

36TH ANNUAL REPORT

2019-20

DURGESH MERCHANTS LIMITED

(CIN:L65923DL1984PLC248322)

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COMPANY INFORMATION

CIN:	L65923DL1984PLC248322
BOARD OF DIRECTORS:	Mr. Rohit Ahuja (DIN: 07859817) (Managing Director) Ms. Jayanti Sharma (DIN: 05285845) (Director) Mr. Kamall Ahuja (DIN: 00005195) (Director) Ms. Poonam Ahuja (DIN: 05351468) (Director) Ms. Aruna (DIN: 08582061) (Additional Non-Executive Independent Director) Mr. Gaurav Bajpai (DIN: 08602144) (Additional Non-Executive Independent Director)
COMPANY SECRETARY AND COMPLIANCE OFFICER:	Ms. Pragati Jain (Appointed as Company Secretary and Compliance Officer w.e.f. 12 th March, 2020)

BOARD COMMITTEES:			
A. AUDIT COMMITTEE :			
S. NO.	NAME OF MEMBERS	DESIGNATION	CATEGORY
1.	Mr. Gaurav Bajpai	Chairman	Additional Non-Executive Independent Director
2.	Ms. Aruna	Member	Additional Non-Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non-Executive Director
B. NOMINATION AND REMUNERATION COMMITTEE :			
S. NO.	NAME OF MEMBERS	DESIGNATION	CATEGORY
1.	Mr. Gaurav Bajpai	Chairman	Additional Non-Executive Independent Director
2.	Ms. Aruna	Member	Additional Non-Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non-Executive Director
C. SHARE TRANSFER COMMITTEE :			
S. NO.	NAME OF MEMBERS	DESIGNATION	CATEGORY
1.	Mr. Kamall Ahuja	Chairman	Non- Executive Director
2.	Ms. Jayanti Sharma	Member	Non- Executive Director
3.	Ms. Aruna	Member	Additional Non-Executive Independent Director
D. FINANCE & INVESTMENT COMMITTEE :			
S. NO.	NAME OF MEMBERS	DESIGNATION	CATEGORY
1.	Ms. Aruna	Chairperson	Additional Non-Executive Independent Director
2.	Ms. Jayanti Sharma	Member	Non- Executive Director
3.	Mr. Kamall Ahuja	Member	Non- Executive Director
E. STAKEHOLDER RELATIONSHIP COMMITTEE			
S. NO.	NAME OF MEMBERS	DESIGNATION	CATEGORY
1.	Mr. Gaurav Bajpai	Chairman	Additional Non-Executive Independent Director
2.	Ms. Aruna	Member	Additional Non-Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non-Executive Director
F. RISK MANAGEMENT COMMITTEE			
S. NO.	NAME OF MEMBERS	DESIGNATION	CATEGORY
1.	Mr. Gaurav Bajpai	Chairman	Additional Non-Executive Independent Director
2.	Ms. Aruna	Member	Additional Non-Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non-Executive Director

SECRETARIAL AUDITOR :	Ms. Sonal Jain, Practicing Company Secretary Address: A 36/1, Vijay Park, Naya Bazar, Najafgarh, New Delhi-110043 Contact No.: 9953080040
BANKERS:	Kotak Mahindra Bank
STATUTORY AUDITORS:	M/s KrishanRakesh & Co. (Chartered Accountants) Address: 143, Kohat Enclave, 2nd Floor, Pitampura, Delhi-110034, Contact No. : 011-45182170
REGISTERED OFFICE:	D-251, Ground Floor, Defence Colony, New Delhi-110024
REGISTRAR & SHARES TRANSFER AGENT:	Skyline Financial Services Private Limited Address: D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Contact No: 011-40450193-97
ISIN NO.	INE616Q01011
COMPANY WEBSITE:	<u>www.durgeshmerchantsltd.com</u>
E-MAIL:	durgeshmerchants@gmail.com

DURGESH MERCHANTS LIMITED
CIN: L65923DL1984PLC248322

Regd. Office: D-251, Ground Floor, Defence
Colony, New Delhi-110024
Ph. :011-68888824
Email ID : durgeshmerchants@gmail.com
Website : www.durgeshmerchantsltd.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 36th (Thirty-Sixth) Annual General Meeting of the Members of **Durgesh Merchants Limited** will be held on Wednesday, the **30th day of September, 2020 at 12:00 Noon at D-251, Ground Floor, Conference Hall, Defence Colony, New Delhi-110024** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet for the financial year ended 31st March, 2020, together with the Profit and Loss Account, Cash Flow Statement for the financial year ended on that date along with schedules appended thereto and the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Ms. Poonam Ahuja (DIN: 05351468), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

3. **TO APPOINT MS. ARUNA (DIN: 08582061) AS AN INDEPENDENT DIRECTOR OF THE COMPANY IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013.**

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of sections 149(6), 152, 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) and Regulation 16(1)(b) and 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Articles of Association of the Company, the consent of the members be and are hereby accorded for regularization of appointment of Ms. Aruna (DIN: 08582061) from additional Independent director to Independent Director, as recommended by Nomination and Remuneration Committee and Board of Directors, in their meeting held on 11th October, 2019, on the basis of their performance evaluation to hold office for a period of five years w.e.f. 11th October, 2019, and a declaration that she meets the criteria of independence as provided under Section 149(6) of the Act and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013. ”

4. TO APPOINT MR. GAURAV BAJPAI (DIN: 08602144) AS AN INDEPENDENT DIRECTOR OF THE COMPANY IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of sections 149(6), 152, 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) and Regulation 16(1)(b) and 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Articles of Association of the Company, the consent of the members be and are hereby accorded for regularization of appointment of Mr. Gaurav Bajpai (DIN: 08602144) from additional Independent director to Independent Director, as recommended by Nomination and Remuneration Committee and Board of Directors, in their meeting held on 05th November, 2019, on the basis of the performance evaluation to hold office for a period of five years w.e.f. 5th November, 2019 and a declaration that he meets the criteria of independence as provided under Section 149(6) of the Act and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

5. TO TAKE APPROVAL TO SELL OR DISPOSE OF UNDERTAKINGS UNDER SECTION 180(1)(a) OF THE COMPANIES ACT, 2013

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**

“RESOLVED FURTHER THAT pursuant to the approval of the board, the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made there to including any statutory modifications or re-enactments thereof, consent of the shareholders of the company be and is hereby accorded, to sell, dispose of, pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking [as defined under Explanation of section 180(1)(a) of the Companies Act, 2013] of the Company, to the purchaser/third party, on such terms and conditions and with such modifications as the Board may deem fit and appropriate in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

6. TO INCREASE THE BORROWING LIMIT UNDER SECTION 180(1)(c) OF THE COMPANIES ACT, 2013

To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the approval of the board, the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/ entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of Rs. 100 crores (Rupees One Hundred Crores only) for the Company, notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

7. APPROVAL FOR CONTRIBUTION TO CHARITABLE INSTITUTION PURSUANT TO SECTION 181 OF COMPANIES ACT, 2013.

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 181 of the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), if any, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors for making a contribution under the provisions of the Section 181 of the Companies Act, 2013 up to a sum of Rs. 25,00,000/- (Rupees Twenty Five Lacs Only) in such installments as may be thought fit by the Board in its own discretion.”

