the year ended 31.03.2021**

(Amount ₹ in Lakh)

PARTICULARS	Note	Year Ended 31.03.2021	Year Ended 31.03.2020
<b>INCOME</b>			
a) Revenue from Operations	32	71,030.52	79,471.11
b) Other Income	33	4,323.76	1,423.42
<b>Total Income</b>		<b>75,354.28</b>	<b>80,894.53</b>
<b>Expenses</b>			
a) Cost of Materials Consumed	34	46,890.25	44,230.42
b) Purchases of Stock-in-trade	35	6,163.80	5,341.78
c) Change in Inventories	36	(6,296.34)	791.03
d) Employee Benefits Expense	37	4,451.01	4,379.74
e) Finance Costs	38	365.93	415.43
f) Depreciation & Amortisation Expense		2,495.99	2,532.40
g) Other Expenses	39	12,034.89	16,132.71
<b>Total Expenses</b>		<b>66,105.53</b>	<b>73,823.51</b>
Profit Before Tax & Exceptional Items		9,248.75	7,071.02
<b>Exceptional Items:</b>			
CSR Expenditure u/s 135 of Companies Act, 2013		195.38	176.52
Profit Before Tax		9,053.37	6,894.50
<b>Tax Expenses</b>			
Current Tax		1,675.00	2,203.60
Deferred Tax		531.19	(1,376.25)
<b>Profit for the year from Continuing Operations</b>		<b>6,847.18</b>	<b>6,067.15</b>
<b>Other Comprehensive Income:</b>			
Re-measurement of post-employment benefit Obligations		17.40	(38.05)
Income Tax Relating to these items		(13.96)	10.03
<b>Other Comprehensive Income, Net of Tax</b>		<b>3.44</b>	<b>(28.02)</b>
<b>Total Comprehensive Income</b>		<b>6,850.62</b>	<b>6,039.13</b>
<b>Earnings per equity share of face value of Basic and diluted (in ₹)</b>	<b>₹10 each</b>	<b>720.48</b>	<b>704.25</b>

Notes on Financial Statements

1 to 66

As per our report of even date

For J. Arora & Co.

Chartered Accountants

Firm Registration No. 1921N

(J. Arora)

Director

UIN: 090809

ULIN: 21090809AAA ACT 6305

Place : Ludhiana

Dated: 06.09.2021

For and on behalf of the Board

*(Signature)*

(Rishi Pahwa)  
Joint Managing Director

For and on behalf of the Board

*(Signature)*

(Mandeep Singh Pahwa)  
Director

**AVON CYCLES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2021** (₹ in lakh)

	2020 - 2021	2019 - 2020
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax	9,053.26	6,894.66
<b>Adjustments for :</b>		
Interest expenses	282.54	322.02
Depreciation and Amortisation on PPE	2,448.01	2,532.39
Profit/ Loss on Sales/ Fair Valuation of Investment	(2,849.23)	535.32
Profit on Sales of Fixed Assets	(76.77)	(20.55)
Loss on sale of Fixed Assets	-	-
Interest Received	(1,072.25)	(814.41)
Dividend Received	(16.98)	(15.19)
(Profit)/loss on Share Trading	(505.26)	113.47
Other Non-Operating Income	(46.47)	(145.33)
Other Comprehensive Income	3.44	(28.02)
Prior Period Adjustment	-	-
Rent	(220.99)	(341.66)
Operating profit before working capital changes	6,999.30	9,032.70
<b>Adjustments for :</b>		
Trade Receivables	291.97	2,183.49
Inventories	(6,450.50)	510.40
Loan & Advances	725.81	(936.22)
Other Financial Assets	4,962.94	(5,049.95)
Other Assets (excluding Advance Tax)	(910.72)	(1,399.39)
Trade Payables	6,219.07	(1,636.78)
Other Financial Liabilities	1,292.27	269.17
Provisions (Excluding Provision of Income Tax)	102.24	38.92
Other Liabilities	1,556.83	(1,212.12)
Cash generations from operation	14,789.21	1,800.22
Taxes Paid	(1,689.00)	(1,171.47)
<b>Net Cash from operating activities (A)</b>	<b>13,100.21</b>	<b>628.75</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(4,197.43)	(1,512.47)
Purchase of Investment	(6,644.66)	2,828.31
Sale of Fixed Assets	223.24	271.65
Interest Received	1,072.25	814.41
Dividend Received	16.98	15.19
Profit/Loss on Sales of Investment	2,849.23	(535.32)
Profit/Loss on Share Trading	505.26	(113.47)
Other Non-Operating Income	46.47	145.33
Rent Received	220.99	341.66
<b>Net Cash From Investing Activities (B)</b>	<b>(5,907.67)</b>	<b>2,255.29</b>
<b>C. Cash Flow From Financing Activities</b>		
Interest Paid	(282.54)	(322.02)
Dividend Paid	(179.29)	(134.47)
Dividend Distribution Tax Paid	-	(27.91)
Proceeds/(Repayments) of/from loan funds	1,075.30	(1,291.10)
<b>Net Cash From Financing Activities (C)</b>	<b>613.47</b>	<b>(1,775.50)</b>
<b>Total (A + B + C)</b>	<b>7,806.01</b>	<b>1,108.54</b>
<b>Cash &amp; Cash Equivalents as on 01/04/20</b>	<b>12,007.94</b>	<b>10,899.40</b>
<b>Cash &amp; Cash Equivalents as on 31/03/21</b>	<b>19,813.95</b>	<b>12,007.94</b>

*Note: The above Cash Flow statement has been prepared under Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".*

As per our report of even date

**For J. Arora & Co.**

Chartered Accountants

Firm Registration No.011

**(Jeevan Arora)**

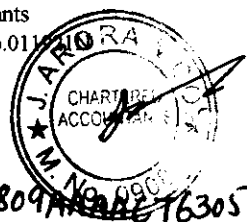
Proprietor

M.No 090809

UDIN: 21090809

Place : Ludhiana

Dated: 06.09.2021



For and on behalf of the Board

*(Handwritten Signature)*

**(Rishi Pahwa)**

Joint Managing Director

For and on behalf of the Board

*(Handwritten Signature)*

**(Mandeep Singh Pahwa)**

Director

**SHRI N CYCLES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**a) EQUITY SHARE CAPITAL**

	(₹ in Lakh)
<b>Particulars</b>	<b>Amount</b>
Balance as on April 01, 2020	89.64
Proceeds from Issue of Shares	-
<b>Balances as on March 31, 2021</b>	<b>89.64</b>

**b) OTHER EQUITY**

		(₹ in Lakh)
<b>Particulars</b>	<b>Retained Earnings</b>	<b>General Reserve</b>
Balance as on April 01, 2020	48,520.01	12,967.40
Profit for the year	6,847.08	-
Other Comprehensive Income/ (Loss) for the year	3.44	-
<b>Total Comprehensive Income for the year</b>	<b>6,850.52</b>	<b>-</b>
Transferred to General Reserve	(500.00)	-
Transfer From Retained Earnings	-	500.00
Final Dividend for Financial Year 2019 - 2020 (@ Rs. 15/- per share)	(179.29)	-
Tax adjustment of earlier years	388.36	-
<b>Balances as on March 31, 2021</b>	<b>55,079.60</b>	<b>13,467.40</b>

As per our report of even date

**For J. Arora & Co.**

Chartered Accountants

Firm Registration No.011921N

For and on behalf of the Board

For and on behalf of the Board

(Jeevan Arora)

Partner

M.No 090809

UDIN:

Place : Ludhiana

Dated: 06.09.2021



*[Handwritten Signature]*

(Rishi Pahwa)

Joint Managing Director

*[Handwritten Signature]*

(Mandeep Singh Pahwa)

Director

21090809AAACT6305



**BACKGROUND**

Avon Cycles Ltd. is a closely held company limited by shares, incorporated and domiciled in India. The Company is engaged in diversified businesses primarily dealing in manufacturing of Bicycle & Cycle Parts, E-Bikes, E-Rickshaws and Power.

**1) SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Preparation:****i) Compliance with IndAs:**

The Standalone Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended thereafter and other relevant provisions of the Act.

**ii) Historical Cost Convention:**

The Standalone financial statements have been prepared on a historical cost basis, except for the following:

- a) certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- b) defined benefit plans - plan assets measured at fair value.

**b) Foreign currency translation:****i) Functional and presentation currency:**

Items included in the Standalone financial statements of Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**(ii) Transactions and Balances:**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

**c) Revenue Recognition:**

Ind As 115 was issued on 28th March 2018 and supersedes Ind As 11 Construction Contracts and Ind As 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind As 115 establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind As 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contract with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Company adopted Ind As 115 using modified retrospective method of adoption with the date of initial application of 1st April, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or to only contracts that are not completed at this date. The Company elected to apply standard to contracts that are not completed at the date of initial application.

**Recognising revenue from major business activities****Sale of Goods:**

**Timing of recognition:** The Company manufactures and sells Bicycle, Bicycle Parts, Ebikes, E-Rickshaws and Power. Sales are recognised when products are delivered to the dealer, the dealer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect dealer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the dealer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

**Measurement of revenue:** The products are sold with volume discounts and customers have a right to return faulty products in the wholesale market. Revenue from sales is based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. Export sales are accounted for on the basis of Let Export date. Export incentives are accounted for on accrual basis. Revenue related to service coupons is deferred and is recognised whenever claimed by the dealer.

Interest income is recognised on time basis. Royalty income is recognised on accrual basis.

**d) Government Grants:**

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grant relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets and presented within other income.

**e) Income Tax:**

**i) Current Tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/or recoverable from the tax authorities.

**ii) Deferred Tax:**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In that case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**iii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately.
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities.
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
4. How an entity considers changes in facts and circumstances.

— The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

**f) Leases:**

***As a lessee***

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **As a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

#### **Transition:**

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. In respect of leases previously classified as an operating lease applying Ind AS 17, the company adopts the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 349.03 Lakh and a lease liability of ₹ 349.03 Lakh. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, ₹ 221.83 lakh has been reclassified from "PPE" to "Right of Use Asset". The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.50%.

#### **g) Impairment of Assets:**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **h) Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

i) **Inventories:**

**Raw materials and stores, work in progress, traded and finished goods**

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

j) **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

k) **Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation is calculated using the Written Down Value method to allocate their cost, net of their residual values, over their estimated useful lives which is in conformity with the requirements of the Companies Act, 2013. Depreciation is not recorded on Work-in-Progress until construction and installation is complete and asset is ready for its intended use.

The estimated useful lives are as follows:

Type of Asset	Useful Lives
Factory Buildings	30 Years
Other Buildings - RCC Structure	60 Years
Other Buildings - Non RCC Structure	30 Years
Leasehold Improvements	Lease Term
Plant & Equipment	15 Years
Furniture & Fixtures	10 Years
Office Equipment	10/ 5 Years
Computer Equipment	6 / 3 years
Vehicles	8 Years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

**l) Investment Properties:**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not classified as owner occupied property, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the written down value method over their estimated useful lives. Investment properties generally have a useful life of 30-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

**m) Intangible Assets:**

**Computer Softwares:** Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- Management intends to complete the software and use it.
- There is an ability to use the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

**Trade Marks:** Trade marks are recognised as an asset as and when expense is incurred.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Intangible Assets are depreciated using the Written Down Value method to allocate their cost, net of their residual values, over their estimated useful lives which is in conformity with the requirements of the Companies Act, 2013.

**n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45-60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

**o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer material provision of a long-term loan arrangement on or before the end of the reporting period with settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the Standalone financial statements for issue, not to demand payment as a consequence of the breach.

**p) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.



**q) Provisions and Contingent Liabilities:**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in Financial Statements.

**r) Employee benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities, if any, which needs to be settled after 12 months from the end of the period in which the employees render the related services are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method.

**(iii) Post-employment obligations**

The group operates the following post-employment schemes:

- a) defined benefit plans such as gratuity, pension, post-employment medical plans; and
- b) defined contribution plans such as provident fund.

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined contribution plans**

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

**(iv) Bonus plans**

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**s) Financial Assets:**

**(i) Classification:**

The company classifies its financial assets in the following measurement categories :-

- a) Those to be measured subsequently at fair value (either through other comprehensive income or through Statement of profit and loss), and
- b) Those measured at amortised cost.
- c) Investments in Subsidiaries are measured at Cost less impairment loss, if any.
- d) Investments in Associates are measured at Cost less impairment loss, if any.

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at the fair value through other comprehensive income.

**(ii) Measurement:**

At initial recognition, the company measures a financial asset at its fair value plus transaction cost that are directly attributable to the acquisition of the financial asset. In the case of a financial asset at fair value through profit or loss, transaction costs of financial assets are expensed in the Statement of profit and loss.

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Investments in Subsidiaries and Associates is measured at Cost less impairment loss, if any.

**(iii) Impairment of Financial Assets:**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(iv) Derecognition of Financial Asset:**

A Financial Asset is derecognised only when:

- a) The Company has transferred the rights to receive the cash flows from the financial assets, or,
- b) Retains the contractual rights to receive the cash flows of the financial asset, but assumes contractual obligation to pay the cash flows to one or more recipient.

**(v) Income Recognition:**

**Interest Income:** Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividends:** Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

**(i) Impairment of Non Financial Assets:**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). Non-Financial assets suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**u) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**v) Derivatives that are not designated as hedges:**

The Company enters into certain derivative/ forward contracts to hedge foreign currency risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

**w) Estimates & Judgements:**

The preparation of Standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The areas involving critical estimates or judgements are:

- i) Estimation of current tax expense and payable.
- ii) Designation of financial assets /liabilities through FVTPL.
- iii) Estimation of defined benefit obligation.
- iv) Recognition of deferred tax assets for carried forward tax losses.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on company and that are believed to be reasonable under the circumstances.

**x) Applicability of New and Revised Ind As:**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c) Specified format for disclosure of shareholding of promoters.
- d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- d) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of Profit & Loss:**

- a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes forming part of the Standalone Financial Statements

2. PROPERTY, PLANT & EQUIPMENT AS ON 31.03.2021

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on	Additions/ Trfd./	Sale/Trfd. /	Total as on	Upto	For the	Sale/	Upto	As on	As on
	31.03.2020	Adjustment	Adjustment	31.03.2021	31.03.2020	year	Trfd.	31.03.2021	31.03.2021	31.03.2020
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	623.12	246.57	-	869.69	-	-	-	-	869.69	623.12
Factory Buildings	3,653.97	-	-	3,653.97	1,847.19	202.31	-	1,849.50	1,804.47	2,006.78
Other Buildings	143.07	-	-	143.07	83.09	3.47	-	86.56	56.51	59.98
Plant & Machinery	23,722.71	3,443.96	-	27,166.67	14,455.26	1,911.96	-	16,367.22	10,799.45	9,267.45
Furniture and Fixtures	325.90	3.29	0.20	328.99	242.48	21.91	0.19	264.20	64.79	83.42
Office Equipment	312.36	22.67	1.66	333.37	242.22	20.58	1.38	261.42	71.95	70.14
Computer Equipment	421.67	7.39	224.04	205.02	343.72	36.06	216.40	163.38	41.64	77.95
Vehicles	728.02	148.79	180.67	696.14	306.91	132.15	126.68	312.38	383.76	421.11
<b>Total</b>	<b>29,930.82</b>	<b>3,872.67</b>	<b>406.57</b>	<b>33,396.92</b>	<b>17,320.87</b>	<b>2,328.44</b>	<b>344.65</b>	<b>19,304.66</b>	<b>14,092.26</b>	<b>12,609.95</b>

Note: Freehold Land includes Land of value Rs. 6.40 Lac and Factory Building includes Factory Building of value Rs. 1478.51 Lac hypothicated to Banks on Pari - Passu Charge Basis.

2.1 INVESTMENT PROPERTIES AS ON 31.03.2021

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on	Additions/ Trfd./	Sale/Trfd. /	Total as on	Upto	For the	Sale/	Upto	As on	As on
	31.03.2020	Adjustment	Adjustment	31.03.2021	31.03.2020	year	Trfd.	31.03.2021	31.03.2021	31.03.2020
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	992.58	69.31	40.75	1,021.14	-	-	-	-	1,021.14	992.58
Buildings	2,687.69	-	2.86	2,684.83	652.46	104.52	0.84	756.14	1,928.69	2,035.23
<b>Total</b>	<b>3,680.27</b>	<b>69.31</b>	<b>43.61</b>	<b>3,705.97</b>	<b>652.46</b>	<b>104.52</b>	<b>0.84</b>	<b>756.14</b>	<b>2,949.83</b>	<b>3,027.81</b>

Note: Freehold Land includes Land of value 350.94 Lakh and Buildings of Value 1904.95 Lakh hypothicated to Banks on Pari - Passu Charge Basis.

**2.2 INVESTMENT PROPERTIES HELD FOR SALE AS ON 31.03.2021**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on 31.03.2020	Additions/ Trfd./ Adjustment	Sale/Trfd. / Adjustment	Total as on 31.03.2021	Upto 31.03.2020	For the year	Sale/ Trfd.	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	87.78	-	31.98	55.80	-	-	-	-	55.80	87.78
Building	18.65	-	11.39	7.26	2.40	-	1.61	0.79	6.47	16.25
<b>Total</b>	<b>106.43</b>	<b>-</b>	<b>43.37</b>	<b>63.06</b>	<b>2.40</b>	<b>-</b>	<b>1.61</b>	<b>0.79</b>	<b>62.27</b>	<b>104.03</b>

Note: The Company intends to sale parcel of freehold land and building. No impairment loss was recognised in classification of land and building as held for sale as at March 31, 2021. The Company has received an advance of Rs. 21.71 Lakh shown in Other Current Liabilities (Schedule No. 31)

**2.3 INTANGIBLE ASSETS AS ON 31.03.2021**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on 31.03.2020	Additions/ Trfd./ Adjustment	Sale/Trfd. / Adjustment	Total as on 31.03.2021	Upto 31.03.2020	For the year	Sale/ Trfd.	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Softwares	382.44	3.91	-	386.35	335.47	9.90	-	345.37	40.98	46.97
Trade marks	20.15	7.08	-	27.23	6.19	5.15	-	11.34	15.89	13.96
<b>Total</b>	<b>402.59</b>	<b>10.99</b>	<b>-</b>	<b>413.58</b>	<b>341.66</b>	<b>15.05</b>	<b>-</b>	<b>356.71</b>	<b>56.87</b>	<b>60.93</b>



### 3 ROU Asset and Lease Liabilities:

The Company has lease contracts for various Lands and buildings which have lease term ranging from 3 years to 30 years. On transition the Company has recognised right of use assets for leases of all assets, other than low value items or which are short term in nature. Lease liabilities were recognised for all such right of use assets equivalent to the amount of discounted value of all future lease payments

On transition, the adoption of the new standard resulted in recognition of Right of Use Asset of Rs. 349.03 Lakh and Lease Liability of Rs. 349.03 Lakh. Further, in respect of leases which were classified as operating leases, applying IndAs 17, Rs. 221.83 Lac has been reclassified from "Non Current/ Current Assets to Right of Use Asset" from prepaid operating lease rentals. In Standalone financial statements for year ended March 31, 2020, the nature of expenses in respect of operating leases has changed from lease rent in previous period to amortisation of Right of Use asset and finance cost incurred for lease liability. The effect of this adoption is insignificant on the profit before tax, profit for the period and earning per share. IndAs 116 will result in cash inflow from operating activities and an increase in cash outflow from financing activities on account of lease payments.