8. APPROVAL FOR RELATED PARTY TRANSACTIONS

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the approval of the board, the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with any related party within the

meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for the transactions covered under section 188(1) of Companies Act, 2013, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 100 Crores (Rupees One Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any of the Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

9. **ISSUANCE OF WARRANTS CONVERTIBLE INTO EQUITY SHARES TO PROMOTERS/ MEMBERS OF THE PROMOTER GROUP OF THE COMPANY ON PREFERENTIAL BASIS:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, each as amended, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”), Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (“SEBI Takeover Regulations”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”) and any other applicable laws, rules and regulations, circulars, notifications, clarifications, guidelines issued by the Government of India, the Securities and Exchange Board of India (“SEBI”) and the stock exchanges where the shares of the Company are listed (“Stock Exchanges”), or any other authority / body and enabling provisions in the Memorandum and Articles of Association of the Company, and subject to necessary approvals, sanctions, permissions of appropriate statutory / regulatory and / or other authorities and persons, if applicable and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals / sanctions / permissions and / or consents, if any, and which may be agreed by the board of directors of the Company (hereinafter referred to as “Board” which term shall be deemed to include any committee(s), which the Board has constituted or may constitute to exercise its powers, including the powers conferred on the Board by this resolution), consent of the members of the Company be and is hereby accorded to the Board, to create, issue, offer and allot, from time to time, in one or more tranches, upto 1,40,000 (One Lacs Forty Thousand Only) convertible warrants (“Warrants”) at a price of Rs. 10/- per warrant (the price as determined by the Valuation Certificate issued by an Independent Valuer as per the provisions of the SEBI ICDR Regulations) with a right to the warrant holders to apply for and be allotted 1 (One) Equity Share of the face value of Rs. 10/- each of the Company (“Equity Shares”) for each Warrant within a period of 18(Eighteen) months from the date of allotment of the Warrants, aggregating to Rs. 14,00,000/- (Rupees Fourteen Lacs only) to the following person / entities forming part of the Promoters / promoter group (“proposed allottees”) of the Company for cash and in such form and manner and in accordance with the provisions of SEBI ICDR

Regulations and SEBI Takeover Regulations or other applicable laws and on such terms and conditions as the Board may, in its absolute discretion think fit and without requiring any further approval or consent from the Members :

Sr. No.	Proposed Allottee	Number of Warrants
1.	Mr. Kamall Ahuja	1,40,000

RESOLVED FURTHER THAT the “Relevant Date” for this proposed issue of warrants in accordance with the SEBI ICDR Regulations shall be 30 August, 2020, being the date 30 days prior to the date of passing of the Resolution by the Members of the Company for the proposed preferential issue of Warrants convertible into Equity Shares.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue of Warrants shall be subject to the following terms and conditions:

- i) The Warrant holders shall, subject to the SEBI ICDR Regulations and other applicable rules, regulations and laws, be entitled to exercise the Warrants in one or more tranches within a period of 18 (Eighteen) months from the date of allotment of the Warrants by issuing a written notice to the Company specifying the number of Warrants proposed to be exercised. The Company shall accordingly issue and allot the corresponding number of Equity Shares of face value of Rs. 10/- each to the Warrant holders.
- ii) An amount equivalent to 25% of the Warrant Issue Price shall be payable at the time of subscription and allotment of each Warrant and the balance 75% shall be payable by the Warrant holder(s) at the time of allotment of equity shares pursuant to exercise of options against each such warrant by the warrant holder.
- iii) In the event that, a Warrant holder does not exercise the Warrants within a period of 18 (Eighteen) months from the date of allotment of such Warrants, the unexercised Warrants shall lapse and the amount paid by the Warrant holders on such Warrants shall stand forfeited by Company.
- iv) The Warrants by themselves, until exercise of the conversion option and allotment of Equity Shares, do not give the Warrant holder thereof any rights akin to that of shareholder(s) of the Company.
- v) The Company shall procure the listing and trading approvals for the Equity Shares to be issued and allotted to the Warrant holders upon exercise of the Warrants from the relevant Stock Exchanges in accordance with the Listing Regulations and all other applicable laws, rules and regulations, wherever applicable and required.
- vi) The Equity Shares so allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the then existing Equity Shares of the Company.

vii) The Warrants and Equity Shares issued pursuant to the exercise of the Warrants shall be locked-in as prescribed under the SEBI ICDR Regulations from time to time.

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 necessary or desirable to give effect to the above resolutions, to issue certificates/ clarifications on the issue and allotment of Warrants and thereafter allotment of Equity Shares further to exercise of the Warrants, effecting any modifications to the foregoing (including to determine, vary, modify or alter any of the terms and conditions of the Warrants including deciding the size and timing of any tranche of the Warrants), entering into contracts, arrangements, agreements, memoranda, documents to give effect to the resolutions above (including for appointment of agencies, consultants, intermediaries and advisors for managing issuance of Warrants and listing and trading of Equity Shares issued on exercise of Warrants, wherever required and applicable), including making applications to Stock Exchanges for obtaining approvals, if any, filing of requisite documents with the Registrar of Companies, National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and/ or such other authorities as may be necessary for the purpose, to take all such steps as may be necessary for the admission of the Warrants and Equity Shares (to be issued on exercise of the Warrants) with the depositories, viz. NSDL and CDSL and for the credit of such Warrants / Shares to the respective dematerialized securities account of the proposed allottees, and to delegate all or any of the powers conferred by the aforesaid resolutions on it to any committee of directors or any director(s) or officer(s) of the Company and to revoke and substitute such delegation from time to time, as deemed fit by the Board, to give effect to the above resolutions and also to initiate all necessary actions for and to settle all questions, difficulties, disputes or doubts whatsoever that may arise, including without limitation in connection with the issue and utilization of proceeds thereof, and take all steps and decisions in this regard.”

**By order of the Board
For DURGESH MERCHANTS LIMITED**

**Sd/-
Kamall Ahuja
(Director & Compliance
Officer)
DIN: 00005195
Off. Add.: D-251, Ground
Floor,
Defence Colony, New Delhi-110024**

**Date: 07.09.2020
Place: New Delhi**

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company.

PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION / AUTHORITY, AS APPLICABLE. An incomplete proxy form or proxy form received beyond time limit is liable to be rejected. A proxy form is enclosed.