Following are the changes in the carrying value of right of use (ROU) assets for the year ended March 31, 2021:

	Land	Building	Total As on 31st March, 2021
Balance as on April 01, 2020	216.76	305.22	521.98
Adjustments in Opening Balance	0.37	(1.71)	(1.34)
Addition	-	-	-
Deletion	-	-	-
Depreciation	7.51	40.47	47.98
<b>Balance as on March 31, 2021</b>	<b>209.62</b>	<b>263.04</b>	<b>472.66</b>

Following are the changes in the carrying value of right of use (ROU) assets for the year ended March 31, 2020:

	Land	Building	Total As on 31st March, 2020
Balance as on April 01, 2019	2.14	346.90	349.04
Adjustments in Opening Balance	221.83	-	221.83
Addition	-	-	-
Deletion	-	-	-
Depreciation	7.21	41.68	48.89
<b>Balance as on March 31, 2020</b>	<b>216.76</b>	<b>305.22</b>	<b>521.98</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of Profit & Loss.

The following is the break up of current and non current Lease Liabilities as on March 31, 2021:

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
<b>Particulars</b>		
Non - Current Lease Liabilities	270.44	302.28
Current Lease Liabilities	30.10	26.21
<b>Total Lease Liabilities</b>	<b>300.54</b>	<b>328.49</b>

Following is movement in Lease Liabilities during year ended March 31, 2021

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
<b>Particulars</b>		
Balance in Beginning	328.49	349.03
Adjustments in Opening Balance	(2.59)	-
Finance Cost accrued during the period	30.96	33.16
Payment of Lease Liabilities	56.32	53.70
<b>Balance at the End</b>	<b>300.54</b>	<b>328.49</b>

The table below provide details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
<b>Particulars</b>		
Less than One Year	58.65	53.70
One to Five Years	258.97	275.28
More than Five years	132.51	233.93
<b>Total</b>	<b>450.13</b>	<b>562.91</b>

The following are the amounts recognised in the statement of Profit and Loss:

Particulars	(₹ in lakh)	(₹ in lakh)
	As at 31st March, 2021	As at 31st March, 2020
Depreciation Expense on Right to Use Asset	47.98	48.89
Interest Expense on Lease Liabilities	30.96	33.16
Expense relating to Low Value and Short Term Leases (included in other Expenses)	2.69	0.03
<b>Total Amount recognised in profit and Loss account</b>	<b>81.63</b>	<b>82.08</b>

#### 4 NON- CURRENT INVESTMENTS

Non-current investments consist of the following :

(₹ in lakh)	(₹ in lakh)
As at 31st March, 2021	As at 31st March, 2020

##### INVESTMENTS CARRIED AT FVTPL

a) INVESTMENTS QUOTED	Units/Shares		Units/Shares	
(i) Investment in equity/ Pref. shares (quoted)				
Bihar Sponge Ltd of Rs.10 each	100	-	100	0.02
Steel Strips Tubes Ltd. of Rs.10 each	500	0.02	500	0.04
Indian Acrylic Ltd of Rs.10 each	6,000	0.60	6,000	0.91
Super Poly Fabrics Ltd. of Rs.10 each	3,900	0.39	3,900	0.39
Munjal Auto Industries Ltd of Rs.10 each	1,000	0.54	1,000	0.26
Shivam Autotech Limited of Rs.10 each	1,000	0.18	1,000	0.09
TV Today Network Ltd of Rs.10 each	600	1.59	600	1.00
NDTV Ltd. of Rs.10 each	1,700	0.96	1,700	0.43
NTPC Ltd. of Rs.10 each	16,591	17.68	16,591	13.97
NHPC Ltd. of Rs.10 each	5,034	1.23	5,034	1.00
Punjab National Bank of Rs.10 each	2,355	0.86	2,355	0.76
Bank of Baroda of Rs.10 each	1,427	1.06	1,427	0.76
Jet Airways (India) Limited of Rs.10 each	355	0.33	355	0.05
Tech Mahindra Ltd of Rs.10 each	892	8.84	892	5.04
Reliance Power Ltd of Rs.10 each	1,192	0.05	1,192	0.01
Karur Vyasa Bank of Rs.10 each	816	0.45	816	0.17
Zee Entertainment Pvt. Ltd.	650,000	12.35	650,000	19.18
Yes Bank Ltd.	100,000	15.60	-	-
		<b>62.73</b>		<b>44.08</b>
b) INVESTMENTS UNQUOTED				
(i) Investment in equity shares of Subsidiary Companies:				
Avon Newage Cycles Pvt. Ltd.	9,464,000	946.40	-	-
		<b>946.40</b>		<b>-</b>
(ii) Investment in equity shares of Associate Companies:				
Avon Infrabiz Pvt. Ltd.	15,000,100	1,500.01	-	-
		<b>1,500.01</b>		<b>-</b>
(iii) Investment in other equity/preference shares:				
a) Fully Paid up shares:				
Pahwa Estates & Holdings (Pvt) Ltd of Rs.100 each	100	2.37	100	2.23
Nimbua Greenfield (Punjab) Ltd of Rs.10 each	84,375	122.48	84,375	119.23
NSE Ltd. of Rs. 1 each	51,000	601.80	-	-
		-		-
b) Unpaid shares:				
Greenpedia Bikeshare Pvt. Ltd. of Rs. 10/- each	790	187.46	-	-
		<b>914.11</b>		<b>121.46</b>
(iv) Investment in debentures and bonds (unquoted)				
Arch Agro Industries Pvt. Ltd.	-	-	305	6.25
CRSL MLD Series 1 Type IV- 12.01.2012	-	-	30	30.00
		-		<b>36.25</b>
(v) Investment in AIF/ Real Estate and Pvt. Equity funds(unquoted)				
ICICI Ventures Pvt. Equity Fund	2,560	10.14	2,560	6.45
Kaizen Domestic Scheme-I	100	20.92	100	26.42
India Reit Fund	-	-	27	26.99
Aditya Birla Private Equity Class A Unit	200	0.19	200	0.19
TVS Shriram Growth -Sch IB	1	45.86	1	55.60
Kotak Alternative Opportunity India Fund		5.09		2.89
Kotak India Growth Fund-II	200	23.25	200	50.60
Kotak India Venture Fund- I	16,000	12.53	16,000	14.57
IIFL Income Opportunity Fund - Spl Situation Fund	938,541	12.74	938,541	20.51

Peninsula Brookfield India Real Estate Fund	282	21.27	282	52.23
Baring Private Equity India AIF	200	316.63	200	229.93
India Whizdom Fund		45.60		402.77
Avendus Absolute Return Fund		124.91		116.36
Edelweiss Crossover Opportunities Fund	528,920	89.19	865,714	82.26
Avendus Enhanced Return Fund - Class A1		246.34		166.84
White Oak India Equity Fund	949,884	163.97	949,884	89.70
IIFL Special Opportunities Fund Series-7	973,276	133.18	973,276	88.11
Birla AIF India Small & Midcap Gems Fund	-	-	300,000	244.77
IIFL Focussed Equity Strategies Fund	-	-	766,353	77.85
Motilal Oswal Focussed Business Advantage Fund	1,000,000	157.47	1,000,000	95.22
Samyakth Leasing Service LLP		25.00		55.56
IIFL Select Series - II	1,200,000	160.35	1,200,000	107.57
Axis Rera Opportunities Fund - AIF series -I	98	106.41	65	66.11
Sundaram India Premier Fund	29,558	406.67	29,558	283.66
IIFL India Private Equity Fund - Series	500,285	65.60	-	-
Mindspace Business Parks - REIT	11,800	34.79	-	-
ICICI Prudential Emerging Dominance Fund	29,350	30.74	-	-
Kotak Optimus Aggressive Scheme - Class	207	251.04	-	-
India Whizdom Fund - II	2,500,000	249.83	-	-
		<u>2,759.71</u>		<u>2,363.16</u>

(vi) Investment in Mutual Funds (Unquoted)

HDFC Banking and PSU Debt Fund - Reg Plan - Growth	1,604,353	286.18	-	-
HDFC Banking and PSU Debt Fund - Direct Growth Optic	489,881	89.40	-	-
Kotak India Growth Fund Series -5	-	-	1,960,000	139.04
		<u>375.58</u>		<u>139.04</u>

INVESTMENTS CARRIED AT AMORTISED COST:

Investment in Mutual Funds (Unquoted)

DSP BR FMP- Sr227-39M-Reg- Gr Mat 27.5.21	-	-	1,000,000	115.33
DSP BR FMP- Sr227-39M-D-Reg- Gr-Mat 27.5.21	-	-	3,000,000	347.30
ICICI Pru Sr 82-1170 days PlanR DR Com 08Jul21	-	-	3,000,000	347.04
HDFC FMP 1177D Mar2018(1) Sr 39 - D-Gr	-	-	3,500,000	410.88
HDFC FMP 1177D Mar2018(1) Sr 39 - D-Gr	-	-	1,500,000	176.09
UTI FTI Series XXVIII-XIII(1134 d)- Dir Gr Plan	-	-	1,000,000	117.53
ABSL Fixed Term Plan - Series QG (1100 days)- Reg.	-	-	1,000,000	113.85
		<u>-</u>		<u>1,628.02</u>

(ii) Investment in debentures and bonds (unquoted)

Bharat Bond FOF - April 2031- Reg Plan - Growth	9,999,500	1,045.15	-	-
		<u>1,045.15</u>		<u>-</u>

TOTAL NON-CURRENT INVESTMENTS

	<u>7,603.69</u>	<u>4,332.01</u>
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Note: The Market Value of Quoted Investments is equal to the carrying value.

5 LONG TERM LOANS & ADVANCES

Long term loan and advances consist of the following :-

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
a) Unsecured, considered good		
Other Loans & Advances	0.65	43.48
	<u>0.65</u>	<u>43.48</u>
Other Loans & Advances includes:		
- Margin Money	0.65	43.48

6 OTHER FINANCIAL ASSETS

Other Financial assets consist of the following :-

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
Other Financial Assets	680.63	5,779.87
	<u>680.63</u>	<u>5,779.87</u>
Other Financial Assets consists of:		
- Bank Deposits with more than 12 months maturity	680.63	5,779.87

7 EMPLOYEE PLANNED ASSETS

Employee Planned assets consist of the following :-

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
Employee Planned Assets	6.30	-
	<u>6.30</u>	<u>-</u>

8 OTHER NON CURRENT ASSETS	(₹ in lakh)	(₹ in lakh)
	As at	As at
Other non current assets consist of the following :-	31st March, 2021	31st March, 2020
(i) Security deposits	84.29	62.59
(ii) Advance tax (including refunds receivable)	5,520.74	5,872.11
(iii) Advances to Related Parties	-	-
(iv) Other loans and advances	79.70	73.52
	<u>5,684.73</u>	<u>6,008.22</u>
<b>Other Loans &amp; Advances Consists of:</b>		
- Deferred Revenue Expenditure	1.64	9.20
- Prepaid Expenses	65.71	58.95

9 INVENTORIES	(₹ in lakh)	(₹ in lakh)
	As at	As at
Inventories consist of the following :	31st March, 2021	31st March, 2020
Raw Materials	295.38	201.85
Work-in-progress	270.49	251.61
Finished Goods	9,914.54	3,487.40
Stores & Spares	206.56	222.14
Stock in trade	54.31	203.99
Securities Stock	749.39	673.18
	<u>11,490.67</u>	<u>5,040.17</u>

10 CURRENT INVESTMENTS	(₹ in lakh)	(₹ in lakh)
	As at	As at
Current investments consist of the following :	31st March, 2021	31st March, 2020

#### INVESTMENTS CARRIED AT FVTPL

i) Investment in shares (quoted)	Units/Shares		Units/Shares	
ACC Limited	656	12.49	656	6.35
Aavas Financiers Ltd.	208	5.03	-	-
Aegis Logistics Ltd	3,023	9.01	2,907	4.05
Aditya Birla Fashion & Retail Ltd.	903	1.82	903	1.38
Alkem Laboratories Ltd.	66	1.83	338	7.86
APL Apollo Tubes Ltd.	783	10.97	-	-
Asahi India Glass Ltd.	3,018	9.35	2,540	3.97
Aster DM Healthcare Limited	5,679	7.81	5,353	5.09
AU Small Finance Bank Ltd.	496	6.08	103	0.52
Axis Bank Ltd.	1,919	13.38	1,831	6.94
Bajaj Finance Ltd.	-	-	268	5.94
Balaji Amines Ltd.	394	6.93	450	1.13
Balrampur Chini Mills Ltd.	1,941	4.16	2,219	2.31
Bank of Baroda	-	-	739	0.40
Bank of India	-	-	-	-
Bayer Cropscience Limited	41	2.19	112	3.87
Bharat Forge Ltd.	454	2.71	1,650	3.88
Bharat Petroleum Corporation Ltd.	764	3.27	-	-
Bharti Airtel Ltd	2,363	12.22	1,070	4.72
Birla Corporation Ltd	194	1.84	-	-
Blue Star Ltd.	1,096	10.24	1,053	4.84
Bosch Ltd	25	3.52	68	6.39
Brigade Enterprises Ltd.	4,960	13.76	3,526	4.59
Cadila Healthcare Ltd.	605	2.67	605	1.62
Camlin Fine Sciences Ltd	5,246	7.37	7,443	2.90
Canfin Homes Ltd.	-	-	71	0.20
Central Depository Services (India) Limited	571	3.75	926	1.99
City Union Bank Ltd	-	-	6,971	9.00
Cipla Ltd	1,110	9.05	2,634	11.14
Colgate Palmolive (India) Limited	217	3.38	589	7.38
Container Corporation of India Ltd	486	2.91	1,317	4.37
Crompton Greaves Consumer Electrical Ltd.	888	3.49	-	-
Cummins India Ltd.	348	3.20	943	3.08
Deepak Fertilizers & Pharmaceuticals Corp. Ltd.	1,021	2.31	1,021	0.77
Deepak Nitrite Ltd.	509	8.43	-	-
Dr. Reddy's Laboratories Ltd.	94	4.25	94	2.93
Eicher Motors Ltd.	240	6.25	65	8.51
Engineers In	-	-	1,950	1.17

Emami Limited	772	3.75	1,744	2.96
Equitas Holdings Ltd.	1,894	1.65	1,894	0.81
Federal Bank Ltd	-	-	7,724	3.17
Gati Ltd.	2,148	2.20	-	-
Gland Pharma Ltd.	223	5.53	-	-
Geojit BNP Paribas Financial Services Ltd.	-	-	3,044	0.55
Glaxosmithkline Consumer Healthcare Ltd	-	-	109	10.87
Godrej Industries Ltd.	753	4.11	2,043	5.78
Godrej Agrovet Limited	-	-	1,222	4.49
Granuels India Ltd.	1,707	5.18	-	-
HDFC Bank Ltd	918	13.71	1,125	9.70
HDFC Life Insurance Co. Ltd.	-	-	80	0.35
Heidelberg Cement India Ltd.	-	-	1,162	1.65
Hindustan Petroleum Corporation Ltd	1,114	2.61	3,021	5.74
ICICI Bank Ltd	5,369	31.25	7,591	24.58
ICICI Lombard General Insurance Co. Ltd.	624	8.94	98	1.06
IIFL Finance Ltd.	1,336	3.75	-	-
Indian Energy Exchange Ltd	1,457	4.85	1,513	1.94
Infosys Ltd	575	7.87	-	-
Inox Leisure Ltd.	2,366	6.75	1,939	5.09
IPCA lab Ltd.	275	5.24	904	12.59
ITC Ltd.	1,207	2.64	-	-
J & K Bank	-	-	4,660	0.58
Jamna Auto Industries Ltd.	8,261	5.56	-	-
Jindal Saw Ltd.	2,941	2.18	2,941	1.35
JB Chemicals & Pharma Ltd.	-	-	1,008	5.13
K R B L Ltd.	965	1.73	875	1.18
Kotak Mahindra Bank Ltd	770	13.50	2,725	35.32
L & T Technology Services Ltd.	263	6.98	713	8.28
Larsen & Toubro Infotech Ltd	66	2.68	-	-
Larsen & Toubro Ltd.	127	1.80	-	-
Lumax Auto Technologies Ltd.	2,550	4.14	2,550	1.27
M. M Forgings Ltd.	54	0.27	-	-
Maruti Suzuki India Ltd.	-	-	118	5.06
Max Financial Services Ltd.	947	8.14	2,568	9.88
Mayur Uniquoters Ltd.	804	3.35	-	-
Motherson Sumi System Ltd	6,146	12.38	6,146	3.75
Marico Ltd.	2,864	11.78	2,864	7.87
Muthoot Finance Ltd.	343	4.14	397	2.43
Neogen Chemicals Ltd.	678	5.86	-	-
Orient Electric Ltd.	2,822	8.79	2,822	5.54
Orient Paper & industries Ltd	-	-	2,822	2.24
Page Industries Ltd.	22	6.67	110	18.66
Pheonix Mills Ltd.	723	5.66	-	-
PNC Infratech Limited	982	2.53	-	-
Ploycab India Ltd.	340	4.69	-	-
Prism Jhonson Ltd.	3,965	5.20	-	-
Quess Corp Ltd.	808	5.65	-	-
RBL Bank	1,697	3.52	-	-
Radico Khaitan Ltd.	817	4.58	-	-
Reliance Industries Ltd	550	11.02	616	6.86
S P Apparels	3,215	4.92	2,535	1.53
SBI Cards & Payment Services Ltd.	-	-	30	0.19
SBI Life Insurance Co. Ltd.	1,200	10.57	1,155	7.40
Shilpa Medicare Ltd.	536	1.79	717	1.75
SRF Ltd.	-	-	49	1.36
State Bank of India	3,691	13.45	1,466	2.89
Steel Authority of India Ltd.	3,946	3.11	-	-
Surya Roshni Ltd.	916	3.16	916	0.58
Sun Pharmaceuticals Industries Ltd	1,830	10.94	1,689	5.95
Suprajit Enginnering Limited	3,507	9.66	2,618	2.95
Tanla Platforms Ltd.	367	3.00	-	-
Tata Chemicals Ltd.	1,303	9.80	1,498	3.35
Tata Consultancy Services Ltd.	425	13.51	-	-
Tata Consumer Products Limited	-	-	1,707	5.03
Tata Elxsi Ltd.	285	7.67	285	1.79
Tech Mahindra Ltd	524	5.20	1,220	6.90
Trent Ltd.	560	4.21	-	-
Time Technoplast Ltd.	-	-	455	0.11



Ujjivan Financial Services Ltd.	-	-	734	0.20
United Breweries Ltd	762	9.46	716	6.58
Vaibhav Global Ltd.	171	6.55	-	-
VST Tillers Tractors Ltd	-	-	673	4.50
Voltas Ltd.	1,694	16.97	4,592	21.90
Westlife Development Ltd.	1,169	5.37	-	-
Wipro Ltd.	1,537	6.37	-	-
		<b>594.21</b>		<b>410.98</b>

ii) **Investment in mutual funds (unquoted)**

ICICI Pru Liquid - Reg Plan - Daily Div	38	0.04	36	0.04
ICICI Corp Bond Fund Reg Plan Growth	-	-	539,292	168.90
ICICI Pru Short Term Fund - Direct Plan - Growth	372,070	180.90	-	-
ICICI Pru Balanced Advantage Fund- Growth	304,101	134.53	304,101	92.96
ICICI Prudential Blue Chip Fund	90,387	48.47	55,435	17.62
ICICI Prudential Focussed Equity Fund - Growth	155,452	61.36	155,452	35.24
ICICI Prudential Short Term - Growth Option	36,572	16.77	36,572	15.42
ICICI Liquid Plan Growth	3,772	11.43	3,772	11.03
ICICI Prudential Credit Risk Fund Growth	-	-	575,348	125.13
ICICI Pru Regular Saving Fund - Direct Plan- Growth	2,617,376	661.62	2,617,376	605.87
ICICI Prudential FMP Series 82 - 1135 days Plan - V				
Commulative	1,000,000	124.03	1,000,000	115.18
ICICI Prudential Value Fund Series 13 Dividend	-	-	199,990	15.32
ICICI Prudential Banking and PSU Debt Fund - Growth	88,665	22.15	88,665	20.54
ICICI Prudential Short Term Fund - Growth	390,798	179.23	97,408	41.08
ICICI Prudential Short Term Fund - Direct plan - Growth	301,553	146.61	301,553	133.79
ICICI Pru Banking & PSU Debt Fund - Direct Plan - Gr	347,908	89.12	347,908	82.26
ICICI Prudential Liquid Fund	-	-	105,106	135.96
ICICI Prudential Liquid Fund	-	-	-	-
ICICI Pru Short Term Fund - Direct Plan - Growth	301,623	146.65	-	-
ICICI Prudential Liquid Fund - Growth	79,034	239.51	-	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	6,703	20.43	-	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	38,046	115.94	-	-
Reliance Regular Fund Saving Fund - Debt- Growth	-	-	1,871,828	428.12
Reliance India Short Term Fund - Growth	1,119,402	456.66	-	-
Invesco India Growth India Opp. Fund - Growth (GF-GP)	80,808	35.17	80,808	21.83
UTI Hybird Eq. Fund - Growth	66,376	136.72	66,376	84.71
UTI Core Equity Fund	274,631	216.89	274,631	115.69
UTI Long Term Advantage - Series VI- Regular - Gr.	310,850	32.72	310,850	18.15
UTI Value Opportunities Fund - Reg - Growth	181,209	150.22	181,209	85.23
UTI Focussed Equity Fund Series IV (1104 days) Reg Gr	-	-	500,000	38.30
UTI Mfd Focussed Eq Fund SR-V (1102d) reg growth	-	-	1,000,000	74.33
UTI Liquid Cash Plan - Reg Plan- Gr	2,713	90.95	-	-
UTI Flexi Cap Fund- Regular - Growth	12,975	27.56	-	-
UTI Healthcare Fund - Reg Plan- Gr	18,303	25.51	-	-
UTI Small Cap Fund - Reg Plan - GR	251,079	27.85	-	-
UTI Equity Fund	5,000	7.41	5,000	0.50
Birla Sun Life Cash Manager - Regular Plan - Growth	21	0.11	21	0.10
Birla Sun Life Advantage Fund - Growth Plan - Reg	8,781	47.52	8,781	26.31
ABSL Frontline Equity Fund - Reg - Growth	17,136	48.13	10,382	17.14
Kotak Money Market Scheme- Growth- Regular	331	11.48	331	10.92
Kotak Equity Fund Growth - Reg Plan	71,434	40.99	71,434	21.10
Kotak Income Opportunities Fund - Growth	-	-	494,848	108.62
Kotak India Growth Fund - Series 5- Reg Plan	1,960,000	285.18	-	-
Kotak Bond Fund (Short Term) - Reg - Growth	276,522	112.97	-	-
Kotak Liquid Fund - Growth - Direct	1,159	48.21	-	-
HDFC Credit Risk Debt Fund - Reg Plan - Growth	-	-	1,490,480	248.11
HDFC Mid Term Opportunities Reg Plan - Growth	4,207,736	1,048.90	4,207,736	964.16
HDFC Capital Builder Value Fund - Reg- Growth	899	3.14	899	1.76
HDFC Equity Fund - Reg - Growth	4,109	32.77	4,109	18.81
HDFC Small Cap Fund - Reg Plan - Growth	62,868	33.23	62,868	16.34
HDFC Banking and PSU Debt Fund - Reg Plan - Growth	-	-	124,564	20.58
HDFC Banking and PSU Debt Fund - Direct Growth Option	-	-	489,881	82.42
HDFC Low Duration Fund - Reg Plan - Growth	104,172	46.89	-	-
Axis Credit Risk Fund - Reg - Growth	-	-	3,145,025	476.97
Axis Short Term Fund - Regular Growth	2,125,315	507.81	-	-
Axis Liquid Fund - Growth	3	0.07	3	0.07
Axis Banking & PSU Debt Fund - Direct Growth( BD-DG)	4,225	88.63	4,225	82.00
Axis Banking & PSU Debt Fund - Regular Growth( BD-GP)	1,072	22.07	1,072	20.48
Axis Focused 25 Fund - REGULAR GROWTH( AF-GP)	101,047	37.87	101,047	23.63
Axis Liquid Fund - Regular Growth( CF-GP)	933	21.21	933	20.48
IDFC Infrastructure Direct - Growth	-	-	166,767	16.78
IDFC Banking & PSU Debt Fund - Reg - Growth	116,158	22.34	116,158	20.61
IDFC Banking & PSU Debt Fund - Direct Plan - Growth	459,382	89.77	459,382	82.52

Principal Balanced Fund - Reg - Growth	159,922	150.18	159,922	99.79
Principal Small Cap Fund - Reg - Growth	300,000	48.24	300,000	23.61
Principal Short Term Debt Fund - Reg Plan- Growth	8,851	3.04	8,851	2.83
Principal Focussed Multicap Fund- Regular Plan Growth	210,001	186.73	210,001	115.12
Principal Balanced Advantage Fund - Reg - Growth	560,619	129.56	560,619	106.35
Principal Focussed Multicap Fund- Direct- Growth	69,696	65.67	69,696	40.15
Principal Focussed Multicap Fund - Direct Plan - Growth	38,272	36.06	38,272	22.04
SBI Blue Chip Fund- Regular- Growth	92,800	48.06	55,105	16.39
		<u>6,623.28</u>		<u>5,189.39</u>

#### INVESTMENTS CARRIED AT AMORTISED COST:

##### (i) Investment in Mutual Funds (Unquoted)

DSP BR FMP- Sr227-39M-Reg- Gr Mat 27.5.21	1,000,000	123.81	-	-
DSP BR FMP- Sr227-39M-D-Reg- Gr-Mat 27.5.21	3,000,000	373.52	-	-
ICICI Pru Sr 82-1170 days PlanR DR Com 08Jul21	3,000,000	373.07	-	-
HDFC FMP 1177D Mar2018(1) Sr 39 - D-Gr	3,500,000	444.99	-	-
HDFC FMP 1177D Mar2018(1) Sr 39 -D-Gr	1,500,000	190.71	-	-
UTI FTI Series XXVIII-XIII(1134 d)- Dir Gr Plan	1,000,000	127.35	-	-
ABSL Fixed Term Plan - Series QG (1100 days)- Reg.	1,000,000	122.50	-	-
		<u>1,755.95</u>		<u>-</u>

#### TOTAL CURRENT INVESTMENTS

8,973.44

5,600.37

Note: The Market Value of Quoted Investments is equal to the carrying value.

#### 11 TRADE RECEIVABLES (Unsecured)

(₹ in lakh)

(₹ in lakh)

Trade receivable consist of the following :-

As at

As at

31st March, 2021

31st March, 2020

Receivable from Related Parties		
- Unsecured, considered good	51.37	39.94
b) Receivable from Others		
i) Unsecured, Considered good	13,248.50	13,551.89
ii) Considered Doubtful	253.36	214.00
Less:		
Allowance for Doubtful Receivables	(253.36)	(214.00)
	<u>13,299.87</u>	<u>13,591.83</u>

#### 12 CASH AND CASH EQUIVALENTS

(₹ in lakh)

(₹ in lakh)

Cash and Cash Equivalents consist of the following :-

As at

As at

31st March, 2021

31st March, 2020

Cash & cash equivalents		
i) Balances with banks		
In current accounts	748.10	678.81
In cash credit accounts	1,675.08	2,932.10
(ii) Cheques on hand	61.51	57.17
(iii) Cash on hand	4.72	5.50
(iv) Imprest Balances	2.48	7.73
(v) Imprest Balances - Related Parties	-	0.02
(vi) Highly Liquid Investment with maturity of three months or less	10,977.05	4,385.48
	<u>13,468.94</u>	<u>8,066.81</u>

#### 13 OTHER BALANCES WITH BANKS

(₹ in lakh)

(₹ in lakh)

Other Balances with Banks consist of the following :-

As at

As at

31st March, 2021

31st March, 2020

Other bank balances consists of following:

- Short - Term Bank Deposits	6,345.01	3,941.13
	<u>6,345.01</u>	<u>3,941.13</u>

**14 SHORT TERM LOANS AND ADVANCES**

Short term loans and advances consist of the following :-

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
a) Secured, considered good		
Loans and advances to employees	121.94	74.88
b) Unsecured, considered good		
(i) Advances to Related Parties	-	-
(ii) Other loans and advances		
a) Unsecured, Considered good	3,678.35	4,408.39
b) Considered Doubtful	40.35	26.41
Less:		
Allwaonce for Doubtful Loans and Advances	(40.35)	(26.41)
	<u>3,800.29</u>	<u>4,483.27</u>
<u>Other loans and advances considered good includes</u>		
- Interest bearing loans & deposits	1,945.99	2,850.78
- Margin Money	234.37	204.00

**15 OTHER FINANCIAL ASSETS**

Other current assets consist of the following :-

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
a) Interest receivable	42.74	39.19
b) Other current assets	<u>265.44</u>	<u>132.69</u>
	<u>308.18</u>	<u>171.88</u>
<u>Other current assets includes :</u>		
- Duty Drawback Receivable	19.37	11.25
- Subsidy receivable on E-Bike	-	23.56
- Subsidy receivable at Hajipur	5.49	1.75
- VAT Incentive Receivable at Hajipur	6.82	6.82
- Forward contract receivable a/c (net)	18.76	-
- MEIS/ Rodtep Incentive Receivable	91.48	-

**16 OTHER CURRENT ASSETS**

Other current assets consist of the following :-

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
(i) Advance tax (including refunds receivable)	1,778.29	2,560.76
(ii) Other Current Assets	3,129.10	2,203.23
Less:		
Allwaonce for Doubtful Other Assets	(8.84)	(8.84)
	<u>4,898.55</u>	<u>4,755.15</u>
<u>Other loans and advances considered good includes:</u>		
GST Refundable	834.63	574.76
Prepaid Expenses	121.30	85.56
Advance to Suppliers including Capital Advances	1,488.00	1,100.28

**17 SHARE CAPITAL****Authorised Share Capital :**10,00,000 Equity Shares (Prevoius Year 10,00,000)  
of Rs.10/-each**Issued, Subscribed and paid up :**896442 Equity shares (Previous Year 896442) of  
Rs.10/- each fully paid up

	(₹ in lakh) As at 31st March, 2021	(₹ in lakh) As at 31st March, 2020
Authorised Share Capital	100.00	100.00
Issued, Subscribed and paid up	<u>89.64</u>	<u>89.64</u>
	<u>89.64</u>	<u>89.64</u>

**17.1 Reconciliation of number of shares****Equity Shares**

- Opening Balance

- Changes during the year

- Closing Balance

As at March 31, 2021		As at March 31, 2020	
No. of shares	Amount	No. of shares	Amount
896,442	89.64	896,442	89.64
-	-	-	-
896,442	89.64	896,442	89.64

**17.2 Terms/ Rights attached to Equity Shares**

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend, if proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

17.3 The details of Shareholders holding more than 5% shares :

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	%	No. of Shares	%
Onkar Singh Pahwa	228,593	25.5	228,593	25.5
Sarabjit Kaur Pahwa	228,593	25.5	228,593	25.5
Rishi Pahwa	170,047	18.97	170,047	18.97
Mandeep Singh Pahwa	170,046	18.97	170,046	18.97
Pahwa Estates and Holdings Pvt Ltd	56,000	6.25	56,000	6.25

18 OTHER EQUITY

(₹ in lakh)

(₹ in lakh)

Other Equity consist of the following:

As at

As at

31st March, 2021

31st March, 2020

**General Reserve**

As per last Balance Sheet

12,967.40

12,467.40

Add: Transferred from Profit and Loss Account

500.00

13,467.40

500.00

12,967.40

**Retained Earnings**

As per last Balance Sheet

48,519.95

43,389.08

Add: Profit for the year

6,847.18

6,067.15

Other Comprehensive Income

3.44

(28.02)

55,370.57

49,428.21

Less : Appropriations

Transferred to General Reserve

500.00

500.00

Dividend on Equity Shares

179.29

134.47

Tax on Dividend

-

27.91

Prior Period Adjustments

-

-

Tax adjustment of earlier years

(388.36)

55,079.64

245.88

48,519.95

**TOTAL**

68,547.04

61,487.35

19 LONG TERM BORROWINGS

(₹ in lakh)

(₹ in lakh)

Long-term borrowings consist of the following :

As at

As at

31st March, 2021

31st March, 2020

**Secured - at Amortised Cost**

Term Loans - from Banks

1,910.10

525.42

Term Loans - from Others

17.93

34.59

1,928.03

560.01

**Unsecured - at Amortised Cost**

Loans & Advances from related parties (Directors)

975.80

1,039.83

975.80

1,039.83

**TOTAL**

2,903.83

1,599.84

*Detail of Term Loans is:*

Name of Facility	Repayment Terms	Security	Amount O/s as at 31.03.2021	Amount O/s as at 31.03.2020
HDFC Bank car loan (Kia Carnival)	36 monthly installments starting from March 2020	Hypothecation of Car - Kia Carnival	16.66	24.34
Toyota Financial Services India Ltd. - Car Loan (Toyota Vellfire Hybrid)	36 monthly installments starting from April 2020	Hypothecation of Car Toyota Vellfire Hybrid	34.56	49.95
Punjab National Bank - Car Loan (Mercedes Benz E220d)	36 monthly installments starting from April 2017	Hypothecation of Car-Mercedes Benz	41.10	-
HDFC Bank Term Loan - Solar Plant (20 cr)	25 quarterly installments starting after 3 mnths from the date of first disbursement	Hypothecation of Fixed Assets created out of Term Loan	671.80	291.01
HDFC Bank Term Loan - Solar Plant (12.71 cr)	26 quarterly installments starting after 6 mnths from the date of first disbursement	Hypothecation of Fixed Assets created out of Term Loan	46.45	69.74
HDFC Bank Term Loan - Solar Plant (20 cr)	27 quarterly installments starting after 6 mnths from the date of first disbursement	Hypothecation of Fixed Assets created out of Term Loan	1,393.74	-

HDFC Bank Term Loan - Solar Plant (20 cr)	27 quarterly installments starting after 6 mnths from the date of first disbursement	Hypothecation of Fixed Assets created out of Term Loan	195.47	-
HDFC Bank Term Loan - Solar Plant (8 cr)	22 quarterly installments starting after 6 mnths from the date of first disbursement	Hypothecation of Fixed Assets created out of Term Loan	-	329.94

<b>20 NON CURRENT LEASE LIABILITY</b>	(₹ in lakh)	(₹ in lakh)
Non- Current Lease Liabilities consist of the following :	As at	As at
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Lease Liability	270.44	302.28
	<u>270.44</u>	<u>302.28</u>
<b>21 OTHER FINANCIAL LIABILITIES</b>	(₹ in lakh)	(₹ in lakh)
Other Financial Liabilities consist of the following :	As at	As at
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Other Financial Liabilities	497.34	464.39
	<u>497.34</u>	<u>464.39</u>
<i>Other Financial Liabilities includes:</i>		
Dealer's Securities	449.28	422.73
Security Deposits	24.13	25.72
<b>22 EMPLOYEE BENEFIT OBLIGATION</b>	(₹ in lakh)	(₹ in lakh)
Employee Benefit Obligation consist of the following :	As at	As at
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Provisions for Employee Benefits	90.82	39.44
	<u>90.82</u>	<u>39.44</u>
<i>Provision for employee benefits includes:</i>		
Provision for Gratuity (Net of Planned Assets)	-	39.44
Unpaid Earned Leaves	90.82	-
<b>23 LONG TERM PROVISIONS</b>	(₹ in lakh)	(₹ in lakh)
Long-term provisions consist of the following :	As at	As at
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Other Provisions	4,763.60	5,240.00
	<u>4,763.60</u>	<u>5,240.00</u>
<i>Other Provisions includes:</i>		
Provision for Income Tax	4,763.60	5,240.00
<b>24 DEFERRED TAX LIABILITY (NET)</b>	(₹ in lakh)	(₹ in lakh)
	As at	As at
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Deferred Tax Liability (Net)	1,806.73	1,261.59
<b>25 OTHER LONG TERM LIABILITIES</b>	(₹ in lakh)	(₹ in lakh)
Other long -term liabilities consist of the following :	As at	As at
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Other Long Term Liabilities	10.13	11.73
	<u>10.13</u>	<u>11.73</u>
<i>Other Long Term Liabilities includes:</i>		
Deferred Revenue Income	10.13	11.73



26 SHORT TERM BORROWINGS	(₹ in lakh)	(₹ in lakh)
Short-term borrowings consist of the followings	As at	As at
	31st March, 2021	31st March, 2020
<b>Secured loans:</b>		
Working Capital limits from Banks	-	128.68
<b>Unsecured Loans:</b>		
Loans repayable on demand from Banks	-	-
Loan from Related Parties	-	-
Other borrowings (from entities other than banks)	-	100.00
	<u>-</u>	<u>228.68</u>

**Detail of Short Term Borrowings is:**

Name of Facility	Security	Amt. Guaranteed	
		31.03.2021	31.03.2020
Punjab National Bank Export Packing Credit Limit	Hypothecation of any stock (RM/ WIP/FG) meant for export and export LC's issued by bank.	-	128.68

27 CURRENT LEASE LIABILITY	(₹ in lakh)	(₹ in lakh)
Current Lease Liabilities consist of the following :	As at	As at
	31st March, 2021	31st March, 2020
Lease Liability	30.10	26.21
	<u>30.10</u>	<u>26.21</u>