- 2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting along with their copy of Annual Report. No extra attendance slip and/or Annual Report will be provided at the venue of the Annual General Meeting. Also, Route map to the venue of the meeting is enclosed.**
- 3. Corporate Members intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.**
- 4. Proxies shall be made available for inspection during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the meeting.**
- 5. Pursuant to section 91 of the Companies Act, 2013, the register of members and the share transfer books of the Company will remain closed from 24th September, 2020 to 30th September, 2020 (both days inclusive) for the purpose of Annual General Meeting.**
- 6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company M/s. Skyline Financial Services Private Limited, (R&T Agent).**
- 7. The Company is providing facility of REMOTE E-VOTING and the business may be transacted through such voting. Details instructions are provided in the notice itself.**

- 8.** The facility for voting through Ballot paper shall also be made available at the meeting and members attending the meeting who have not casted their vote by remote e-voting shall be able to exercise their right at the meeting.
- 9.** The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- 10.** The ISIN of the Equity Shares of Rs.10/- each is INE616Q01011.
- 11.** Electronic copy of the Notice of Annual General Meeting and Annual Report 2019-20 is being sent to all the members whose email-IDs are registered with the Company/Depositories for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of Annual General Meeting and Annual Report 2019-20 is being sent in the permitted mode.
- 12.** All the material documents, Resolutions, Memorandum and Articles of Association of the Company etc. are open for inspection to the members during the office hour of all working day till the conclusion of the Annual General Meeting at the registered office of the Company.
- 13.** Members are requested to notify the change in address, if any, to the Company quoting their Folio Numbers, Name and number of share held by them etc.
- 14.** Members are requested to register their e-mail addresses with the Company or depository for receiving communications including Annual Reports, Notices and Circulars etc. by the Company electronically.
- 15.** For security reasons, no article/baggage will be allowed at the venue of the meeting.
- 16.** Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 17.** All documents referred to in accompanying Notice and Explanatory Statement shall be open for inspection by members and shall be available at the registered office of the Company on all working days during business hours from the date of this Notice up to the date of AGM.
- 18.** The persons who have acquired shares and become members of the Company after the dispatch of notice and holding shares as on the cut-off date i.e. 23rd September, 2020, then the member may obtain Login ID and other e-Voting related details from the Company.

19. Only bona fide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
20. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment /re-appointment at the AGM, is provided in their respective explanatory statement. The Directors being eligible, offers themselves for re-appointment as required under the Companies Act, 2013 and the Rules made there under is also provided in the annexure to the Notice.
21. The Company shall be convening the AGM after taking all the necessary precautions required in this COVID 19 pandemic situation such as:
- There will be proper sanitization in the office area and it will be taken care by all means at all times.
 - The Company shall be taking all measures for ensuring safety for the employees and other workers and the members present at the meeting.
 - Clean your hands often. Use soap and water, or an alcohol-based hand rub.
 - Wear a mask when physical distancing is not possible.
 - Don't touch your eyes, nose or mouth.
 - Stay home if you feel unwell.
 - Temperature shall be checked before entry in the Office premises.
 - Once entered the premises, the employees won't be allowed to go out of the office in the Office hours. They are allowed to leave the office at the close of office hours only.
 - No eatables will be served in the Office as a part of safety in this COVID 19 situation.
 - Everyone shall carry their water bottles and eatables themselves to ensure all possible means of safety.
 - Arogya setu app shall be installed in the Mobile phones of the members desiring to attend the meeting.

ANNEXURE TO THE NOTICE

I DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATION

Item No.2

RE-APPOINTMENT OF MS. POONAM AHUJA (DIN: 05351468) AS A DIRECTOR OF THE COMPANY

In terms of Section 152(6) of the Companies Act, 2013, Ms. Poonam Ahuja, Director shall retire by rotation at this Annual General Meeting (AGM) and being eligible, offers herself for re-appointment.

Ms. Poonam Ahuja was appointed as a Non-Executive Director w.e.f. 22nd March, 2017.

Information about the Appointee Directors:

Ms.Poonam Ahuja

Brief Profile:

Being a Fellow Member of the Institute of Company Secretaries of India (ICSI), LL.B Topper from University of Delhi, B.A. {English (H)} and PHD Corporate Governance, Ms. Poonam Ahuja is having a total work experience of more than 15 years. She has held the position of Company Secretary in a reputed Multi National Company for 5 years. She has conducted the research in Mahindra & Mahindra Group about the Corporate Governance norms. She has been practicing as a Company Secretary for more than a decade. She has gained expertise in dealing with Stock Exchange and SEBI matters. She possesses in depth knowledge in the areas of due diligence, compliance management, take-over/acquisition, listing and de-listing of Companies. She has been advisor to Prasar Bharti and is handling the professional work of MTNL and Rural Electrification Corporation (REC) also.

Disclosure of relationship between Directors inter-se:

Ms. Poonam Ahuja is spouse of Mr. Kamall Ahuja, Director and she is the Sister in law of Mr. Rohit Ahuja (Managing Director), except these she has no other relationship with any of the Directors on Board.

Name	Ms. Poonam Ahuja
Age	45 years
Name of the Listed Companies in which Directorship held	Nil
Name of the Listed Companies in which Committee Membership held	Nil
Shareholding in the Company	Nil

II. EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3 & 4:

APPOINTMENT OF MS. ARUNA AND MR. GAURAV BAJPAI AS INDEPENDENT DIRECTORS IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation. The term shall be effective prospectively.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is in consistent with the Companies Act, 2013.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Ms. Aruna (DIN: 08582061) and Mr. Gaurav Bajpai (DIN: 08602144), being eligible, offer themselves for appointment, and are proposed to be appointed as

Independent Directors for a term as stated in their respective resolutions.

Copy of the letter of appointment of Ms. Aruna and Mr. Gaurav Bajpai as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Therefore, the Directors of your Company recommend the aforesaid resolutions for your consideration and approval.

Except Ms. Aruna and Mr. Gaurav Bajpai, being appointees, none of the Directors and Key Managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise in the resolutions as set out in Item Nos. 3 & 4.

The Board of Directors therefore, recommends the resolutions for appointment of **Ms. Aruna and Ms. Gaurav Bajpai** as Independent Directors of the Company for approval of the members by passing Ordinary resolutions.

Information about the Appointee Directors:

1. Ms. Aruna

Brief Profile:

Ms. Aruna is a versatile player in her area of professional field. She is competent and having a caliber to hold the proposed position and provide valuable services to the Company.

Disclosure of relationship between Directors inter-se:

Ms. Aruna has no relationship with any of the Directors on Board.

Name	Ms. Aruna
Age	32 years
Name of the Listed Companies in which Directorship Held	Nil
Name of the Listed Companies in which Committee Membership held	Nil
Shareholding in the Company	0

2. Mr. Gaurav Bajpai

Brief Profile

Mr. Gaurav Bajpai is a member of the Institute of Company Secretaries of India with a rich experience of more than 2 years. He is widely credited with abilities of leadership, managerial capacities and forethought.

He is a versatile player in his area of professional field. He is competent and having a caliber to hold the proposed position and provide valuable services to the Company.

Disclosure of relationship between Directors inter-se:

Mr. Gaurav Bajpai has no relationship with any of the Directors on Board.