28 TRADE PAYABLES:	(₹ in lakh)	(₹ in lakh)
Trade Payables consists of following:	As at	As at
	31st March, 2021	31st March, 2020
<b>a) Trade Payables:</b>		
a) Total Outstanding dues of micro enterprises and small enterprises	5,896.78	2,402.92
b) Total Outstanding dues of other than micro enterprises and small enterprises	5,313.27	2,888.25
<b>b) Due to Related Parties</b>	555.50	255.31
	<u>11,765.55</u>	<u>5,546.48</u>

29 OTHER FINANCIAL LIABILITIES	(₹ in lakh)	(₹ in lakh)
Other current liabilities consist of the following :	As at	As at
	31st March, 2021	31st March, 2020
a) Current Maturities of Long Term Debt	471.76	204.98
b) Other Financial Liabilities		
i) Due to Related Parties	-	0.63
ii) Due to Other than Related parties	1,557.49	536.36
	<u>2,029.25</u>	<u>741.97</u>
<b>Other Financial Liabilities includes:</b>		
Cheques Issued but not presented	836.64	249.47
Capital Creditors	95.27	85.93
Forward Contract Payable (Net)	-	17.32

30 SHORT-TERM PROVISIONS	(₹ in lakh)	(₹ in lakh)
Short-term borrowings consists of the following:	As at	As at
	31st March, 2021	31st March, 2020
Provision for Income Tax	1,675.00	2,203.60
Provision for Unspent CSR Liability	50.86	-
	<u>1,725.86</u>	<u>2,203.60</u>

<b>31 OTHER CURRENT LIABILITIES</b>	(₹ in lakh)	(₹ in lakh)
Other current liabilities consist of the following :	As at	As at
	31st March, 2021	31st March, 2020
Advance received from Customers	527.48	323.96
Other Payables	1,349.01	524.32
Other Payables due to Related Parties	33.40	48.32
	<u>1,909.89</u>	<u>896.60</u>
Other payables includes :		
Statutory liabilities	630.82	132.75
Income Received in Advance	15.54	17.06
Advance from Sale of Property	21.71	42.78
<b>32 REVENUE FROM OPERATIONS</b>	(₹ in lakh)	(₹ in lakh)
	2020 - 2021	2019-2020
Sale of Products	70,905.88	79,233.61
Other Operating Revenues	124.64	237.50
	<u>71,030.52</u>	<u>79,471.11</u>
<b>32.1 PARTICULARS OF SALE OF PRODUCTS</b>	(₹ in lakh)	(₹ in lakh)
Particulars	2020 - 2021	2019-2020
Bicycles & its parts	66,087.51	74,163.99
E-Bikes & its parts	801.03	740.25
E- Rickshaw & its parts	813.40	1,027.59
Power	2,492.28	2,889.25
Export Incentives	256.64	164.93
Others	455.01	247.60
	<u>70,905.87</u>	<u>79,233.61</u>
<b>33 OTHER INCOME</b>	(₹ in lakh)	(₹ in lakh)
	2020 - 2021	2019-2020
Interest	1,072.25	814.41
Dividend	16.98	15.19
Net gain on Sale/ Fair valuation of Investments	2,849.23	-
Net Gain on Trading in Securities:		
a) Gain on trading in Securities other than Derivative	505.26	-
b) Gain/(Loss) on trading in Derivative	(464.19)	-
Royalty	46.47	36.86
Other Non Operating Income	297.76	556.96
	<u>4,323.76</u>	<u>1,423.42</u>
Other Non - Operating Income includes:		
- Rent Received	220.99	344.00
- Profit on Trading of Shares & Units	-	-
- Keyman Insurance claim	-	183.10
<b>34 COST OF MATERIALS CONSUMED</b>	(₹ in lakh)	(₹ in lakh)
	2020 - 2021	2019-2020
	% of	% of
	consumption	consumption
Imported	2,101.68 4.48	1,582.78 3.58
Indigeneous	44,788.57 95.52	42,647.64 96.42
<b>TOTAL</b>	<u>46,890.25</u> <u>100</u>	<u>44,230.42</u> <u>100.00</u>
<b>35 PURCHASE OF STOCK - IN - TRADE</b>	(₹ in lakh)	(₹ in lakh)
	2020 - 2021	2019-2020
	% of	% of
	consumption	consumption
Imported	78.41 1.27	149.34 2.80%
Indigeneous	6,085.39 98.73	5,192.44 97.20%
<b>TOTAL</b>	<u>6,163.80</u> <u>100</u>	<u>5,341.78</u> <u>100%</u>

36 CHANGE IN INVENTORIES OF FINISHED GOODS/ STOCK-IN-TRADE/ WORK-IN-PROGRESS	(₹ in lakh) 2020 - 2021	(₹ in lakh) 2019-2020
Opening Stock	3,943.00	4,734.03
Less: Closing Stock	(10,239.34)	(3,943.00)
	<u>(6,296.34)</u>	<u>791.03</u>

37 EMPLOYEE BENEFITS EXPENSE	(₹ in lakh) 2020 - 2021	(₹ in lakh) 2019-2020
Salaries and Wages	4,030.84	3,955.60
Contribution to Provident and other Funds	337.83	344.65
Staff Welfare Expenses	82.34	79.49
<b>TOTAL</b>	<u>4,451.01</u>	<u>4,379.74</u>

38 FINANCE COSTS	(₹ in lakh) 2020 - 2021	(₹ in lakh) 2019-2020
Interest Expenses	282.54	322.02
Other borrowing costs	83.39	93.41
	<u>365.93</u>	<u>415.43</u>

39 OTHER EXPENSES	(₹ in lakh) 2020 - 2021	(₹ in lakh) 2019-2020
<b>Manufacturing Expenses</b>		
Stores, chemical and packing material	3,100.82	2,945.18
Processing Charges	155.34	47.22
Power & Fuel	258.62	382.54
Carriage Inward	74.95	64.24
Repairs to Machinery	535.26	530.29
	<u>4,124.99</u>	<u>3,969.47</u>
<b>Selling and distribution Expenses</b>		
Clearing & Forwarding Charges	6,176.15	8,382.16
Commission	62.21	350.01
Advertisement	527.73	1,289.19
Other Selling Expenses	49.92	141.07
	<u>6,816.01</u>	<u>10,162.43</u>
<b>Establishment Expenses</b>		
Printing & Stationery	14.21	18.02
Postage, Telegrams & Telephone Expenses	39.50	31.23
Travelling Expenses	78.66	281.17
Vehicles Maintenance Expenses	22.00	39.76
Repairs to Building	65.22	89.77
Repairs & Renewals	21.40	23.18
Payments to Auditors	15.50	2.00
Charity & Donation	16.59	69.54
Insurance	112.61	83.83
Rent	2.90	0.24
Rates & Taxes	23.83	19.60
Legal & Professional Charges	158.69	259.09
Net Loss on Sale/ Fair Valuation of Investments	-	535.32
Net Loss on Trading in Securities:		
a) Loss on trading in Securities other than Derivative		113.47
b) Gain/(Loss) on trading in Derivative		(99.16)
Bad Debts & Advances written off	107.63	91.71
Miscellaneous Expenses	415.15	442.04
	<u>1,093.89</u>	<u>2,000.81</u>
	<u>12,034.89</u>	<u>16,132.71</u>

39.1 PAYMENT TO AUDITOR AS	(₹ in lakh) 2020 - 2021	(₹ in lakh) 2019-2020
i) Audit Fees	2.00	2.00
ii) Tax Audit Fee	3.00	-
iii) GST/ VAT Audit Fee	-	-
iv) Certification fees	-	-
v) Others	10.50	-
	<u>15.50</u>	<u>2.00</u>

**40 CONTINGENT LIABILITIES:**

(₹ in lakh)

**2020 - 2021**

(₹ in lakh)

**2019-2020**

- a) Guarantees given by Bank 7446.38 6279.06
- b) Proposed Dividend 179.29 179.29
- c) The Company has given Corporate Guarantee to Indusind Bank to make good any default committed by the persons who get finance for the purchase of E-Rickshaw of Avon Cycles Ltd. from Indusind Bank. The total amount outstanding was Rs. 34.68 Lakh. No Provision has been made in the Standalone financial statements as no default has been reported till date.
- d) Disputed excise and service tax demand amounting to Rs. 36.68 lakh (pre year 38.12 lakh) and penalty of Rs. 36.68 lakh (Previous year 38.12 lakh) pertaining to financial year from 2006-07 upto 2008-2009 in case of excise and April 2008 to September 2011 in case of Service Tax under appeal pending before Appellate authorities. Company has deposited Rs. 0.48 in case of excise, Rs. 2.17 Lac in case of Service Tax and Rs. 1.67 Lakh in case of custom. Disputed Basic Custom Duty amounting to Rs. 22.39 Lac (Previous Year - 22.39) for financial year 2018-19. The management is of opinion that the demand is not sustainable.
- e) Show cause notices received from Excise and Custom Department pending formal demand notices, have not been considered as contingent liability.
- f) Income Tax demand for Rs. 6.58 Lac are outstanding for Assessment Year 2016-17 and Rs. 39.76 for Assessment Year 2018-19.
- g) Levy of Entry Tax by West Bengal High Court is subjudice before West Bengal High Court. West Bengal High Court has given stay on deposit of Entry Tax to company. The amount of entry tax is Rs. 51.33 Lac for FY 2017-18, Rs. 121.56 Lac for FY 2016-17 & Rs. 172.50 Lac for FY 2015-16.

- 41 On certain points, appeals/ references/ revisions are pending at various stages in respect of past year's income tax assessments. Additional demands/ refunds, if any, shall be accounted for as and when these are actually paid/ refunded.

**42 DIVIDENDS**

Dividends paid during the year ended March 31, 2021 include an amount of ₹ 20 per equity share towards final dividend for the year ended March 31, 2020. The dividends declared by the Company are based on profits available for distribution as reported in the standalone financial statements of the Company. Accordingly, the retained earnings reported in these standalone financial statements may not be fully distributable. As at March 31, 2021, the income available for distribution were Rs. 6850.62 Lac. Dividend, if approved approved by shareholders at Annual General Meeting, the dividend would result in a cash outflow of Rs. 179.28 Lakh.

**SEGMENTAL INFORMATION**

The Company prepares the Standalone Financial Statements of the Company alongwith Consolidated Financial Statements. In accordance with IndAs 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

**44 Tax Balances:****44.1 The following is analysis of deferred tax assets/(liabilities) presented in Balance Sheet:**

Deferred Tax Liabilities (Net):	Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
<b>Deferred Tax Assets:</b>				
Expenses deductible in Future Years	175.53	39.81		215.34
Provision for Doubtful Debts/ Advances	62.73	13.42		76.15
Losses allowable in future years	358.65	(60.33)		298.32
Others	9.58	0.01	(13.96)	(4.37)
	606.50	(7.10)	(13.96)	585.44
<b>Deferred Tax Liabilities:</b>				
Property, Plant & Equipment, and Intangible Assets	1,700.56	(23.10)		1,677.46
Investment in Bonds, Mutual Funds and equity instruments	114.54	552.94		667.48
ROU Assets	48.70	(5.38)		43.32
Others	4.29	(0.38)		3.91
	1,868.09	524.08	-	2,392.17
Net Deferred Tax Liability	(1,261.59)	(531.19)	(13.96)	(1,806.73)

**44.2 Income Tax Recognised in Profit or Loss:**

Particulars	(₹ in lakh) For Year Ended 31st March 2021	(₹ in lakh) For Year Ended 31st March 2020
<b>Current Tax</b>		
In respect of current year	1,675.00	2,203.60
<b>Deferred Tax</b>		
In respect of Current Year	531.19	(1,376.25)
<b>Total Income Tax Expense Recognised</b>	<u>2,206.19</u>	<u>827.35</u>

**44.3 Income Tax recognised in Other Comprehensive Income**

Particulars	(₹ in lakh) For Year Ended 31st March 2021	(₹ in lakh) For Year Ended 31st March 2020
Arising on Remeasurement of Defined benefit Obligation	<u>(13.96)</u>	<u>10.03</u>
	<u>(13.96)</u>	<u>10.03</u>

**45 EARNINGS PER EQUITY SHARES**

Basic/Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
Profit/ (Loss) after Tax	6,847.18	6,067.15
Less: Adjustment of Income Tax Earlier Years	(388.36)	245.88
Profit after adjustment of Income Tax Earlier Years (A)	6,458.82	6,313.03
Weighted average number of equity shares (B)	896,442.00	896,442.00
Earning per share : Basic/Diluted (A/B)₹	720.50	704.23

46 The Company incorporated Wholly Owned Subsidiary M/s Avon Cycles Holdings Ltd. on 30.06.2020 and M/s Avon Newage Cycles Pvt. Ltd. on 16.09.2020.

47 Interest includes Rs. 89.69 Lac for F/Y 2020-21 and Rs. 151.76 lakh for F/Y 2019-20 paid to Directors.

48 Charity & Donation includes Rs. 10.50 lakh contributed to political parties during Financial year 2019-20, Rs. 7.50 Lac during Financial Year 2018-19, detail of which is as below:

Party Name	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
Bhartiya Janta Party	10.00	5.00
Bihar Pradesh Janta Dal United	0.50	-
Shiromani Akali Dal	-	5.00
All India Congress Committee	-	10.00
	10.50	20.00

49 Interest received of Rs. 887.83 lakh (Previous Year Rs. 673.30 lakh) includes Tax deducted at source of Rs. 59.78 Lac (Previous Year Rs. 63.27 lakh).

50 Expenditure on insurance includes Rs. 16.03 Lac (Previous year Rs. 16.03 lakh) being premiums paid under Keyman Insurance schemes to cover risks on life of Key Management personnel. Benefits to the Company under the said scheme depend on various factors including resignation/survival of the said personnel or premature surrender of the policy. Such benefits will be accounted for in the year, in which they become due.

51 Sales-tax assessments have been completed upto to the accounting year ended 31st March 2014.

52 Income -tax assessments of the Company have been completed upto the accounting year ended 31.03.2018 relevant to the assessment year 2018-19.

53 In accordance with section 135 of Companies Act, 2013, the company is covered by the provision of said section:

Particulars	(₹ in lakh) As at 31st March 2021	(₹ in lakh) As at 31st March 2020
The amount required to be spent under CSR Obligation	195.23	188.41
The amount spent under CSR Obligation	144.52	176.51
Amount unspent under CSR Obligation	50.86	-

*Note: The unspent amount will be transferred to Unspent CSR Account within 30 days from the end of Financial Year in accordance with Companies Act, 2013 read with CSR amendment Rules.*

54 In the opinion of the Directors, current assets, loans and advances have a value on realisation in the ordinary course of business atleast equal to the value at which they are stated in the Balance Sheet.

55 Previous years's figures have been regrouped/ recasted/ rearranged/ reclassified where necessary to make them comparable.

**56 Micro, Small and Medium Enterprises**

a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (₹ in lakh)

PARTICULARS		2020-21	2019-20
A)	(i) Principal amount remaining unpaid at the end of accounting year	5,895.20	2,385.47
	(ii) Interest due on above	1.58	17.45
B)	The amount of interest paid by the Company in terms of section 16 of the MSMED, along with amount of payment made to the suppliers beyond the appointed date during the accounting year.	22.45	-
C)	The amount of interest accrued and remaining unpaid at the end of the financial year.	1.58	17.45
D)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under the MSMED	-	-
E)	The amount of further interest remaining due and payable in succeeding years, until such interest is actually paid.	1.58	17.45

b) The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.



## 57 Government Grants:

	(₹ in lakh) As at 31st March 2021	(₹ in lakh) As at 31st March 2020
At the Beginning	32.13	43.59
Provided during the year	8.19	41.98
Received/ Adjusted during the year	28	53.44
At the End of the year	12.32	32.13

## 58 Significant Accounting Judgements, estimates and assumptions:

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements:

In the process of applying the Company's accounting policies, management has made following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

### Estimates & Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### Defined Benefit Plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 60.

### Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

## 9 Financial risk management objective and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

### a) 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 risks. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

### i) 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 Company's long term debt obligations with floating interest rates. The company is carrying its borrowings primarily at variable rates. For floating rates borrowings the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point Increase or decrease is used when reporting interest rate risk internally to Key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
Variable Rate Borrowings	2,307.46	819.38
Fixed Rate Borrowings	1,068.12	1,214.12

**Interest Rate Sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variable held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Profit Before Tax	
	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
Increase by 50 Basis Points	11.54	4.10
Decrease by 50 Basis Points	(11.54)	(4.10)

**b) Foreign Currency Risks**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in international currencies as part of the business is transacted in foreign currencies and consequently the company is exposed to foreign exchange risk. The Company's exposure in foreign currency is in loans, trade receivables and advances and trade payables.

**i) Particulars of Unhedged Foreign Currency Exposure as at reporting date:**

	(USD in lakh) 31st March 2021	(USD in lakh) 31st March 2020
Particulars		
Trade Receivables	-	2.23
EEFC Balance	0.0822	0.0788
Loan	-	-
Trade Payables	-	-

**Foreign Currency Sensitivity**

The following table demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	(₹ in lakh) 31st March 2021		(₹ in lakh) 31st March 2020	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD				
Increase/ (Decrease) in Profit or Loss	-	-	8.41	(8.41)

**ii) Foreign Currency Exposure (Forward Booking)**

The foreign currency exposure of the Company as on reporting date is as under. The company does not use forward contracts for speculative purpose.

	(USD in lakh) 31st March 2021	(USD in lakh) 31st March 2020
Forward Contracts against Exports	20.00	10.00
Forward Contracts against Imports	-	-

**iii) Price Risk**

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

**B) 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)

**Credit Risk Management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

**(i) Low credit risk on reporting date****(ii) Moderate Credit Risk**

The Company provides for expected credit loss based on the following:

Asset Group	Basis of Categorisation	Provision for expected credit loss
Low Credit Risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment.

Recoveries made are recognised in statement of profit and loss.

**Cash & cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Trade receivables**

The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**i) Trade Receivables**

Customer credit risk is managed by each business location subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 5.2. Trade receivables are unsecured but considered goods subject to provision made thereon.