Name	Mr. Gaurav Bajpai
Age	29 years
Name of the Listed Companies in which Directorship Held	Nil
Name of the Listed Companies in which Committee Membership held	Nil
Shareholding in the Company	0

Item No. 5:**APPROVAL TO SELL OR DISPOSE OF UNDERTAKINGS UNDER SECTION 180(1)(a) OF THE COMPANIES, ACT, 2013**

The company proposes to sell or transfer or otherwise dispose-off its Undertaking(s) [as defined under Explanation of section 180(1)(a) of the Companies Act, 2013] of the Company to purchaser/third party investor. The Board keeping in view the hardship incurred under Covid Pandemic has not received the expected growth, it feels that its prudent to withdraw investment from the Undertaking(s) [as defined under Explanation of section 180(1)(a) of the Companies Act, 2013] in the best interest of the Company. Such sale, lease or otherwise dispose of will amount to sale of substantial interest in undertaking by the Company, your Directors propose resolution under section 180(1)(a) of the Companies Act, 2013 for the approval of the shareholders.

Members of the Company are further requested to note that Section 180(1)(a) of the Companies Act, 2013 mandates that the Board of Directors of the company shall exercise the power to sell, lease or otherwise dispose-off the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a special resolution.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the proposed resolution. The Board recommends the resolution to be passed by Special Resolution.

Item No. 6:**INCREASE THE BORROWING LIMIT UNDER SECTION 180(1)(C) OF THE COMPANIES, ACT, 2013**

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company may need additional funds. For this purpose, the Company may, from time to time, be required to raise finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits to Rs. 100 Crores for the Company.

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free

reserves at any one time except with the consent of the members of the Company in a general meeting by way of Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the proposed resolution. The Board recommends the resolution to be passed by Special Resolution.

Item No. 7:

APPROVAL FOR CONTRIBUTION TO CHARITABLE INSTITUTION PURSUANT TO SECTION 181 OF COMPANIES ACT, 2013.

Under Section 181 of the Companies Act 2013, the Board of Directors of the Company is authorized to make contributions to charitable and other funds, provided that prior permission of the Members is required for such contributions during a financial year exceeding five percent of its average net profits during the three immediately preceding financial years. The approval of the Members is being sought, pursuant to Section 181 of the Act, for authorizing the Board of Directors of the Company to make contributions to bona fide charitable and other funds, in a financial year, exceeding five percent of the Company's average net profits during the three immediately preceding financial years.

The Board recommends the resolution as Ordinary Resolution for approval by the members of the Company.

None of the Directors of the Company and their relatives is concerned or interested, financial or otherwise.

Item No. 8:

APPROVAL FOR RELATED PARTY TRANSACTIONS

The Company is involved in the financial business to carry on all or any of the business of financiers of industrials, commercials, and other enterprises. To ensure the objectives of organization, your Company proposes to enter into any transaction(s) with any related party. The total value of the proposed transaction(s) could reach upto Rs. 100 Crores.

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to more than the limit prescribed under the specific transactions under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as the case may be as per last audited financial statements of the Company.

The transaction(s) entered into with related party comes within the meaning of Related Party transaction(s) in terms of provisions of the Act, applicable Rules framed thereunder read with the Listing Regulations.

Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with any related party.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with any related party are as follows:

S. No.	Particulars	Remarks
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1.	Name of the Related Party	Any Related Party
2.	Name of the Director or KMP who is related	Any Director or KMP
3.	Nature of Relationship	Related Party
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	Contract or transactions of any kind covered under section 188(1) of the Companies Act, 2013 upto Rs.100 crores.
5.	Any other information relevant or important for the members to take a decision on the proposed resolution.	N.A

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies Act, 2013 is, in any way, financially or otherwise, concerned or interested in the resolution.

The Board of Directors recommends passing of the resolution as an Ordinary Resolution.

Item No. 9:

ISSUANCE OF WARRANTS CONVERTIBLE INTO EQUITY SHARES TO PROMOTER / MEMBER OF THE PROMOTER GROUP OF THE COMPANY ON PREFERENTIAL BASIS:

In order to meet long-term funding requirements of the Company inter alia to fund Company's growth capital requirements, to meet the Company's capital expenditure, to enhance its long term resources and thereby strengthening of the financial structure of the Company and for meeting working capital requirements and for other general corporate purposes and purposes permitted by applicable laws, the Board of Directors of the Company in its meeting held on 07th September, 2020 accorded its approval for raising funds through issuance of upto 1,40,000 (One LacsForty Thousand) Convertible Warrants ("Warrants") to the proposed allottee as set out below, being promoter / member of the promoter group of the Company ("proposed allottees") on a preferential basis by way of private placement subject to approval of the members of the Company.

As per Section 62(1)(c) of the Companies Act, 2013 (as amended) read with Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014, and Regulation 160 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as may be applicable, a listed issuer is permitted to make a preferential issue of specified securities, if a special resolution has been passed by its members.

The Board of Directors of the Company at their meeting held on Monday, 07th September, 2020 had approved the issue of Warrants and accordingly proposes to issue and allot in aggregate and upto 1,40,000 (One Lacs Forty Thousand) Convertible Warrants ("Warrants") each convertible into or exchangeable for One (1) Equity Share of face value of Rs. 10/- each ("the Equity Shares") at a price (including the warrant subscription price and the warrant exercise price) of Rs. 10/- each aggregating to Rs. 14,00,000 /- (Rupees Fourteen Lacs Only) to Mr. Kamall Ahuja, allottee forming part of the Company's promoters / promoter group.

Each Warrant is convertible into One (1) Equity Share and the conversion can be exercised at any time during the period of Eighteen (18) months from the date of allotment of Warrants, as the case may be, on such terms and conditions as applicable, entitling the Proposed Allottee to subscribe to and be allotted the Warrants convertible into Equity Shares of the Company.

Accordingly, the approval of the members of the Company is being sought, by way of a special

resolution, to create, issue, offer and allot, warrants convertible into Equity Shares, by way of preferential allotment to the proposed allottee.

The Warrants issued pursuant to the abovementioned resolutions shall be subject to lock-in in accordance with Regulations 167 and 168 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

The Equity Shares arising out of the conversion of the warrants shall rank pari-passu inter se and with the then existing equity shares of the Company in all respects, including in relation to dividend.

The disclosures prescribed under the Companies Act, 2013 and Regulation 163 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as may be applicable, in respect of the Resolution proposed at Item No. 1 are as follows:

a) The objects of the preferential issue:

In order to meet long-term funding requirements of the Company inter alia to fund Company's growth capital requirements, to meet the Company's capital expenditure to enhance its long term resources and thereby strengthening of the financial structure of the Company and for meeting working capital requirements and for other general corporate purposes and purposes permitted by applicable laws.

b) Type and number of securities to be issued

It is proposed to issue and allot in aggregate and upto 1,40,000 (One Lacs Forty Thousand) Convertible Warrants at a price of Rs. 10/- per warrant, each warrant convertible into or exchangeable for One (1) Equity Share of the face value of Rs. 10/- aggregating to Rs. 14,00,000/- to the proposed allottee.

c) Basis on which the price has been arrived at:

The price of the convertible equity warrants is determined by an Independent Valuer in accordance with the provisions of SEBI ICDR Regulations taking into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares.

d) Relevant Date:

The "Relevant Date" in accordance with SEBI ICDR Regulations would be 30th August, 2020 being the date 30 days prior to the date of passing of the Special Resolution by the Members of the Company for the proposed preferential issue of Warrants convertible into Equity Shares.

e) Proposal / Intent of the promoters, directors or key management personnel of the Company to subscribe to the offer:

The proposed allottee is promoter / member of the promoter group of the Company. Mr. Kamall Ahuja is also Non-Executive Non-Independent Director of the Company. The proposed allottee is intending to participate / subscribe to the proposed issue of warrants. No other Director(s) or Key Managerial Personnel(s) or their respective relatives are subscribing to this offer.

f) Equity Shareholding Pattern of the Company before and after the Preferential Issue:

The table mentioned below shows the expected shareholding pattern of the Company consequent to issue of Equity Shares upon conversion of the Warrants and assuming

conversion of all the Warrants (Convertible within a period of 18 (eighteen) months from the date of allotment) proposed to be allotted to the promoters / members of the promoter group of the Company as per the resolution:

S. No.	Category	Pre-issue		Issue of warrants	Post-issue #	
		Shares	%		Shares	%
1	Promoters (Individual)	700634	25.00	140000	840634	28.57
2	Public (Individual)	1513900	54.02	-	1513900	51.45
3	Public (HUF)	298000	10.63	-	298000	10.13
4	Public (Body Corporate)	290000	10.35	-	290000	9.85
TOTAL		2802534	100	140000	2942534	100

assuming full conversion of the warrants

g) Proposed time frame within which the preferential warrant issue shall be completed

As required under the SEBI ICDR Regulations, Warrants shall be issued and allotted by the Company within a period of Fifteen (15) days from the date of passing of this resolution provided that where the issue and allotment of the said Warrants is pending on account of pendency of any approval for such issue and allotment by any regulatory authority or the Central Government, the issue and allotment shall be completed within a period of Fifteen (15) days from the date receipt of last of such approvals.

h) Identity of the natural persons who are ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the proposed allottees

The warrants are proposed to be allotted to persons belonging to the promoters / promoter group of the Company. The details of the proposed allottees are as per the following table. No change in control or management of the Company is contemplated consequent to the proposed preferential issue of warrants and resultant Equity Shares being allotted. However, voting rights will change in accordance with the shareholding pattern.

l) Lock in

Warrants and Equity Shares to be allotted to the proposed allottees upon conversion of the Warrants, including the pre-preferential allotment shareholding of the proposed allottees will be subject to applicable lock-in and transfer restrictions stipulated under Regulations 167 and 168 of the SEBI ICDR Regulations.

j) Auditor's Certificate

The Certificate issued by the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements contained in the SEBI ICDR Regulations, will be placed before the Members at the AGM and will be kept open for inspection at the Registered Office of the Company between 11:00 AM and 1:00 PM on all working days between Monday to Friday of every week, upto the date of this AGM.

k) Undertaking

The Company hereby undertakes that:

- (i) It would re-compute the price of the securities specified above in terms of the provisions of SEBI (ICDR) Regulations, where it is so required;
- (ii) If the amount payable, if any, on account of the re-computation of price is not paid within the time stipulated in SEBI (ICDR) Regulations the above warrants/shares shall continue to be locked-in till the time such amount is paid by the allottees.

In accordance with the SEBI ICDR Regulations, (i) all the Equity Shares held by the proposed allottees in the Company are in dematerialized form only; (ii) No person belonging to the promoters / promoter group have sold/transferred any Equity Shares of the Company during the 6 (Six) months preceding the Relevant Date; (iii) No person belonging to the promoters / promoter group has previously subscribed to any warrants of the Company but failed to exercise them; (iv) Neither the Company nor any of its promoters and directors is a wilful defaulter or a fugitive economic offender; and (v) valuation requirement is not applicable as the securities are proposed to be issued for cash consideration.

The issue of warrants and resultant Equity Shares shall be made in accordance with the provisions of the Memorandum and Articles of Association of the Company and shall be made in a dematerialized format only.

The Board of Directors of the Company recommends passing of the resolution as set out at Item 9 as a special resolution.

Except Mr. Kamall Ahuja and his relatives, being proposed allottee of warrants and who is a part of the Promoters / Promoter group of the Company, none of the other directors or any key managerial personnel or any relative of any of the other directors / key managerial personnel of the Company are, in any way concerned or interested, financially or otherwise, in passing of this resolution.

E-voting Instructions:

Dear Member,

Sub: Voting through electronic means

Pursuant to the provision of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2015, Durgesh Merchants Limited (“the Company”) is offering e-Voting facility to its members in respect of the business to be transacted at the Annual General Meeting scheduled to be held on Wednesday, the 30th day of September, 2020 at 12:00 Noon at **D-251, Ground Floor, Conference Hall, Defence Colony, New Delhi-110024.**

The Company has engaged the services of National Securities Depository Limited (NSDL) as the Authorized Agency to provide e-Voting facilities. The e-Voting particulars are set out below:

The e-Voting facility will be available during the following voting period:

- Commencement of e-Voting: 27th September, 2020 at 9:00 A.M.
- End of e-Voting: 29th September, 2020 till 5:00 P.M.
- The cut-off date for the purpose of e-Voting is 23rd September, 2020.

Please read the instructions printed overleaf before exercising the vote. This Communication forms an internal part of the Notice dated 07th September, 2020 for the Annual General Meeting scheduled to be held on Wednesday, the 30th day of September, 2020. The Notice of the Annual General Meeting and this communication will also be available on the website of the Company.

Voting through electronic means

- (i) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements) 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited(NSDL).
- (ii) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballotpaper.
- (iii) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their voteagain.
- (iv) The remote e-voting period commences on 27thSeptember, 2020(9:00 A.M.) and ends on 29thSeptember, 2020 (5:00 P.M.). During this period members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change itsubsequently.
- (v) The process and manner for remote e-voting are asunder:
 - A.** In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
 - (i) Open email and open PDF file viz; “remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initialpassword.
 - (ii) Launch internet browser by typing the following URL:<https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder -Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. ClickLogin.
 - (v) Password change menu appears. Change the password/PIN with new passwordof your choice with minimum 8 digits/characters or combination thereof. Notenew password. It is strongly recommended not to share your password with any other person and take utmost care to keep your passwordconfidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles. (vii)Select “EVEN” of DurgeshMerchantsLimited.
 - (viii) Now you are ready for remote e-voting as Cast Vote pageopens.

(ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.

(x) Upon confirmation, the message “Vote cast successfully” will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote to the Scrutinizer through e-mail jain.sonali1488@gmail.com with a copy marked to evoting@nsdl.co.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

<u>EVEN (Remote e-voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD/PIN</u>
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Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

(ii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.:1800-222-990.

(iii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

(iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(v) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2020.

(vi) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or durgeshmerchants@gmail.com.

(vii) However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.:1800-222-990.