<b>Trade Receivables</b>	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
Not Due	9,735.86	4,923.97
Up to Six Months Past Due	1,667.73	5,891.97
6 Months to 1 Year Past Due	208.71	2,772.41
More Than 1 Year Past Due	1,940.93	217.47
	<u>13,553.23</u>	<u>13,805.82</u>
<b>Provision for Doubtful Debts</b>		
Provision for Doubtful Debts	(253.36)	(214.00)
<b>Total</b>	<u>13,299.87</u>	<u>13,591.83</u>

	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
<b>Reconciliation of Provision for Doubtful Debts</b>		
Balance at the Beginning of the Year	214.00	285.16
Add: Provision made during the year	39.36	-
Less: Provision Written Back during the Year	-	71.16
<b>Balance at the end of the Year</b>	<u>253.36</u>	<u>214.00</u>

**(C) Liquidity risk**

Liquidity Risk refers to the risk that the Company meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding contractual maturities of significant financial liabilities as at:

	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
<b>Floating rate</b>		
<b>(a) Expiring within one year (Bank overdraft and other facilities)</b>		
<b>Secured</b>		
- Working Capital Limits	-	128.68
<b>(b) Expiring beyond one year (Bank loans)</b>		
<b>Secured</b>		
-Term loan from banks	1,928.03	560.01

	(₹ in lakh)			
	Less than 1Year	1 to 2 years	2 to 5 years	More than 5 yrs
<b>ii) Maturity Patterns of borrowings</b>				
<b>Year ended 31st March, 2021</b>				
Contractual Maturities of borrowings	471.76	471.76	1,456.27	-
Contractual Maturities of trade payables	11,765.55	-	-	-
Contractual Maturities of other financial liabilities	1,587.58	999.66	97.86	646.07
<b>Total</b>	<u>13,824.89</u>	<u>1,471.42</u>	<u>1,554.12</u>	<u>646.07</u>
<b>Year ended 31st March, 2020</b>				
Contractual Maturities of borrowings	333.67	181.92	378.09	-
Contractual Maturities of trade payables	5,546.48	-	-	-
Contractual Maturities of other financial liabilities	563.20	1,172.19	87.11	647.20
<b>Total</b>	<u>6,443.35</u>	<u>1,354.11</u>	<u>465.20</u>	<u>647.20</u>

#### (D) Risk due to outbreak of COVID 19 pandemic

On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the standalone financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the standalone financial statements as and when these material changes to economic condition arise.

#### 60 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 Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

	(₹ in lakh) 31st March 2021	(₹ in lakh) 31st March 2020
Borrowings	3,375.58	2,033.51
Trade Payables	11,765.55	5,546.48
Less: Cash & Cash Equivalents	(13,468.94)	(8,066.80)
<b>Net Debt</b>	<b>1,672.19</b>	<b>(486.81)</b>
Equity	68,636.64	61,577.05
<b>Capital &amp; Net Debt</b>	<b>70,308.83</b>	<b>61,090.24</b>
<b>Gearing Ratio</b>	<b>2.38%</b>	<b>-0.80%</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2020.

#### 61 Expenditure Incurred on Research & Development

	(₹ in lakh)	
Particulars	2020 - 2021	2019 - 2020
- Capital Expenditure	64.39	74.45
- Revenue Expenditure	143.78	178.63
	<b>208.17</b>	<b>253.08</b>

#### 62 CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS:

Company has created Provision of Rs. 113.63 lakh on account of unpaid earned leaves of employees. Company has restated comparative information to correct the error prospectively from current year as it is impracticable to determine the effect of prior period including the beginning of current year.

### 63 Fair Value Measurement

#### (a) Financial Instruments by Category

For amortised cost instruments, Carrying values represents the best estimates of Fair Value

Particulars	(₹ in lakh) 31st March 2021			(₹ in lakh) 31st March 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Investments	13,775.98	-	2,801.10	8,304.39	-	1,628.03
Trade Receivables	-	-	13,299.87	-	-	13,591.84
Other Financial Assets	-	-	4,789.75	-	-	10,478.43
Cash & Cash Equivalents	10,977.05	-	2,491.89	4,385.48	-	3,681.32
Other Bank Balances	-	-	6,345.01	-	-	3,941.13
<b>Total</b>	<b>24,753.03</b>	<b>-</b>	<b>29,727.62</b>	<b>12,689.87</b>	<b>-</b>	<b>33,320.75</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	2,903.83	-	-	1,828.53
Trade Payables	-	-	11,765.55	-	-	5,546.48
Other Financial Liabilities	-	-	2,827.13	-	-	1,534.85
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,496.51</b>	<b>-</b>	<b>-</b>	<b>8,909.86</b>

#### (b) Fair value measurement hierarchy for assets and liabilities

The Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value-recurring fair value measurements	(₹ in lakh) 31st March 2021			(₹ in lakh) 31st March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investments	7,655.75	-	6,120.24	5,783.51	36.25	2,484.63
Cash & Cash Equivalents	10,977.05	-	-	4,385.48	-	-
<b>Total</b>	<b>18,632.80</b>	<b>-</b>	<b>6,120.24</b>	<b>10,168.99</b>	<b>36.25</b>	<b>2,484.63</b>

Financial assets and liabilities measured at amortised cost for which fair values are disclosed	(₹ in lakh) 31st March 2021			(₹ in lakh) 31st March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investments	-	2,801.10	-	-	1,628.03	-
Trade Receivables	-	-	13,299.87	-	-	13,591.84
Other Financial Assets	-	-	4,789.75	-	-	10,478.43
Cash & Cash Equivalents	-	-	2,491.89	-	-	3,681.32
Other Bank Balances	-	-	6,345.01	-	-	3,941.13
<b>Total</b>	<b>-</b>	<b>2,801.10</b>	<b>26,926.52</b>	<b>-</b>	<b>1,628.03</b>	<b>31,692.72</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	2,903.83	-	-	1,828.53
Trade Payables	-	-	11,765.55	-	-	5,546.48
Other Financial Liabilities	-	-	2,827.13	-	-	1,534.85
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,496.51</b>	<b>-</b>	<b>-</b>	<b>8,909.86</b>

#### Fair Value Hierarchy:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: Value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

**c. Fair value of financial assets and liabilities measured at amortised cost**

Particulars	(₹ in lakh) 31st March 2021		(₹ in lakh) 31st March 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Investments	2,801.10	1,018.14	1,628.03	1,628.03
Margin Money	235.02	235.02	247.49	247.49
Employee Loans	121.94	121.94	74.88	74.88
Other Financial Assets	-	-	59.01	59.01
<b>Total</b>	<b>3,158.06</b>	<b>1,375.10</b>	<b>2,009.41</b>	<b>2,009.41</b>
<b>Financial Liabilities</b>				
Security Deposits	24.13	24.13	25.72	25.72
<b>Total</b>	<b>24.13</b>	<b>24.13</b>	<b>25.72</b>	<b>25.72</b>

The carrying amounts of trade receivables, trade payables, advances to employees, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to short term nature.

The fair values for FMP's, Margin Money, Employee Loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.



## **64 Related Party Transactions**

### **a) List of Related Parties and Relationship**

#### **Party**

#### **1 Parent**

NIL

#### **2 Subsidiaries**

Avon Newage Cycles Pvt. Ltd.

#### **3 Associates**

Avon Infrabiz Pvt. Ltd.

#### **4 Entities with Control or Joint Control by KMP**

Pahwa Estates and Holdings (Pvt) Ltd.

Avon Fitness Machines Pvt. Ltd.

Hans Raj Pahwa & Bros.

Avon Eduventure Pvt. Ltd.

#### **5 Key Management personnel**

Sh. Onkar Singh Pahwa

Sh. Rishi Pahwa

Smt. Sarabjit Kaur Pahwa

Sh. Mandeep Singh Pahwa

Sh. Jugdiep Singh

Sh. Anil Arora

Sh. Nem Chand Jain

Sh. Darshan Lal Sharma

#### **6 Other Related Parties**

Smt. Pallavi Pahwa

Smt. Jasmine Pahwa

Aditragh Enterprises

NRG Enterprises

Rolex Metals Pvt. Ltd.

**b) Related Party Transactions :**

(₹ in lakh)

Transactions	Subsidiaries		Associates / Joint Ventures		Entities with Control or Joint Control by KMP		Key Management Personnel		Other Related Parties	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Rent Paid	-	-	-	-	-	-	-	-	-	-
Remuneration Paid	-	-	-	-	-	-	1,143.04	1,155.94	39.76	39.76
Interest Paid	-	-	-	-	28.72	29.82	89.69	151.77	-	-
Interest Received	-	-	-	-	2.41	34.26	-	-	-	-
Rent Received	-	-	-	-	70.92	71.32	-	-	-	-
Service Charges Received	-	-	-	-	1.46	1.09	-	-	-	-
Dividend Paid	-	-	-	-	11.20	8.40	159.46	119.59	-	-
Royalty	-	-	-	-	46.47	36.86	-	-	-	-
Food Bill	-	-	-	-	4.63	2.23	-	-	-	-
Purchase	-	-	-	-	-	0.65	-	-	3,971.45	5,440.33
Sale	-	-	-	-	29.91	3.14	-	-	52.20	47.11
Sale of Fixed Assets	-	-	0.13	-	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-	0.90	1.20	-	-
Legal & Professional Charges	-	-	-	-	-	-	1.50	6.00	-	-
Payment of Misc. Charges	-	-	0.12	-	0.76	-	-	-	-	-
Purchase of Shares	946.40	-	1,500.00	-	-	-	-	-	-	-
Debit balances outstanding as at the closing	-	-	-	-	51.37	39.94	-	0.02	-	-
Credit balances as at the closing	2.21	-	-	-	-	0.06	27.76	23.69	558.94	280.50

# 65 POST EMPLOYMENT OBLIGATIONS - GRATUITY

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the Company makes contributions to LIC of India.

a) <b>Changes in Defined Benefit Obligation</b>	<b>31st March 2021</b>	<b>31st March 2020</b>
Gratuity Plan	823.90	791.30

- b) Changes in present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :

(₹ in lakh)

	For the year ended on 31st March 2021	For the year ended on 31st March 2020
<b>Changes in Defined Benefit Obligation</b>		
Present value obligation as at the start of the year	791.30	692.16
Interest costs	54.17	53.41
Current Service costs	69.52	61.40
Past Service Cost	-	-
Benefits paid	(69.41)	(50.72)
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	7.17	55.77
- experience Variance	(28.86)	(20.65)
- Change in Demographic Assumptions	-	(0.06)
<b>Present value obligation as at the end of the year</b>	<b>823.90</b>	<b>791.30</b>

- c) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof as follows :

(₹ in lakh)

	For the year ended on 31st March 2021	For the year ended on 31st March 2020
<b>Change in fair value of plan assets</b>		
Fair value of plan assets as at the start of the year	751.86	691.64
Return on plan assets	51.47	53.37
Actuarial gains/ (losses)	(4.29)	(3.00)
Contributions by employer	100.57	60.58
Benefits paid	(69.41)	(50.72)
<b>Fair value of plan assets as at the end of the year</b>	<b>830.20</b>	<b>751.86</b>

- d) Reconciliation of present value of defined benefit obligation and the fair value of plan assets

(₹ in lakh)

Particulars	For the year ended on 31st March 2021	For the year ended on 31st March 2020
Present value obligation as at the end of the year	823.90	791.30
Fair value of plan assets as at the end of the year	830.20	751.86
<b>Net asset/(obligation) recognized in balance sheet</b>	<b>6.30</b>	<b>(39.44)</b>

- e) The amounts recognised in the statement of profit and loss are as follows :

(₹ in lakh)

Particulars	For the year ended on 31st March 2021	For the year ended on 31st March 2020
<b>Amount recognized in the statement of profit and loss</b>		
Current service cost	69.52	61.40
Interest on obligation	2.70	0.04
Past Service Cost	-	-
<b>Total included in employee benefit expense</b>	<b>72.22</b>	<b>61.44</b>

- f) Amount recognised in the statement of Other Comprehensive Income

(₹ in lakh)

Particulars	For the year ended on 31st March 2021	For the year ended on 31st March 2020
Change in Financial Assumptions	7.17	55.77
Change in Demographic Assumptions	-	(0.06)
Experience Variance i.e. Actual Experience vs Assumptions	(28.86)	(20.65)
Actuarial Gain/(Loss) for the year	4.29	3.00
<b>Components of defined benefit cost recognised in OCI</b>	<b>(17.40)</b>	<b>38.05</b>

g) Principal actuarial assumptions at the balance sheet date:

Particulars		
Actuarial Assumptions	For the year ended on 31st March 2021	For the year ended on 31st March 2020
Discount rate (per annum)	6.75%	6.85%
Salary escalation rate (per annum)	7.00%	7.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields/ rates available on applicable bonds as on the current valuation date.

The Salary growth rate indicated above is the Company's best estimate of an increase in salary of employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

h) Demographic Assumptions:

The Principal Demographic Assumptions used in the valuation are shown in the table below:

Particulars		
Demographic Assumptions	For the year ended on 31st March 2021,	For the year ended on 31st March 2020,
Mortality Rate (% of IALM 2012-14)	100.00%	100.00%
Normal Retirement Age	58 Years	58 Years
Attrition/ Withdrawal rate, based on age: (per annum)		
Upto 30 Years	3.00%	3.00%
31 to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%

Attrition rate indicated above represents Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience etc.

i) Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

(₹ in lakh)		
Particulars	For the year ended on 31st March 2021	For the year ended on 31st March 2020
Defined Benefit Obligation (base)	823.89	791.30

Particulars	(₹ in lakh)			
	For the year ended on 31st March, 2021		For the year ended on 31st March, 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%) (% change compared to base due to sensitivity)	902.41 9.50%	757.40 -8.10%	867.81 9.70%	726.50 -8.20%
Salary Growth Rate (-/+1%) (% change compared to base due to sensitivity)	760.72 -7.70%	897.10 8.90%	729.69 -7.80%	862.69 9.00%
Attrition Rate (-/+ 50% of attrition rates) (% change compared to base due to sensitivity)	824.40 0.10%	823.43 -0.10%	791.22 0.00%	791.35 0.00%
Mortality Rate (-/+ 10% of mortality rates) (% change compared to base due to sensitivity)	823.85 0.00%	823.94 0.00%	791.24 0.00%	791.37 0.00%

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of the another as some of the assumptions may be correlated.

j) Expected Cash Flows over the next (valued on undiscounted basis):

Particulars	
Expected Cash Flows over the next (valued on undiscounted basis)	(₹ in lakh)
1 Year	161.21
2 to 5 years	252.26
6 to 10 years	281.83
More than 10 years	1,098.79

66 The figures have been rounded off to the nearest rupee lakh upto two decimal point.

As per our report of even date

For J. Arora & Co.

Chartered Accountants

Firm Registration No.011921N

(Jeevan Arora)

Proprietor

M.No 090809

UDIN:

Place : Ludhiana

Dated: 06.09.2021



For and on behalf of the Board

(Rishi Pahwa)

Joint Managing Director

For and on behalf of the Board

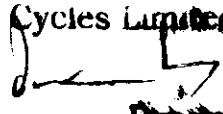
(Mandeep Singh Pahwa)

Director

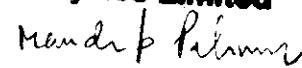
**Avon Cycles Limited, Ludhiana**  
**Provisional Balance Sheet as at 31.03.2022**

**ANNEXURE-9**

(Amount in ₹)			
	Note	As at 31.03.2022	As at 31.03.2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
a) Property, Plant & Equipment	1	1,617,537,176	1,409,226,359
b) Right-of-Use Asset	2	47,265,406	47,265,406
c) Investment Properties	1.1	169,603,926	294,982,754
e) Capital Work in Progress		58,692,785	224,537,971
f) Intangible Assets	1.3	4,793,872	5,686,773
g) Financial Assets:			
i) Non Current Investments	3	1,060,737,037	760,370,596
ii) Long Term Loans & Advances	4	455	65,311
iii) Other Financial Assets	5	643,901,920	68,063,082
h) Employee Planned Assets	6	2,398,586	630,382
i) Other Non current assets	7	443,856,050	568,474,447
<b>Total Non- Current Assets</b>		<b>4,048,787,213</b>	<b>3,379,303,081</b>
<b>Current Assets</b>			
a) Inventories	8	658,683,055	1,149,066,965
b) Financial Assets:			
i) Current Investments	9	787,215,582	897,337,613
ii) Trade Receivables	10	1,428,711,649	1,329,986,869
iii) Cash & Cash Equivalents	11	1,801,067,596	1,346,893,988
iv) Other Balances with Banks	12	99,224,491	634,501,146
v) Short Term Loans & Advances	13	488,762,111	380,028,933
vi) Other Financial Assets	14	14,436,597	30,817,877
c) Other Current Assets	15	324,771,069	489,854,050
d) Assets held for Sale	1.2	6,227,194	6,227,194
<b>Total Current Assets</b>		<b>5,609,099,346</b>	<b>6,264,714,635</b>
<b>TOTAL ASSETS</b>		<b>9,657,886,559</b>	<b>9,644,017,716</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Share Capital	16	8,532,870	8,964,420
b) Other Equity	17	7,256,998,537	6,854,699,416
<b>Total Equity</b>		<b>7,265,531,407</b>	<b>6,863,663,836</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
a) Financial Liabilities:			
i) Long Term Borrowings	18	378,410,949	290,382,783
ii) Lease Liability	19	27,044,003	27,044,003
iii) Other Financial Liabilities	20	53,969,499	49,734,458
b) Employee Benefit Obligation	21	8,505,739	9,081,765
c) Long-Term Provisions	22	387,860,000	476,360,000
d) Deferred Tax Liability (net)	23	180,673,225	180,673,225
e) Other Non- Current Liabilities	24	1,013,236	1,013,236
<b>Total Non- Current Liabilities</b>		<b>1,037,476,651</b>	<b>1,034,289,469</b>
<b>Current Liabilities</b>			
a) Financial Liabilities:			
i) Short Term Borrowings	25	109,257,202	-
ii) Lease Liability	26	3,009,701	3,009,701
iii) Trade Payables			
(a) total outstanding dues of micro and small enterprises	27	239,252,249	589,677,711
(b) total outstanding dues of trade payable other than micro and small enterprises	27	520,817,023	586,877,579
iii) Other Financial Liabilities	28	171,179,482	202,924,292
b) Short Term Provisions	29	151,432,902	172,585,873
c) Other current Liabilities	30	159,929,942	190,989,255
<b>Total Current Liabilities</b>		<b>1,354,878,501</b>	<b>1,746,064,411</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>9,657,886,559</b>	<b>9,644,017,716</b>
Notes on Financial Statements	1 to 38	(0)	0

**For Avon Cycles Limited**  
  
**Director**

**For Avon Cycles Limited**

  
**Director**



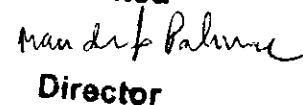
**Avon Cycles Limited, Ludhiana**  
**Provisional Statement of Profit & Loss Account for the period ended 31.03.2022**

		(Amount in ₹)	
PARTICULARS	Note	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>INCOME</b>			
a) Revenue from Operations	31	8,287,898,065	7,103,052,081
b) Other Income	32	340,680,833	432,377,307
<b>Total Income</b>		<b>8,628,578,898</b>	<b>7,535,429,388</b>
<b>Expenses</b>			
a) Cost of Materials Consumed	33	4,906,210,005	4,689,025,528
b) Purchases of Stock-in-trade	34	423,447,286	616,379,690
c) Change in Inventories	35	428,021,059	(629,633,962)
d) Employee Benefits Expense	36	520,069,139	445,101,871
e) Finance Costs	37	49,493,378	36,593,184
f) Depreciation & Amortisation Expense		274,290,455	249,598,974
g) Other Expenses	38	1,209,743,573	1,203,499,689
<b>Total Expenses</b>		<b>7,811,274,895</b>	<b>6,610,564,974</b>
Profit Before Tax & Exceptional Items		817,304,003	924,864,414
<b>Exceptional Items:</b>			
CSR Expenditure u/s 135 of Companies Act, 2013		14,973,212	19,538,106
Profit Before Tax		802,330,790	905,326,308
<b>Tax Expenses</b>			
Current Tax		148,444,164	167,500,000
Deferred Tax			53,118,782
<b>Profit for the year from Continuing Operations</b>		<b>653,886,626</b>	<b>684,707,526</b>
<b>Other Comprehensive Income:</b>			
Re-measurement of post-employment benefit Obligations			1,739,909
Income Tax Relating to these items			(1,395,619)
<b>Other Comprehensive Income, Net of Tax</b>		<b>-</b>	<b>344,290</b>
<b>Total Comprehensive Income</b>		<b>653,886,626</b>	<b>685,051,816</b>