- (viii) A member may participate in the AGM even after exercising his right to vote through remote e- voting but shall not be allowed to vote again at theAGM.
- (ix)A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballotpaper.
- (x) Ms. Sonal Jainon behalf of M/s Sonal Jain & Associates, Practising Company Secretary (Certificate of Practice Number: 13242) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparentmanner.The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-votingfacility.
- (xi)The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the votingforthwith.
- (xii) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchange.

**By order of the Board
For Durgesh Merchants Limited**

Sd/-

Kamall Ahuja

(Director)

DIN: 00005195

**Off. Add.: D-251, Ground Floor,
Defence Colony, New Delhi-110024**

Date: 07.09.2020

Place: New Delhi

BOARD'S REPORT

**To,
The Shareholders
Durgesh Merchants Limited**

The Board of Directors hereby submits the report of business and operations of your Company (**'the Company' or 'Durgesh Merchants Limited'**) along with Audited Financial Statements for the Financial Year ended on 31st March, 2020.

1. BACKGROUND

The Company is a Non Deposit Accepting Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration (B-14.03319), from the Reserve Bank of India ("RBI") dated September 11, 2015.

2. STATE OF COMPANY'S AFFAIR

With the expected positive momentum in the Indian economy, the Company is focused on growth and achieving profitability along with a renewed commitment to enhance quality and customer service and to reduce costs. Innovations, investment and positive modifications are expected in the near future, boosting the Company's revenues. Together with forward looking strategy, the Company is also focusing extensively on expanding the business and operational improvements through various strategic projects for operational excellence and cost cutting initiatives.

3. FINANCIAL RESULTS

The Financial performance of the Company for the financial year ended 31st March, 2020 is summarized below:-

(Amount in Rs.)

Particulars	31 st March, 2020	31 st March, 2019
Total Income	12,89,454	23,41,075
Less: Total Expenditure	15,31,951	20,72,837.70
Profit before Exceptional and Extraordinary items & tax	(2,42,497)	2,68,237.30
Less: Extraordinary & Prior period items	-	-
Profit before tax	(2,42,497)	2,68,237.30
Less: Tax Expenses		
(1) Current tax	11,200	47,200
(2) Deferred Tax	-	-
(3) Previous year adjustments	-	1000
(4) MAT Credit Entitlement	47,145	(47,145)
Profit/ (Loss) after tax	(3,00,842)	2,67,182.30

Earnings Per Share		
(1) Basic	(0.11)	0.10
(2) Diluted	(0.11)	0.10

4A. OPERATIONAL PERFORMANCE

During the year under review, the revenue reported is Rs. 12,89,454/- as compared to Rs. 23,41,075/- in the previous year. Profit before tax for the current year is Rs. (2,42,497/-) as compared to Rs. 2,68,237.30/- in the previous year, Profit after tax for the current year is Rs. (3,00,842/-) as compared to Rs. 2,67,182.30/- in the previous year.

4B. CHANGES IN SHARE CAPITAL

The Authorized Share Capital of the Company was increased from Rs. 4,00,00,000/- (Rupees Four Crore Only) divided into 40,00,000 Shares of Par Value of Rs.10/- each to 10,00,000,00/- (Rupees Ten Crore Only) divided into 1,00,00,000 Shares of Par Value of Rs.10/- each during the year under review.

However, there is no changes in the paid up share capital of the Company.

4. DIVIDEND

In view of the accumulated losses of the Company, the Board decided not to propose any dividend for the relevant Financial Year ending on 31st March, 2020.

5. RESERVES AND SURPLUS

As at the end of the reporting period, the Company has accumulated losses of Rs. 7,16,293.59/- and Statutory Reserves of Rs. 3,74,593.30/-. During the period under review, the Company has not transferred any amount to the Statutory Reserve as required to be maintained under Section 45-IC of RBI Act, 1934 due to insufficient profits.

6. LISTING OF SECURITIES

Since 2014, the securities of the Company are listed on the Calcutta Stock Exchange Limited. The Company has been placed on the dissemination board in April, 2019. The Annual listing fee has been duly paid to the Stock Exchange, whenever the bills were received from the exchange.

7. DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company does not have any Subsidiaries, Associates and Joint Venture Companies. Hence, the disclosure of particulars with respect to information related to performance and financial position of subsidiaries, joint ventures or associate Companies subject to rule 8(1) and 8(5)(iv) of Companies (Accounts) Rules, 2014 is not applicable to the Company.

8. BRANCHES OF THE COMPANY

During the period under review, the Company doesn't have any branch office.

9. DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from the public during the year and it continues to be a Non-Banking Financial Company in conformity with the Non-Systemically Important Non-Deposit-taking Company (Reserve Bank) Directions, 2016 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

10. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES U/S188(1)

During the year under review, the Company has not entered into any contract or arrangement with the Related Parties as per Section 188 of the Companies Act, 2013. Hence, the disclosure in required Form AOC-2 is not applicable to the Company.

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED / RESIGNED DURING THE YEAR

Pursuant to the provisions of the Companies Act, 2013 and the Company's Articles of Association, Ms. Poonam Ahuja, Director, who retires by rotation and, being eligible, offers herself for re-appointment.

The List of Directors & Key Managerial Personnel as on 31st March, 2020 is as below:

LIST OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S. No.	Name	Designation	Date of Appointment
1.	Kamall Ahuja	Director	06/04/2017
2.	Jayanti Sharma	Director	29/09/2014
3.	Poonam Ahuja	Director	22/03/2017
4.	Rohit Ahuja	Managing Director	30/05/2017
5.	Manish Saini	CFO (KMP)	25/04/2018
6.	Mr. Gaurav Bajpai*	Additional Non-Executive Independent Director	05/11/2019
7.	Ms. Aruna*	Additional Non-Executive Independent Director	11/10/2019
8.	Ms. Pragati Jain*	Company Secretary	12/03/2020

During the period under review, the following changes occurred in the position of Directors/KMPs of the Company:

1. **Mr. Yash Malhotra has resigned from the post of Non-Executive Independent Director w.e.f. 22nd April, 2019.**
2. **Ms. Chanchal Rani has resigned from the post of Non-Executive Independent Director w.e.f. 20th September, 2019.**
3. **Ms. Komal Jain has resigned from the post of Non-Executive Independent Director w.e.f. 5th November, 2019.**

4. Mr. Gaurav Bajpai has been appointed as Additional (Non-Executive and Independent Director) w.e.f 5th November, 2019.*
5. Ms. Aruna has been appointed as Additional (Non-Executive and Independent Director) w.e.f 11th October, 2019.*
6. Mr. Praveen Prabhakar Tiwari has resigned from the post of Company Secretary w.e.f. 02/04/2019
7. Ms. Pragati Jain has been appointed as the Company Secretary and Compliance Officer (KMP) of the Company w.e.f. 12th March, 2020.*

12. MEETINGS HELD DURING THE FINANCIAL YEAR 2019-20

The Agenda and Notice of the Meetings were circulated well in advance to the respective Directors. During the year under review, 15 (Fifteen) Board Meetings were held:

Further, during the period under review, 6 (Six) Audit Committee Meetings, 4 (Four) Nomination and Remuneration Committee Meetings, 1 (One) Independent Director's Meeting, 1 (One) Stakeholder Relationship Committee, 1 (One) Risk Management Committee were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 i.e. the maximum interval between any two meetings did not exceed 120 days.