For Avon Cycles Limited

  
Director

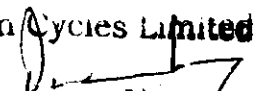
For Avon Cycles Limited

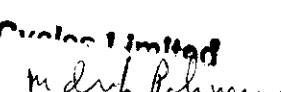
  
Director

**AVON CYCLES LIMITED**  
**UNAUDITED STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2022** ( Amount in ₹ )

	2021-2022	2020 - 2021
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax	802,330,790	905,326,308
<b>Adjustments for :</b>		
Interest expenses	40,865,507	28,254,226
Depreciation and Amortisation on PPE	274,290,455	244,800,987
Profit/ Loss on Sales/ Fair Valuation of Investment	(200,786,731)	(284,922,945)
Profit on Sales of Fixed Assets	(9,469,264)	(7,677,397)
Loss on sale of Fixed Assets	-	-
Interest Received	(62,532,220)	(107,225,437)
Dividend Received	(1,313,578)	(1,698,349)
(Profit)/loss on Share Trading	(37,553,715)	(50,526,036)
Other Non-Operating Income	-	(4,647,140)
Other Comprehensive Income	-	344,290
Prior Period Adjustment	-	-
Rent	(29,025,404)	(22,098,807)
Operating profit before working capital changes	776,805,840	699,929,700
<b>Adjustments for :</b>		
Trade Receivables	(98,724,780)	29,196,718
Inventories	490,383,910	(645,050,123)
Loan & Advances	(108,668,322)	72,581,402
Other Financial Assets	(559,457,559)	496,294,348
Other Assets (excluding Advance Tax)	166,440,458	(91,073,820)
Trade Payables	(416,486,017)	621,907,297
Other Financial Liabilities	(27,509,769)	129,226,963
Provisions (Excluding Provision of Income Tax)	(2,673,161)	10,223,759
Other Liabilities	(31,059,314)	155,683,447
Cash generations from operation	189,051,286	1,478,919,689
Taxes Paid	(158,481,924)	(168,899,639)
<b>Net Cash from operating activities (A)</b>	30,569,361	1,310,020,050
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(417,364,918)	(419,742,808)
Purchase of Investment	(190,244,410)	(664,465,868)
Sale of Fixed Assets	34,871,000	22,324,206
Interest Received	62,532,220	107,225,437
Dividend Received	1,313,578	1,698,349
Profit/Loss on Sales of Investment	200,786,731	284,922,945
Profit/Loss on Share Trading	37,553,715	50,526,036
Other Non-Operating Income	-	4,647,140
Rent Received	29,025,404	22,098,807
<b>Net Cash From Investing Activities (B)</b>	(241,526,680)	(590,765,755)
<b>C. Cash Flow From Financing Activities</b>		
Interest Paid	(40,865,507)	(28,254,226)
Dividend Paid	(17,928,840)	(17,928,840)
Payment on Buy-Back of shares/ expenses on buy-back	(8,636,750)	-
Proceeds/(Repayments) of/from loan funds	197,285,369	107,530,279
<b>Net Cash From Financing Activities (C)</b>	129,854,272	61,347,214
<b>Total ( A + B + C )</b>	(81,103,046)	780,601,509
<b>Cash &amp; Cash Equivalents as on 01/04/21</b>	1,981,395,133	1,200,793,625
<b>Cash &amp; Cash Equivalents as on 31/03/22</b>	1,900,292,087	1,981,395,133

Note: The above Cash Flow statement has been prepared under Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".

For Avon Cycles Limited  
  
Director

For Avon Cycles Limited  
  
Director



Notes forming part of the Financial Statements

1. PROPERTY, PLANT & EQUIPMENT AS ON 31.03.2022

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on	Additions/ Trfd /	Sale/Trfd /	Total as on	Upto	For the	Sale/	Upto	As on	As on
	31.03.2021	Adjustment	Adjustment	31.03.2022	31.03.2021	year	Trfd.	31.03.2022	31.03.2022	31.03.2021
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	86,967,975	-	-	86,967,975	-	-	-	-	86,967,975	86,967,975
Factory Buildings	365,396,590	158,987,224	-	524,383,813	184,949,919	25,787,901	-	210,737,820	313,645,993	180,446,671
Other Buildings	14,307,317	-	-	14,307,317	8,656,217	324,321	-	8,980,538	5,326,780	5,651,101
Plant & Machinery	2,716,667,202	297,299,283	971,000	3,012,995,485	1,636,721,351	221,432,536	-	1,858,153,887	1,154,841,598	1,079,945,851
Furniture and Fixtures	32,899,108	1,528,217	-	34,427,325	26,419,219	2,011,726	-	28,430,945	5,996,380	6,479,889
Office Equipment	33,336,702	2,928,756	-	36,265,458	26,141,521	2,322,841	-	28,464,362	7,801,096	7,195,180
Computer Equipment	20,502,551	1,901,393	-	22,403,945	16,339,262	2,444,195	-	18,783,458	3,620,487	4,163,289
Vehicles	69,613,556	13,654,995	-	83,268,551	31,237,153	12,694,531	-	43,931,684	39,336,867	38,376,403
<b>Total</b>	<b>3,339,691,001</b>	<b>476,299,868</b>	<b>971,000</b>	<b>3,815,019,869</b>	<b>1,930,464,643</b>	<b>267,018,050</b>	<b>-</b>	<b>2,197,482,693</b>	<b>1,617,537,176</b>	<b>1,409,226,359</b>

1.1 INVESTMENT PROPERTIES AS ON 31.03.2022

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on	Additions/ Trfd /	Sale/Trfd /	Total as on	Upto	For the	Sale/	Upto	As on	As on
	31.03.2021	Adjustment	Adjustment	31.03.2022	31.03.2021	year	Trfd.	31.03.2022	31.03.2022	31.03.2021
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	102,114,185	-	24,155,058	77,959,127	-	-	-	-	77,959,127	102,114,185
Buildings	268,482,588	106,568,631	261,377,488	113,673,731	75,614,018	6,037,899	59,622,985	22,028,932	91,644,799	192,868,569
<b>Total</b>	<b>370,596,773</b>	<b>106,568,631</b>	<b>285,532,546</b>	<b>191,632,858</b>	<b>75,614,018</b>	<b>6,037,899</b>	<b>59,622,985</b>	<b>22,028,932</b>	<b>169,603,926</b>	<b>294,982,754</b>





**1.2 INVESTMENT PROPERTIES HELD FOR SALE AS ON 31.03.2022**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on 31.03.2021	Additions/ Trfd/ Adjustment	Sale/Trfd. / Adjustment	Total as on 31.03.2022	Upto 31.03.2021	For the year	Sale/ Trfd	Upto 31.03.2022	As on 31.03.2022	As on 31.03.2021
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	5,580,068	-	-	5,580,068	-	-	-	-	5,580,068	5,580,068
Building	726,311	-	-	726,311	79,185	-	-	79,185	647,126	647,126
<b>Total</b>	6,306,379	-	-	6,306,379	79,185	-	-	79,185	6,227,194	6,227,194

**1.3 INTANGIBLE ASSETS AS ON 31.03.2022**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	As on 31.03.2021	Additions/ Trfd/ Adjustment	Sale/Trfd. / Adjustment	Total as on 31.03.2022	Upto 31.03.2021	For the year	Sale/ Trfd	Upto 31.03.2022	As on 31.03.2022	As on 31.03.2021
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Softwares	38,635,089	234,375	-	38,869,464	34,536,942	796,893	-	35,333,835	3,535,629	4,098,147
Trade marks	2,723,407	107,230	-	2,830,637	1,134,781	437,613	-	1,572,394	1,258,243	1,588,626
<b>Total</b>	41,358,496	341,605	-	41,700,101	35,671,723	1,234,506	-	36,906,229	4,793,872	5,686,773



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**2 ROU Asset and Lease Liabilities:**

The Company has lease contracts for various Lands and buildings which have lease term ranging from 3 years to 30 years. On transition the Company has recognised right of use assets for leases of all assets, other than low value items or which are short term in nature. Lease liabilities were recognised for all such right of use assets equivalent to the amount of discounted value of all future lease payments

Following are the changes in the carrying value of right of use (ROU) assets for the period ended March 31, 2022:

	( Amount in ₹ )		
	Land	Building	Total As on 31st March, 2022
Balance as on April 01, 2021	20,961,733	26,303,673	47,265,406
Adjustments in Opening Balance	-	-	-
Addition	-	-	-
Deletion	-	-	-
Depreciation	-	-	-
<b>Balance as on March 31, 2022</b>	<b>20,961,733</b>	<b>26,303,673</b>	<b>47,265,406</b>

Following are the changes in the carrying value of right of use (ROU) assets for the year ended March 31, 2020:

	( Amount in ₹ )		
	Land	Building	Total As on 31st March, 2021
Balance as on April 01, 2020	21,675,853	30,521,509	52,197,362
Adjustments in Opening Balance	36,945	(170,915)	(133,970)
Addition	-	-	-
Deletion	-	-	-
Depreciation	751,065	4,046,922	4,797,986
<b>Balance as on March 31, 2021</b>	<b>20,961,733</b>	<b>26,303,673</b>	<b>47,265,406</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of Profit & Loss.

**3 NON- CURRENT INVESTMENTS**

Non-current investments consist of the following :

( Amount in ₹ )

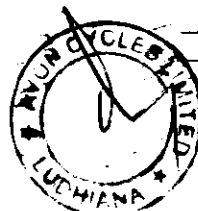
As at  
31st March, 2022

( Amount in ₹ )

As at  
31st March, 2021

**INVESTMENTS CARRIED AT FVTPL****a) INVESTMENTS QUOTED****(i) Investment in equity/ Pref. shares (quoted)**

	Units/Shares		Units/Shares	
Bihar Sponge Ltd of Rs.10 each	100	213	100	213
Steel Strips Tubes Ltd. of Rs.10 each	500	2,135	500	2,135
Indian Acrylic Ltd of Rs.10 each	6,000	59,520	6,000	59,520
Super Poly Fabrics Ltd. of Rs.10 each	3,900	39,000	3,900	39,000
Munjal Auto Industries Ltd of Rs.10 each	1,000	53,800	1,000	53,800
Shivam Autotech Limited of Rs.10 each	1,000	17,950	1,000	17,950
TV Today Network Ltd of Rs.10 each	600	159,240	600	159,240
NDTV Ltd. of Rs.10 each	1,700	95,965	1,700	95,965
NTPC Ltd. of Rs.10 each	16,591	1,767,771	16,591	1,767,771
NHPC Ltd. of Rs.10 each	5,034	123,081	5,034	123,081
Punjab National Bank of Rs.10 each	2,355	86,311	2,355	86,311
Bank of Baroda of Rs.10 each	1,427	105,741	1,427	105,741
Jet Airways (India) Limited of Rs.10 each	355	33,175	355	33,175
Tech Mahindra Ltd of Rs.10 each	892	884,373	892	884,373
Reliance Power Ltd of Rs.10 each	1,192	5,185	1,192	5,185
Karur Vyasa Bank of Rs.10 each	816	45,370	816	45,370
Zee Entertainment Pvt. Ltd.	-	-	650,000	1,235,000
Yes Bank Ltd.	100,000	1,560,000	100,000	1,560,000
Power Grid	11,000	1,100,000	-	-
Shilpa Mediocre Ltd.	16,201	9,982,167	-	-
		<u>16,120,997</u>		<u>6,273,830</u>



## b) INVESTMENTS UNQUOTED

### (i) Investment in equity shares of Subsidiary Companies:

Avon Newage Cycles Pvt. Ltd.	18,928,000	189,280,000	9,464,000	94,640,000
Avon Energies & Investments Pvt. Ltd.		100,000		-
		<u>189,380,000</u>		<u>94,640,000</u>

### (ii) Investment in equity shares of Associate Companies:

Avon Infrabiz Pvt. Ltd.	15,000,100	150,001,000	15,000,100	150,001,000
		<u>150,001,000</u>		<u>150,001,000</u>

### (iii) Investment in other equity/preference shares:

#### a) Fully Paid up shares:

Pahwa Estates & Holdings (Pvt) Ltd of Rs.100 each	100	237,340	100	237,340
Nimbua Greenfield (Punjab) Ltd of Rs. 10 each	84,375	12,247,779	84,375	12,247,779
NSE Ltd. of Rs. 1 each	-	-	51,000	60,180,000
Greenpedia Bikeshare Pvt. Ltd. of Rs. 10/- each	1,580	49,995,940	790	18,745,910
		<u>62,481,059</u>		<u>91,411,029</u>

### (iv) Investment in AIF/ Real Estate and Pvt. Equity funds(unquoted)

ICICI Ventures Pvt. Equity Fund	1,014,221	2,560	1,014,221
Kaizen Domestic Scheme-I	1,273,014	100	2,092,217
Aditya Birla Private Equity Class A Unit	19,152	200	19,152
TVS Shriram Growth -Sch IB	1,548,713	1	4,586,119
Kotak Alternative Opportunity India Fund	57,483		508,697
Kotak India Growth Fund-II	2,325,294	200	2,325,294
Kotak India Venture Fund- I	541,990	16,000	1,252,702
IIFL Income Opportunity Fund - Spl Situation Fund	-	938,541	1,273,506
Peninsula Brookfield India Real Estate Fund	2,127,408	282	2,127,408
Baring Private Equity India AIF	43,394,462	200	31,662,566
India Whizdom Fund	3,688,164		4,559,942
Avendus Absolute Return Fund	13,267,919		12,491,238
Edelweiss Crossover Opportunities Fund	2,252,374	528,920	8,919,026
Avendus Enhanced Return Fund - Class A I	27,152,213		24,634,413
White Oak India Equity Fund	-	949,884	16,397,090
IIFL Special Opportunities Fund Series-7	17,485,877	973,276	13,318,407
Motilal Oswal Focussed Business Advantage Fund	16,494,800	1,000,000	15,746,700
Samyakth Leasing Service LLP	987,994		2,499,994
IIFL Select Series - II	17,978,400	1,200,000	16,034,520
Axis Rera Opportunities Fund - AIF series -I	8,438,992	98	10,641,163
Sundaram India Premier Fund	50,231,382	29,558	40,666,913
IIFL India Private Equity Fund - Series	9,511,797	500,285	6,559,689
Mindspace Business Parks - REIT	4,089,172	11,800	3,479,466
ICICI Prudential Emerging Dominance Fund	10,803,000	29,350	3,074,105
Kotak Optimus Aggressive Scheme - Class	38,660,211	207	25,104,479
Motilal Oswal Equity Opp. Fund - Series	9,802,824		-
Edelweiss Crossover Opportunities Fund	6,001,805		-
White Oak India Equity Fund IV - Class	10,463,063		-
Kotak Pre - IPO Opportunities Fund	29,127,045		-
India Whizdom Fund - II	26,770,074	2,500,000	24,982,750
Emerging India Credit Opportunities Fund	34,600,000		-
Baring Private Equity India AIF - II	2,000,000		-
MPSI. IRage Absolute Return Strategy	100,000,000		-
	<u>492,108,842</u>		<u>275,971,776</u>

### (v) Investment in Mutual Funds (Unquoted)

HDFC Banking and PSU Debt Fund - Reg Plan - Growth	1,604,353	29,908,825	1,604,353	28,617,642
HDFC Banking and PSU Debt Fund - Direct Growth Optio	489,881	9,385,726	489,881	8,940,032
		<u>39,294,552</u>		<u>37,557,674.00</u>

## INVESTMENTS CARRIED AT AMORTISED COST:

### (i) Investment in debentures and bonds (unquoted)

Bharat Bond FOF - April 2031- Reg Plan - Growth	9,999,500	111,350,587	9,999,500	104,515,288
		<u>111,350,587</u>		<u>104,515,288</u>

## TOTAL NON-CURRENT INVESTMENTS

	<u>1,060,737,037</u>	<u>760,370,596</u>
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Note: The Market Value of Quoted Investments is equal to the carrying value.