13. COMPOSITION OF COMMITTEES OF THE BOARD AS ON 31ST MARCH, 2020:

a) AUDIT COMMITTEE:

In compliance with the provisions of Section 177 of the Companies Act, 2013, the primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurately and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The composition of Audit Committee of the Company is as following:

S. No.	Name of Member	Designation	Category
1.	Mr. Gaurav Bajpai	Chairman	Additional Non- Executive Independent Director
2.	Ms. Aruna	Member	Additional Non- Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non- Executive Director

The Board has accepted all the recommendations proposed by Audit Committee during the Financial Year.

b) NOMINATION AND REMUNERATION COMMITTEE:

In compliance with provisions of 178(1) of the Companies Act, 2013, the purpose of the Committee is to screen and review individuals qualified to serve as executive

directors, non-executive directors and independent directors and to review their remuneration, consistent with criteria approved by the Board, and to recommend, for approval by the Board. The composition of Nomination and Remuneration Committee of the Company is as follows:

S. No.	Name of Member	Designation	Category
1.	Mr. Gaurav Bajpai	Chairman	Additional Non- Executive Independent Director
2.	Ms. Aruna	Member	Additional Non- Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non- Executive Director

c) SHARE TRANSFER COMMITTEE:

In compliance with provisions of 178(5) of the Companies Act, 2013, the purpose of the Committee is to review and approval of all requests pertaining to subdivision, consolidation, transfer, transmission of shares and issue of duplicate share certificates; Review and approval of all requests pertaining to dematerialization or re-materialization of shares; Review of statutory compliances pertaining to share / security capital, processes, shareholders, Registrar & Share Transfer Agent (RTA) and the depository(s) National Securities Depository Limited (“NSDL”) and/ or Central Depository Services (India) Limited (“CDSL”). The composition of Share Transfer Committee of the Company is as follows:

S. No.	Name of Member	Designation	Category
1	Mr. Kamall Ahuja	Chairman	Non- Executive Director
2	Ms. Jayanti Sharma	Member	Non- Executive Director
3	Ms. Aruna	Member	Additional Non-Executive Independent Director

d) FINANCE AND INVESTMENT COMMITTEE:

The Board of Directors has constituted Finance and Investment Committee to assist it in overseeing acquisitions and investments made by the Company and provide oversight on key investment policies of the Company. The composition of Finance and Investment Committee is as follows:

S.No.	Name of Member	Designation	Category
1.	Ms. Aruna	Chairperson	Additional Non-Executive Independent Director

2.	Ms. Jayanti Sharma	Member	Non- Executive Director
3.	Mr. Kamall Ahuja	Member	Non- Executive Director

e) Stakeholders Relationship Committee

In compliance with section 178 of the Companies Act, 2013, the Company has Stakeholders Relationship Committee to consider and resolve the grievances of security holders of the Company. The composition of the committee is as follows:

S. No.	Name of Member	Designation	Category
1.	Mr. Gaurav Bajpai	Chairman	Additional Non- Executive Independent Director
2.	Ms. Aruna	Member	Additional Non- Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non- Executive Director

f) Risk Management Committee

The Board of Directors has framed a Risk Management Committee to frame, implement and monitor the risk management of the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The risk management committee has additional oversight in the area of financial risk and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on continuing basis. The composition of the committee is as follows:

S. No.	Name of Member	Designation	Category
1.	Mr. Gaurav Bajpai	Chairman	Additional Non- Executive Independent Director
2.	Ms. Aruna	Member	Additional Non- Executive Independent Director
3.	Ms. Jayanti Sharma	Member	Non- Executive Director

14. DECLARATION BY INDEPENDENT DIRECTOR

The Independent Directors have submitted their declarations of independence, as required pursuant to provisions of section 149(7) of the Act, stating that they meet the criteria of independence as provided in subsection (6) and Regulation 25 of Listing Regulations.

15. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTOR

In terms of regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company familiarizes the Directors about their role and responsibility at the time of their appointment through a formal

letter of appointment.

16. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- 1.) in the preparation of annual accounts for the financial year ended 31st March, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 2.) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Companies as at 31st March, 2020 and of the loss of the Company for the period ended on that date;
- 3.) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4.) the Directors have prepared the annual accounts on a going concern basis;
- 5.) the Directors have laid down proper internal financial controls to be followed by the Company and such internal financial control are adequate and operating effectively ; and the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively .

17. CORPORATE GOVERNANCE

Disclosures related to Corporate Governance during the financial year, under Regulation 17 to Regulation 27 & Regulation 46 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 is not applicable as the Company is not covered under the criteria as mentioned in the said Regulation.

18. BOARD EVALUATION

SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of Director on various parameters such as:

- Board dynamics and relationship
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committee effectiveness
- Peer evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out

an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee and Finance and Investment Committee.

In respect of the above mentioned Evaluation framework, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board & its Committees, execution and performance of specific roles, duties, obligations and governance. The performance evaluation of Committees, Executive Directors, Non-Executive Directors and Independent Directors was completed. The Performance evaluation of the Chairman, Non-Executive Directors & Board as a whole was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process carried out and their own performance evaluation too known as "Self-Assessment".

19. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Sonal Jain, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the Financial Year 2019-20.

20. SECRETARIAL AUDITORS' REPORT

The Report of the Secretarial Auditor in Form MR-3 is annexed herewith as "**Annexure I**", which forms part of the Board Report. The remarks made by the Auditor along with the clarifications by the Board are mentioned herein:

Remark i): *Ms. Chanchal Rani, Additional Non-Executive Independent Director, was earlier holding the position as an Internal Auditor of the Company till 15th September, 2018. Therefore, as per the provisions of Section 149 (6) of the Companies Act, 2013, she was not qualified to become the Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013. However, she resigned from the post of Independent director w.e.f. 20th September, 2019.*

Clarification i): This was an inadvertent mistake by the Company. The Company has already taken immediate steps in the year 2019 for rectifying the same and Ms. Chanchal Rani resigned from the position of Independent Director of the Company w.e.f. 20th September, 2019. Further, the Board of Director assures that these types of errors shall not persist in the future.

ii) Mr. Praveen Prabhakar Tiwari has been resigned from the position of Company Secretary w.e.f. 02.04.2019 and pursuant to Section 203 (4) of the Companies Act, 2013, board fails to fill the vacancy of the Company Secretary within Stipulated Time frame of 6 months.

Clarification ii): The Board has taken all possible efforts and steps to appoint a Company secretary in the Company. Various advertisements were published through the registered mail id of the Company, also, the vacancy was published on the official website of The Institute of Companies Secretaries of India (ICSI). Various interviews were also conducted. Also, it was noticed that during that period there was shortage of the Company Secretaries as well due to which the suitable candidate could not be found.

iii) Mr. Praveen Prabhakar Tiwari, Company Secretary and compliance officer has resigned from the services of the company w.e.f 2nd April, 2019 and the intimation of resignation was given to stock exchange on 4th April, 2019 i.e. after the time stipulated in Regulation 30(6) of SEBI (LODR) Regulation, 2015.