## 4 LONG TERM LOANS & ADVANCES

Long term loan and advances consist of the following:

### a) Unsecured, considered good

Other Loans & Advances		455		65,311
		<u>455</u>		<u>65,311</u>

Other Loans & Advances includes:

- Margin Money

( Amount in ₹ )

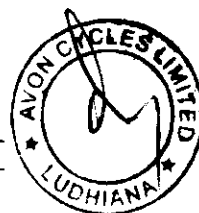
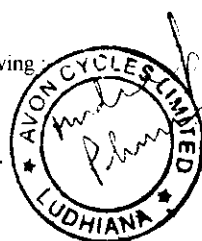
As at

31st March, 2022

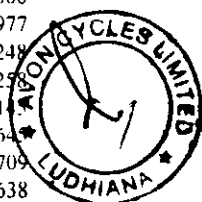
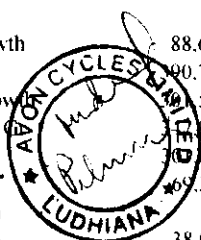
( Amount in ₹ )

As at

31st March, 2021



<b>5 OTHER FINANCIAL ASSETS</b>	( Amount in ₹ )	( Amount in ₹ )
Other Financial assets consist of the following :-	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Other Financial Assets	<u>643,901,920</u>	<u>68,063,082</u>
	<u>643,901,920</u>	<u>68,063,082</u>
<i>Other Financial Assets consists of:</i>		
- Bank Deposits with more than 12 months maturity	643,901,920	68,063,082
<b>6 EMPLOYEE PLANNED ASSETS</b>	( Amount in ₹ )	( Amount in ₹ )
Employee Planned assets consist of the following :-	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Employee Planned Assets	<u>2,398,586</u>	<u>630,382</u>
	<u>2,398,586</u>	<u>630,382</u>
<b>7 OTHER NON CURRENT ASSETS</b>	( Amount in ₹ )	( Amount in ₹ )
Other non current assets consist of the following :-	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
(i) Security deposits	8,140,581	8,429,301
(ii) Advance tax (including refunds receivable)	433,316,244	552,074,651
(iii) Advances to Related Parties	-	-
(iv) Other loans and advances	<u>2,399,226</u>	<u>7,970,495</u>
	<u>443,856,050</u>	<u>568,474,447</u>
<i>Other Loans &amp; Advances Consists of:</i>		
- Deferred Revenue Expenditure	163,597	163,597
- Prepaid Expenses	-	6,571,270
<b>8 INVENTORIES</b>	( Amount in ₹ )	( Amount in ₹ )
Inventories consist of the following :	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Raw Materials	26,659,570	29,538,004
Work-in-progress	32,099,388	27,048,750
Finished Goods	555,077,987	991,453,483
Stores & Spares	22,084,574	20,656,089
Stock in trade	8,735,185	5,431,386
Securities Stock	<u>14,026,350</u>	<u>74,939,252</u>
	<u>658,683,055</u>	<u>1,149,066,965</u>
<b>9 CURRENT INVESTMENTS</b>	( Amount in ₹ )	( Amount in ₹ )
Current investments consist of the following :	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
<b>INVESTMENTS CARRIED AT FVTPL</b>		
<b>i) Investment in shares (quoted)</b>		
Shares - PMS	46,312,565	59,416,135
	<u>46,312,565</u>	<u>59,416,135</u>
<b>ii) Investment in mutual funds (unquoted)</b>		
ICICI Pru Liquid - Reg Plan - Daily Div	-	38
ICICI Pru Short Term Fund - Direct Plan - Growth	372,070	18,992,389
ICICI Pru Balanced Advantage Fund- Growth	304,101	15,068,183
ICICI Prudential Blue Chip Fund	114,805	7,528,882
ICICI Prudential Focussed Equity Fund - Growth	155,452	7,604,707
ICICI Prudential Short Term - Growth Option	36,572	1,747,701
ICICI Liquid Plan Growth	3,772	1,181,270
ICICI Pru Regular Saving Fund - Direct Plan- Growth	2,617,376	71,066,214
ICICI Prudential FMP Series 82 - 1135 days Plan - V	-	1,000,000
Commulative	-	12,403,000
ICICI Prudential Banking and PSU Debt Fund - Growth	88,665	88,665
ICICI Prudential Short Term Fund - Growth	390,798	18,675,221
ICICI Prudential Short Term Fund - Direct plan - Growth	301,553	15,392,857
ICICI Pru Banking & PSU Debt Fund - Direct Plan -	347,908	9,365,782
ICICI Pru Short Term Fund - Direct Plan - Growth	301,623	15,396,412
ICICI Prudential Liquid Fund - Growth	79,034	21,707,571
ICICI Prudential Liquid Fund - Direct Plan - Growth	6,703	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	38,046	11,593,949
ICICI Prudential Short Term - Growth Option	10,767	511,637



ICICI Prudential Equity Savings Fund Cumulative	405,915	6,981,733	-	-
ICICI Prudential India Opportunities Fund Growth	96,979	1,714,582	-	-
ICICI Prudential MNC Fund Growth	55,203	1,028,427	-	-
ICICI Prudential Banking and PSU Debt Fund - Growth	579,686	15,149,968	-	-
Reliance India Short Term Fund - Growth	1,119,402	<b>47,906,276</b>	1,119,402	45,665,793
Invesco India Growth India Opp. Fund - Growth (GF-GP)	80,808	<b>4,116,364</b>	80,808	3,516,768
UTI Hybrid Eq. Fund - Growth	66,376	<b>16,392,207</b>	66,376	13,672,430
UTI Core Equity Fund	-	-	274,631	21,689,035
UTI Long Term Advantage - Series VI- Regular - Gr.	-	-	310,850	3,271,727
UTI Value Opportunities Fund - Reg - Growth	66,398	<b>6,562,162</b>	181,209	15,022,345
UTI Long Term Equity Fund- Tax Saving - Regular Plan- Gr	25,900	<b>3,645,278</b>	-	-
UTI Money Market Fund - Direct Growth Plan	9,192	<b>22,894,597</b>	-	-
UTI Flexi Cap Fund Regular Plan	25,515	<b>6,250,401</b>	-	-
UTI Liquid Cash Plan - Reg Plan- Gr	1,116	<b>3,867,497</b>	2,713	9,095,425
UTI Flexi Cap Fund- Regular - Growth	24,515	<b>6,005,434</b>	12,975	2,756,438
UTI Healthcare Fund - Reg Plan- Gr	34,949	<b>5,487,127</b>	18,303	2,551,069
UTI Small Cap Fund - Reg Plan - GR	251,079	<b>3,819,431</b>	251,079	2,784,887
UTI Equity Fund	5,000	<b>831,963</b>	5,000	740,923.50
Birla Sun Life Cash Manager - Regular Plan - Growth	-	-	21	10,648
Birla Sun Life Advantage Fund - Growth Plan - Reg	-	-	8,781	4,752,033
ABSL Frontline Equity Fund - Reg - Growth	21,784	<b>7,349,528</b>	17,136	4,813,418
Kotak Money Market Scheme- Growth- Regular	331	<b>1,191,732</b>	331	1,147,527
Kotak Equity Fund Growth - Reg Plan	71,434	<b>5,100,319</b>	71,434	4,099,028
Kotak Pioneer Fund Growth (Reg Plan)	1,250,017	<b>22,386,558</b>	-	-
Kotak India Growth Fund - Series 5- Reg Plan	-	-	1,960,000	28,518,000
Kotak Bond Fund (Short Term) - Reg - Growth	276,522	<b>11,776,349</b>	276,522	11,297,247
Kotak Liquid Fund - Growth - Direct	1,159	<b>4,820,818</b>	1,159	4,820,818
Kotak Liquid Fund - Growth - Direct	228	<b>976,756</b>	-	-
Kotak Equity Opportunities Fund - Growth - Reg Plan	47,217	<b>9,260,282</b>	-	-
HDFC Mid Term Opportunities Reg Plan - Growth	4,207,736	<b>109,961,184</b>	4,207,736	104,890,020
HDFC Capital Builder Value Fund - Reg- Growth	899	<b>388,040</b>	899	313,741
HDFC Equity Fund - Reg - Growth	4,109	<b>4,155,135</b>	4,109	3,276,505
HDFC Small Cap Fund - Reg Plan - Growth	62,868	<b>4,464,170</b>	62,868	3,322,682
HDFC Low Duration Fund - Reg Plan - Growth	104,172	<b>4,876,795</b>	104,172	4,688,805
Axis Global Innovation Fund of Fund Reg Plan Growth	499,975	<b>4,949,753</b>	-	-
Axis Short Term Fund - Regular Growth	2,125,315	<b>52,982,391</b>	2,125,315	50,780,777
Axis Liquid Fund - Growth	3	<b>7,435</b>	3	7,191
Axis Banking & PSU Debt Fund - Direct Growth( BD-DG)	4,225	<b>9,239,805</b>	4,225	8,862,674
Axis Banking & PSU Debt Fund - Regular Growth( BD-GP)	1,072	<b>2,293,997</b>	1,072	2,206,858
Axis Focused 25 Fund - REGULAR GROWTH( AF-GP)	101,047	<b>4,356,117</b>	101,047	3,787,225
Axis Liquid Fund - Regular Growth( CF-GP)	-	-	933	2,120,924
IDFC Banking & PSU Debt Fund - Reg - Growth	116,158	<b>2,325,069</b>	116,158	2,234,268
IDFC Banking & PSU Debt Fund - Direct Plan - Growth	459,382	<b>9,371,026</b>	459,382	8,976,554
Sundaram Aggressive Hybrid Fund (Principal Balanced Fur	159,922	<b>17,712,729</b>	159,922	15,018,241
Principal Small Cap Fund - Reg - Growth	-	-	300,000	4,824,000
Sundaram Short Duration Fund (Principal Short Term Debt	8,851	<b>317,340</b>	8,851	304,015
Principal Focussed Multicap Fund- Regular Plan Growth	-	-	210,001	18,673,280
Sundaram Balanced Advantage Fund (Principal Balanced A	560,619	<b>14,174,357</b>	560,619	12,955,907
Sundaram Focused Fund (Principal Focussed Multicap Fund	69,696	<b>8,169,323</b>	69,696	6,566,782
Sundaram Focused Fund (Principal Focussed Multicap Fund)	38,272	<b>4,486,023</b>	38,272	3,606,019
SBI Blue Chip Fund- Regular- Growth	118,670	<b>7,137,716</b>	92,800	4,806,246
SBI Bluechip Fund - DIRECT- Growth	122,918	<b>8,002,756</b>	-	-
PGIM India Dynamic Bond Fund - Direct Plan - growth	4,309	<b>10,052,615</b>	-	-
Mirae Asset Cash Mangement Fund - Direct Plan growth	3,384	<b>7,603,834</b>	-	-
Parag Parikh Liquid Fund Direct Plan Growth	8,505	<b>10,133,503</b>	-	-
Canara Robeco Gilt Fund - direct Growth	155,149	<b>10,076,097</b>	-	-
		<b>740,903,018</b>		<b>662,326,869</b>

#### INVESTMENTS CARRIED AT AMORTISED COST:

##### (i) Investment in Mutual Funds (Unquoted)

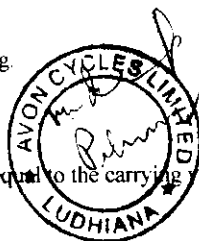
DSP BR FMP- Sr227-39M-Reg- Gr Mat 27.5.21	-	1,000,000	12,381,003
DSP BR FMP- Sr227-39M-D-Reg- Gr-Mat 27.5.21	-	3,000,000	37,351,813
ICICI Pru Sr 82-1170 days PlanR DR Com 08Jul21	-	3,000,000	37,307,196
HDFC FMP 1177D Mar2018(1) Sr 39 - D-Gr	-	3,500,000	44,498,796
HDFC FMP 1177D Mar2018(1) Sr 39 -D-Gr	-	1,500,000	19,070,913
UTI FTI Series XXVIII-XIII(1134 d)- Dir Gr Plan	-	1,000,000	12,734,539
ABSL Fixed Term Plan - Series QG (1100 days)- Reg	-	1,000,000	12,250,349
			<b>175,594,609</b>

#### TOTAL CURRENT INVESTMENTS

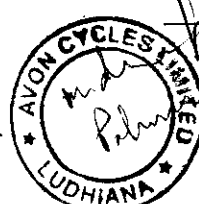
Note: The Market Value of Quoted Investments is equal to the carrying value.

787,215,582

897,337,613



<b>10 TRADE RECEIVABLES (Unsecured)</b>	( Amount in ₹ )	( Amount in ₹ )
Trade receivable consist of the following :-	As at	As at
	31st March, 2022	31st March, 2021
a) Receivable from Related Parties		
- Unsecured, considered good		5,136,570
b) Receivable from Others		
i) Unsecured, Considered good	1,428,711,649	1,324,850,299
ii) Considered Doubtful	25,336,370	25,336,370
Less:		
Allowance for Doubtful Receivables	(25,336,370)	(25,336,370)
	<u>1,428,711,649</u>	<u>1,329,986,869</u>
<b>11 CASH AND CASH EQUIVALENTS</b>	( Amount in ₹ )	( Amount in ₹ )
Cash and Cash Equivalents consist of the following :-	As at	As at
	31st March, 2022	31st March, 2021
Cash & cash equivalents		
i) Balances with banks		
In current accounts	128,343,608	74,810,236
In cash credit accounts	107,850,932	167,507,604
(ii) Cheques on hand	15,836,779	6,151,122
(iii) Cash on hand	507,658	471,806
(iv) Imprest Balances	425,865	248,030
(v) Imprest Balances - Related Parties		-
(vi) Highly Liquid Investment with maturity of three months or less	1,548,102,754	1,097,705,190
	<u>1,801,067,596</u>	<u>1,346,893,988</u>
<b>12 OTHER BALANCES WITH BANKS</b>	( Amount in ₹ )	( Amount in ₹ )
Other Balances with Banks consist of the following :-	As at	As at
	31st March, 2022	31st March, 2021
Other bank balances consists of following:		
- Short - Term Bank Deposits	99,224,491	634,501,146
	<u>99,224,491</u>	<u>634,501,146</u>
<b>13 SHORT TERM LOANS AND ADVANCES</b>	( Amount in ₹ )	( Amount in ₹ )
Short term loans and advances consist of the following :-	As at	As at
	31st March, 2022	31st March, 2021
a) Secured, considered good		
Loans and advances to employees	11,569,011	12,194,376
b) Unsecured, considered good		
(i) Advances to Related Parties	92,019,451	-
(ii) Other loans and advances		
a) Unsecured, Considered good	385,173,649	367,834,557
b) Considered Doubtful	4,034,980	4,034,980
Less:		
Allwaonce for Doubtful Loans and Advances	(4,034,980)	(4,034,980)
	<u>488,762,111</u>	<u>380,028,933</u>
<u>Other loans and advances considered good includes</u>		
- Interest bearing loans & deposits	294,391,225	194,599,000
- Margin Money	32,086,420	23,437,098
<b>14 OTHER FINANCIAL ASSETS</b>	( Amount in ₹ )	( Amount in ₹ )
Other current assets consist of the following :-	As at	As at
	31st March, 2022	31st March, 2021
a) Interest receivable	5,224,050	4,274,289
b) Other current assets	9,212,547	26,543,587
	<u>14,436,597</u>	<u>30,817,876.50</u>
<u>Other current assets includes :</u>		
- Duty Drawback Receivable	-	1,936,615
- Subsidy receivable at Hajipur	-	549,462
- VAT Incentive Receivable at Hajipur	682,002	682,002
- Forward contract receivable a/c (net)	-	1,876,000
- MEIS/ Rodtep Incentive Receivable	5,163,940	9,147,818



**15 OTHER CURRENT ASSETS**

Other current assets consist of the following :-

	( Amount in ₹ ) As at 31st March, 2022	( Amount in ₹ ) As at 31st March, 2021
(i) Advance tax (including refunds receivable)	175,094,414	177,828,723
(ii) Other Current Assets	150,560,906	312,909,578
Less:		
Allwaonce for Doubtful Other Assets	(884,251)	(884,251)
	<u>324,771,069</u>	<u>489,854,050</u>

**16 SHARE CAPITAL**

	( Amount in ₹ ) As at 31st March, 2022	( Amount in ₹ ) As at 31st March, 2021
<b>Authorised Share Capital :</b>		
10,00,000 Equity Shares (Prevoius Year 10,00,000) of Rs. 10/-each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000.00</u>
<b>Issued, Subscribed and paid up :</b>		
896442 Equity shares (Previous Year 896442) of Rs. 10/- each fully paid up	8,532,870	8,964,420
	<u>8,532,870</u>	<u>8,964,420.00</u>

**17 OTHER EQUITY**

Other Equity consist of the following:

	( Amount in ₹ ) As at 31st March, 2022	( Amount in ₹ ) As at 31st March, 2021
<b>General Reserve</b>		
As per last Balance Sheet	1,346,739,652	1,296,739,652
Less:		
Buy Back of shares	(8,199,450)	
Transfer to Capital Redemption Reserve	(431,550)	
Transfer of L&B to Wholly owned Subsidiary	(201,478,824)	
Add: Transferred from Profit and Loss Account	250,000,000	50,000,000
	<u>1,386,629,827</u>	<u>1,346,739,652</u>
<b>Capital Reserve</b>		
As per last Balance Sheet	-	-
Add:		
Transfer from General Resrve	431,550	-
	<u>431,550</u>	<u>-</u>
<b>Retained Earnings</b>		
As per last Balance Sheet	5,507,959,764	4,852,001,256
Add: Profit for the year	653,886,626	684,707,526
Other Comprehensive Income	-	344,290
	<u>6,161,846,390</u>	<u>5,537,053,072</u>
Less : Appropriations		
Transferred to General Reserve	250,000,000	50,000,000
Dividend on Equity Shares	17,928,840	17,928,840
Expenses on Buy- Back	5,750	-
Buy - Back Tax	1,910,144	-
Priod Period Adjustments	-	-
Tax adjustment of earlier years	22,064,496	(38,835,533)
	<u>5,869,937,160</u>	<u>5,507,959,764</u>
<b>TOTAL</b>	<u>7,256,998,537</u>	<u>6,854,699,416</u>

**18 LONG TERM BORROWINGS**

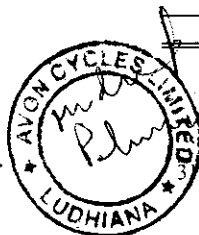
Long-term borrowings consist of the following :

	( Amount in ₹ ) As at 31st March, 2022	( Amount in ₹ ) As at 31st March, 2021
<b>Secured - at Amortised Cost</b>		
Term Loans - from Banks	247,926,063	191,009,885
Term Loans - from Others	-	1,792,944
	<u>247,926,063</u>	<u>192,802,829</u>
<b>Unsecured - at Amortised Cost</b>		
Loans & Advances from related parties (Directors)	130,484,887	97,579,954
	<u>130,484,887</u>	<u>97,579,954</u>
<b>TOTAL</b>	<u>378,410,949</u>	<u>290,382,783</u>

**19 NON CURRENT LEASE LIABILITY**

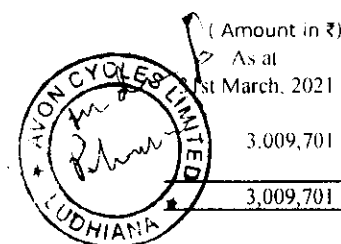
Non- Current Lease Liabilities consist of the following :

	( Amount in ₹ ) As at 31st March, 2022	( Amount in ₹ ) As at 31st March, 2021
Lease Liability	27,044,003	27,044,003
	<u>27,044,003</u>	<u>27,044,003</u>

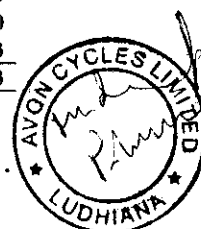




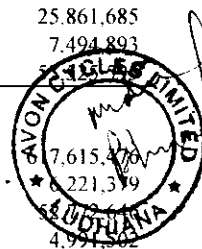
<b>20 OTHER FINANCIAL LIABILITIES</b>	( Amount in ₹ )	( Amount in ₹ )
Other Financial Liabilities consist of the following :	As at	As at
	31st March, 2022	31st March, 2021
Other Financial Liabilities	53,969,499	49,734,458
	<u>53,969,499</u>	<u>49,734,458</u>
<b>21 EMPLOYEE BENEFIT OBLIGATION</b>	( Amount in ₹ )	( Amount in ₹ )
Employee Benefit Obligation consist of the following :	As at	As at
	31st March, 2022	31st March, 2021
Provisions for Employee Benefits	8,505,739	9,081,765
	<u>8,505,739</u>	<u>9,081,765</u>
<i>Provision for employee benefits includes:</i>		
Provision for Gratuity (Net of Planned Assets)	-	-
Unpaid Earned Leaves	8,505,739	9,081,765
<b>22 LONG TERM PROVISIONS</b>	( Amount in ₹ )	( Amount in ₹ )
Long-term provisions consist of the following :	As at	As at
	31st March, 2022	31st March, 2021
Other Provisions	387,860,000	476,360,000
	<u>387,860,000</u>	<u>476,360,000</u>
<i>Other Provisions includes:</i>		
Provision for Income Tax	387,860,000	476,360,000
<b>23 DEFERRED TAX LIABILITY (NET)</b>	( Amount in ₹ )	( Amount in ₹ )
	As at	As at
	31st March, 2022	31st March, 2021
Deferred Tax Liability (Net)	<u>180,673,225</u>	<u>180,673,225</u>
<b>24 OTHER LONG TERM LIABILITIES</b>	( Amount in ₹ )	( Amount in ₹ )
Other long -term liabilities consist of the following :	As at	As at
	31st March, 2022	31st March, 2021
Other Long Term Liabilities	1,013,236	1,013,236
	<u>1,013,236</u>	<u>1,013,236</u>
<i>Other Long Term Liabilities includes:</i>		
Deferred Revenue Income	1,013,236	1,013,236
<b>25 SHORT TERM BORROWINGS</b>	( Amount in ₹ )	( Amount in ₹ )
Short -term borrowings consist of the followings	As at	As at
	31st March, 2022	31st March, 2021
<b>Secured loans:</b>		
Working Capital limits from Banks	109,257,202	-
<b>Unsecured Loans:</b>		
Loans repayable on demand from Banks	-	-
Loan from Related Parties	-	-
Other borrowings (from entities other than banks)	-	-
	<u>109,257,202</u>	<u>-</u>
<b>26 CURRENT LEASE LIABILITY</b>	( Amount in ₹ )	( Amount in ₹ )
Current Lease Liabilities consist of the following :	As at	As at
	31st March, 2022	31st March, 2021
Lease Liability	3,009,701	3,009,701
	<u>3,009,701</u>	<u>3,009,701</u>



<b>27 TRADE PAYABLES:</b>	( Amount in ₹ )	( Amount in ₹ )
Trade Payables consists of following:	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
<b>a) Trade Payables:</b>		
a) Total Outstanding dues of micro enterprises and small enterprises	239,252,249	589,677,711
b) Total Outstanding dues of other than micro enterprises and small enterprises	520,817,023	531,327,201
<b>b) Due to Related Parties</b>		55,550,378
	<u>760,069,272</u>	<u>1,176,555,290</u>
<b>28 OTHER FINANCIAL LIABILITIES</b>	( Amount in ₹ )	( Amount in ₹ )
Other current liabilities consist of the following :	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
<b>a) Current Maturities of Long Term Debt</b>	64,519,729	47,175,653
<b>b) Other Financial Liabilities</b>		
i) Due to Related Parties	-	-
ii) Due to Other than Related parties	106,659,753	155,748,639
	<u>171,179,482</u>	<u>202,924,292</u>
<b>29 SHORT-TERM PROVISIONS</b>	( Amount in ₹ )	( Amount in ₹ )
Short -term borrowings consists of the following:	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Provision for Income Tax	148,444,164	167,500,000
Provision for Unspent CSR Liability	2,988,738	5,085,873
	<u>151,432,902</u>	<u>172,585,873</u>
<b>30 OTHER CURRENT LIABILITIES</b>	( Amount in ₹ )	( Amount in ₹ )
Other current liabilities consist of the following :	As at	As at
	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Advance received from Customers	39,863,276	52,748,369
Other Payables	120,066,665	133,408,754
Other Payables due to Related Parties	-	4,832,133
	<u>159,929,942</u>	<u>190,989,255</u>
<b>31 REVENUE FROM OPERATIONS</b>	( Amount in ₹ )	( Amount in ₹ )
	<b>2021 - 2022</b>	<b>2020 - 2021</b>
Sale of Products	8,276,153,713	7,090,588,098
Other Operating Revenues	11,744,352	12,463,983
	<u>8,287,898,065</u>	<u>7,103,052,081</u>
<b>31.1 PARTICULARS OF SALE OF PRODUCTS</b>	( Amount in ₹ )	( Amount in ₹ )
<b>Particulars</b>	<b>2021 - 2022</b>	<b>2020 - 2021</b>
Bicycles & its parts	7,364,754,809	6,608,750,732
E-Bikes & its parts	237,312,984	80,103,417
E- Rickshaw & its parts	111,632,444	81,340,438
Power	394,350,993	249,227,845
Export Incentives	21,125,990	25,664,267
Others	146,976,493	45,501,398
	<u>8,276,153,713</u>	<u>7,090,588,098</u>



32 OTHER INCOME	( Amount in ₹) 2021 - 2022	( Amount in ₹) 2020 - 2021
Interest	62,532,220	107,225,437
Dividend	1,313,578	1,698,349
Net gain on Sale/ Fair valuation of Investments	200,786,731	284,922,945
Net Gain on Trading in Securities:		
a) Gain on trading in Securities other than Derivative	37,553,636	50,526,036
b) Gain/(Loss) on trading in Derivative	-	(46,418,805)
Royalty	-	4,647,140
Other Non Operating Income	38,494,668	29,776,204
	<u>340,680,833</u>	<u>432,377,307</u>
Other Non - Operating Income includes:		
- Rent Received	29,025,404	22,098,807
33 COST OF MATERIALS CONSUMED	( Amount in ₹) 2021 - 2022 % of consumption	( Amount in ₹) 2020 - 2021
Imported	551,937,517 11.25	210,168,331 5.81
Indigenous	4,354,272,488 88.75	4,478,857,197 94.19
TOTAL	<u>4,906,210,005 100</u>	<u>4,689,025,528 100.00</u>
34 PURCHASE OF STOCK - IN - TRADE	( Amount in ₹) 2021 - 2022 % of consumption	( Amount in ₹) 2020 - 2021
Imported	768,048 0.18	7,840,534 1.27%
Indigenous	422,679,238 99.82	608,539,156 98.73%
TOTAL	<u>423,447,286 100</u>	<u>616,379,690 100%</u>
35 CHANGE IN INVENTORIES OF FINISHED GOODS/ STOCK-IN-TRADE/ WORK-IN-PROGRESS	( Amount in ₹) 2021 - 2022	( Amount in ₹) 2020 - 2021
Opening Stock	1,023,933,619	394,299,657
Less: Closing Stock	(595,912,560)	(1,023,933,619)
	<u>428,021,059</u>	<u>(629,633,962)</u>
36 EMPLOYEE BENEFITS EXPENSE	( Amount in ₹) 2021 - 2022	( Amount in ₹) 2020 - 2021
Salaries and Wages	468,248,182	403,084,404
Contribution to Provident and other Funds	42,973,602	33,783,464
Staff Welfare Expenses	8,847,355	8,234,003
TOTAL	<u>520,069,139</u>	<u>445,101,871</u>
37 FINANCE COSTS	( Amount in ₹) 2021 - 2022	( Amount in ₹) 2020 - 2021
Interest Expenses	40,865,507	28,254,226
Other borrowing costs	8,627,872	8,338,959
	<u>49,493,378</u>	<u>36,593,184</u>
38 OTHER EXPENSES	( Amount in ₹) 2021 - 2022	( Amount in ₹) 2020 - 2021
Manufacturing Expenses		
Stores, chemical and packing material	353,139,186	310,082,490
Processing Charges	17,358,506	15,533,784
Power & Fuel	26,472,010	25,861,685
Carriage Inward	4,617,242	7,494,893
Repairs to Machinery	64,575,991	412,498,446
	<u>466,162,935</u>	<u>749,471,300</u>
Selling and distribution Expenses		
Clearing & Forwarding Charges	543,302,859	7,615,476
Commission	6,975,447	6,221,379
Advertisement	49,964,208	2,866,666
Other Selling Expenses	9,383,524	4,997,862
	<u>609,626,038</u>	<u>681,601,003</u>



**Establishment Expenses**

Printing & Stationery	1,783,104		1,421,119	
Postage, Telegrams & Telephone Expenses	4,637,100		3,950,252	
Travelling Expenses	19,066,951		7,866,436	
Vehicles Maintenance Expenses	4,408,009		2,199,837	
Repairs to Building	11,001,583		6,522,001	
Repairs & Renewals	4,600,377		2,139,913	
Payments to Auditors	1,750,000		600,000	
Charity & Donation	3,194,584		1,659,300	
Insurance	17,299,029		11,261,404	
Rent	5,876,985		289,737	
Rates & Taxes	3,201,141		2,382,548	
Legal & Professional Charges	21,012,013		16,819,051	
Bad Debts & Advances written off	828,945		10,762,505	
Miscellaneous Expenses	35,294,778	133,954,600	41,526,136	109,400,240
		<u>1,209,743,573</u>		<u>1,203,499,689</u>

For Avon Cycles Limited

*[Signature]*  
Director

For Avon Cycles Limited

*[Signature]*  
Director

# ANNEXURE-10

Avon Energies & Investments Pvt. Limited, Ludhiana

Provisional Balance Sheet as at 31.12.2021

(Amount in ₹)

	Note	As at 31.03.2021
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
a) Property Plant & Equipment		-
g) Financial Assets:		
i) Non Current Investments		-
ii) Long Term Loans & Advances		-
iii) Other Financial Assets		-
h) Other Non current assets		-
<b>Total Non-Current Assets</b>		-
<b>Current Assets</b>		
a) Inventories		-
b) Financial Assets:		
i) Current Investments		-
ii) Trade Receivables		-
iii) Cash & Cash Equivalents	1	100,000
iv) Other Balances with Banks		-
v) Short Term Loans & Advances		-
vi) Other Financial Assets		-
c) Other Current Assets		-
d) Assets held for Sale		-
<b>Total Current Assets</b>		100,000
<b>TOTAL ASSETS</b>		100,000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Share Capital	2	100,000
b) Other Equity		-
<b>Total Equity</b>		100,000
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
a) Financial Liabilities:		
i) Long Term Borrowings		-
ii) Lease Liability		-
iii) Other Financial Liabilities		-
b) Employee Benefit Obligation		-
c) Long-Term Provisions		-
d) Deferred Tax Liability (net)		-
e) Other Non- Current Liabilities		-
<b>Total Non- Current Liabilities</b>		-
<b>Current Liabilities</b>		
a) Financial Liabilities:		
i) Short Term Borrowings		-
ii) Lease Liability		-
iii) Trade Payables		
(a) total outstanding dues of micro and small enterprises		-
(b) total outstanding dues of trade payable other than micro and small enterprises		-
iii) Other Financial Liabilities		-
b) Short Term Provisions		-
c) Other current Liabilities		-
<b>Total Current Liabilities</b>		-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		100,000
Notes on Financial Statements	1 to 2	-

For C.S Arora & Associates

Chartered Accountants

Firm Registration no. 05130N

(C.S Arora)

Partner

M.No. 90835

UDIN: 22090835A11AAAF2047

Place : Ludhiana

Dated: 11.01.2022

For and on behalf of the Board

*(Signature)*

(Rishi Pahwa)

Director

For and on behalf of the Board

*(Signature)*

(Mandeep Singh Pahwa)

Director

**1 CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents consist of the following :-

(Amount in ₹)  
As at  
31st December 2021

Cash &amp; cash equivalents

i) Balances with Banks

In current accounts

In cash credit accounts

100,000

-

(ii) Cheques on hand

-

(iii) Cash on hand

-

(iv) Imprest Balances

-

100,000

**2 SHARE CAPITAL**

(Amount in ₹)

As at

31st December 2021

Authorised Share Capital :

10,000 Equity Shares (Previous Year Nil)

100,000

of Rs.10/-each

100,000

Issued, Subscribed and paid up :

10,000 Equity Shares (Previous Year Nil)

100,000

of Rs.10/-each

100,000

**2.1 Reconciliation of number of shares**

Equity Shares

- Opening Balance

- Changes during the year

- Closing Balance

As at December 31, 2021	
No. of shares	Amount
-	-
10,000	100,000
10,000	100,000

Note: The Company is incorporated during the year 2021. This being the first year of the Company, previous year figures are not given.

For C.S Arora &amp; Associates

Chartered Accountants

Firm Registration no. 015130N

(C.S Arora)

Partner

M.No. 90835

UDIN: 22090835A000002047

Place : Ludhiana

Dated: 11.01.2022



For and on behalf of the Board

(Rishi Pahwa)

Director

For and on behalf of the Board

(Mandeep Singh Pahwa)

Director



# ANNEXURE-11

## Avon Energies & Investments Pvt. Limited, Ludhiana

### Provisional Balance Sheet as at 31.03.2022

(Amount in ₹)

	Note	As at 31.03.2022
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
a) Property Plant & Equipment		-
g) Financial Assets:		
i) Non Current Investments		-
ii) Long Term Loans & Advances		-
iii) Other Financial Assets		-
h) Other Non current assets	1	11,056
<b>Total Non- Current Assets</b>		<b>11,056</b>
<b>Current Assets</b>		
a) Inventories		-
b) Financial Assets:		
i) Current Investments		-
ii) Trade Receivables		-
iii) Cash & Cash Equivalents	2	100,000
iv) Other Balances with Banks		-
v) Short Term Loans & Advances		-
vi) Other Financial Assets		-
c) Other Current Assets		-
d) Assets held for Sale		-
<b>Total Current Assets</b>		<b>100,000</b>
<b>TOTAL ASSETS</b>		<b>111,056</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Share Capital	3	100,000
b) Other Equity		-
<b>Total Equity</b>		<b>100,000</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
a) Financial Liabilities:		
i) Long Term Borrowings		-
ii) Lease Liability		-
iii) Other Financial Liabilities		-
b) Employee Benefit Obligation		-
c) Long-Term Provisions		-
d) Deferred Tax Liability (net)		-
e) Other Non- Current Liabilities		-
<b>Total Non- Current Liabilities</b>		<b>-</b>
<b>Current Liabilities</b>		
a) Financial Liabilities:		
i) Short Term Borrowings		-
ii) Lease Liability		-
iii) Trade Payables		
(a) total outstanding dues of micro and small enterprises		-
(b) total outstanding dues of trade payable other than micro and small enterprises		-
iii) Other Financial Liabilities		-
b) Short Term Provisions		-
c) Other current Liabilities	4	11,056
<b>Total Current Liabilities</b>		<b>11,056</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>111,056</b>
Notes on Financial Statements	1 to 4	-

Place : Ludhiana  
Dated: 15.07.2022

**For Avon Energies And Investments Pvt. Ltd.**

*Director*  
**Director**

**For Avon Energies And Investments Pvt. Ltd.**

*Director*  
**Director**



**AVON ENERGIES & INVESTMENTS PRIVATE LIMITED**  
**PROVISIONAL CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2022**

(Amount in ₹)

	2021 - 2022		2020-2021
<b>A. Cash Flow From Operating Activities</b>			
Net profit before tax		-	
<b>Adjustments for :</b>			
Interest expenses	-		
Depreciation and Amortisation	-		
Profit/ Loss on Sales/ Fair Valuation of Investment	-		
Profit on Sales of Fixed Assets	-		
Loss on sale of Fixed Assets	-		
Interest Received	-		
Dividend Received	-		
(Profit)/loss on Share Trading	-		
Other Non-Operating Income	-		
Other Comprehensive Income	-		
Prior Period Adjustment	-		
Rent	-	-	
Operating profit before working capital changes		-	-
<b>Adjustments for :</b>			
Trade Receivables	-		
Inventories	-		
Loan & Advances	-		
Other Financial Assets	-		
Other Assets (excluding Advance Tax)	(11,056)		
Trade Payables	-		
Other Financial Liabilities	-		
Provisions (Excluding Provision of Income Tax)	-		
Other Liabilities	11,056	-	-
Cash generations from operation		-	-
Taxes Paid		-	
<b>Net Cash from operating activities (A)</b>		-	-
<b>B. Cash Flow From Investing Activities</b>			
Purchase of Fixed Assets	-		
Purchase of Investment	-		
Sale of Fixed Assets	-		
Interest Received	-		
Dividend Received	-		
Profit/Loss on Sales of Investment	-		
Profit/Loss on Share Trading	-		
Other Non-Operating Income	-		
Rent Received	-	-	-
<b>Net Cash From Investing Activities (B)</b>		-	-
<b>C. Cash Flow From Financing Activities</b>			
Interest Paid	-		
Proceeds from issue of Share Capital	100,000	100,000	-
<b>Net Cash From Financing Activities (C)</b>		100,000	-
<b>Total ( A + B + C )</b>		100,000	-
<b>Cash &amp; Cash Equivalents as on 01/04/21</b>		-	
<b>Cash &amp; Cash Equivalents as on 31/03/22</b>		100,000	-

As per our report of even date

Place : Ludhiana

Dated: 15.07.2022

For Avon Energies and Investments Pvt. Ltd.

*Indu P. Sharma*  
Director

For Avon Energies and Investments Pvt. Ltd.

*[Signature]*  
Director

# ANNEXURE-A

Annexure A

## INSTRUCTIONS FOR UNSECURED CREDITORS TO VOTE THROUGH REMOTE E-VOTING:

The remote e-voting for the Unsecured Creditors Meeting of Avon Cycles Limited begins on 05<sup>th</sup> September 2022 at 10:00 A.M. and ends on 09<sup>th</sup> September 2022 at 05:00 P.M.

### Instructions:

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
4. Your Login id and password details casting your vote electronically and for attending the Meeting of Creditors through VC/ OAVM are attached in the pdf file enclosed herewith. Please note that the password to open the pdf file is the unique id mentioned above.
5. For the first time the system will ask to reset your password.
6. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
7. Now, you will have to click on "Login" button.
8. After you click on the "Login" button, Home page of e-Voting will open.
9. You will be able to see the EVEN no. of the company.
10. Click on "EVEN" of company to cast your vote.
11. Now you are ready for e-Voting as the Voting page opens.
12. Cast your vote by selecting appropriate options i.e. assent or dissent, and click on "Submit" and also "Confirm" when prompted.
13. Upon confirmation, the message "Vote cast successfully" will be displayed.
14. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
15. Once you confirm your vote on the resolution, you will not be allowed to modify your vote
16. If you face any problems/experience any difficulty or If you forgot your password please feel free to contact toll free number 1800 1020 990 /1800 224 430 or contact on email id [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

## INSTRUCTIONS FOR UNSECURED CREDITORS FOR E-VOTING ON THE DAY OF THE UNSECURED CREDITORS MEETING:

1. The procedure for e-Voting on the day of the Unsecured Creditor Meeting is same as the instructions mentioned above for remote e-voting.
2. Only those Creditors, who will be present in the Unsecured Creditors meeting through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the Unsecured Creditors Meeting.

## INSTRUCTIONS FOR UNSECURED CREDITORS FOR ATTENDING THE UNSECURED CREDITORS MEETING THROUGH VC/OAVM:

1. Creditors will be provided with a facility to attend the Unsecured Creditors Meeting through VC/OAVM through the NSDL e-Voting system. Creditors may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.
2. Facility for joining the meeting through video conferencing shall be open 15 minutes before the time scheduled for the meeting and will be available to the unsecured creditors on first come first serve basis. Unsecured creditors are requested to participate on first come first serve basis as participation through video conferencing is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the meeting. Unsecured creditors can log in and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time.
3. Unsecured creditors who would like to express their views/have questions may send their questions in advance mentioning their name, email id and mobile number at [compliance@avoncycles.com](mailto:compliance@avoncycles.com).

The same will be replied by the Company suitably. Unsecured creditors who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, email id and mobile number at [compliance@avoncycles.com](mailto:compliance@avoncycles.com).

4. The first 10 (ten) Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.

Note:

Those unsecured creditors who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the meeting.

Regards,

e-Voting support desk

National Securities Depository Limited ([www.nsdl.co.in](http://www.nsdl.co.in))