Clarification iii): The Board inadvertently missed to file the same within the stipulated time and suffered a delay of one day. Further, the board shall assure that this shall not be repeated again and the Board shall take care of the same for all future compliances

iv) The last date for submission of certificate from Practicing Company Secretary under Regulation 40 (9) of SEBI (LODR) Regulation, 2015 for quarter ended 31.03.2020 was 30.04.2020 but due to covid-19, the SEBI vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 has extended the date of submission till 31.05.2020. However, the same was submitted to stock exchange on 04.06.2020 as data was received from RTA on 03.06.2020, due to lockdown under covid 19 pandemic situation.

Clarification iv): The company was continuously coordinating with the RTA for the data but due to lockdown scenario in the whole country and slowdown in the operations of the entities, the same was received on 03.06.2020 and therefore the same was submitted to stock exchange on 04.06.2020

v) As per information provided by the Company and the documents produced before us, the Company has given the intimation for closure of the trading window as per clause 4 of Schedule B of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 on 16th October, 2019, for quarter ended 30th September, 2019.

Although, the Company has closed the trading window w.e.f. 1st October, 2019 till 48 hours after declaration of financial results of the company for the quarter ended 30th September, 2019.

Clarification v): This was an inadvertent mistake made by the Company and shall take care that this should not be repeated in the near future.

vi) As per Regulation 31 of SEBI (LODR) Regulation, 2015 The last date for submission of Shareholding Pattern for quarter ended 31.03.2020 was 21.04.2020 but due to covid-19 the same was extended till 15.05.2020 by SEBI vide circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38. However, the same was filed with the stock exchange on 03.06.2020, due to covid 19 pandemic lockdown scenario.

Clarification vi): Due to lockdown scenario, shut down of the Company's operations, non-availability of the staff, lack of complete data and the related information, the same could not be submitted to stock exchange within time. The board assures not to repeat this again.

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

Pursuant to Section 186(11) of the Companies Act, 2013, disclosure under Section 134(3)(g) of the Companies Act, 2013 is not applicable on the Company.

22. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form MGT-9, as required under Section 134(3) of the Companies Act, 2013 is included in this

report as **Annexure – II** and forms integral part of this report.

23. CHANGE IN THE NATURE OF BUSINESS

There has been no change in nature of business during the financial year under review.

24. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Krishan Rakesh & Co., Chartered Accountants, (FRN: 009088N) were appointed as Statutory Auditors of your Company in the Annual General Meeting held on 14th September, 2016 for a term of five years beginning April 1, 2016 and ending March 31, 2021.

The Statutory Auditors have confirmed that they are not disqualified to act as Auditors and are eligible to hold office as Auditors of your Company.

25. STATUTORY AUDITORS' REPORT

The observations made by the Auditors are self-explanatory and do not require any further clarifications under Section 134(3)(f). The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

26. PARTICULARS OF EMPLOYEES

The information as per Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as under:

- (i). The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20:

S.No.	Directors*	Ratio to median remuneration
1.	Mr. Kamall Ahuja	NIL
2.	Mr. Rohit Ahuja	NIL
3.	Ms. Jayanti Sharma	NIL
4.	Mr. Gaurav Bajpai	NIL
5.	Ms. Aruna	NIL
6.	Ms. Poonam Ahuja	NIL
7.	Ms. Chanchal Rani	NIL
8.	Ms. Komal Jain	NIL

*Note: None of the Directors receive any remuneration from the Company.

- (ii). the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

During the period under review, there was an increase in remuneration of Chief Financial Officer by 19.8%.

(iii).the percentage increase in the median remuneration of employees in the financial year: Nil (iv). As of 31stMarch, 2020, total no. of permanent employees on the roll of the Company: **1**

(v). Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year cannot be compared with the percentile increase in the managerial remuneration as the managerial personnel were not paid any salary in the last financial year.

(vi). the key parameters for any variable component of remuneration availed by the directors; -Nil

(vii). The Company affirms that remuneration given to employees is as per the remuneration policy of the Company.

However, as per the provisions of Section 136 of the Act, the Report and Accounts are being sent to all the members excluding the information on particulars of employees which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting.

27.DISCLOSURE UNDER RULE 5 (2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION) RULES,2014

The Details of top ten employees in terms of remuneration drawn are attached in this Board's Report as **Annexure-III**.

Further, no Director / employee of the Company, was in receipt of amount exceeding a salary of Rs. 8,50,000/- per month or more when employed for a part of the financial year and Rs. 1,02,00,000/- per annum or more when employed for whole of the year, under the provision of Rule 5 (2) & (3) Of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time.

28.HUMANRESOURCES

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. The Company has kept a sharp focus on Employee Engagement. The Company's Human Resources is commensurate with the size, nature and operation of the Company. It looks at the employees entire life cycle, to ensure timely interventions and help build a long-lasting and fruitful career.

29.CORPORATEPOLICY

We seek to promote and follow the highest level of ethical standards in our business transactions. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on the website of the Company.

The Policies are reviewed periodically by the Board and updated on the basis of need and new Compliance.

The Key Policies are as follows:

Name of the Policy	Brief Description
Vigil Mechanism/Whistle Blower Policy	This policy has been established with a view to provide a tool to Directors and Employees of the Company to report to Management, genuine concerns including unethical behavior, actual or suspected fraud or violation of the code or the policy. The Policy also provides for adequate safeguards against victimization of Director(s)/Employee(s) who avail of the mechanism and also provides for direct access to the chairman of the Audit Committee in exceptional cases.
Risk Management Policy	This Policy represents the basic standards of Risk Assessment to be followed by the Company. Changes in the Policy will become effective upon approval by the Board of Directors of the Company. All relevant employees must be thoroughly familiar or made familiar with it and make use of the material contained in this Policy.
Remuneration Policy	The Board, on the recommendation of Nomination and Remuneration Committee, has framed and adopted a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.
Policy for determining materiality of event or Information	The Objective of this policy is to outline the guidelines to be followed by the Company for consistent, transparent and timely public disclosures of material information events/information and to ensure that such information is adequately disseminated to the stock Exchange(s) where the securities of the Company are listed in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.
Policy of Preservation of Records	This policy sets the Standards for classifying, managing and storing the records of the Company. The purpose of this policy is to establish framework for effective records Management and the process for Subsequent archival of such records.

KYC and AML Policies	This policy is made to prevent criminal elements from using Company for money laundering activities and to enable the Company to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently.
Sexual Harassment Policy	As required under the Sexual Harassment of women at Workplace (Prohibition, Prevention and Redressal) Act, 2013, the Company has policy on prevention of Sexual harassment of women at workplace and matters connected therewith.
Other policies	Policies like: Policy For Determining Material Subsidiaries, Insider Trading Prohibition Code Pursuant To SEBI (PIT) Regulations, 2015, Policy On Related Party Transaction(S), Policy on Familiarization of Independent Directors, Fair Practice Code are prepared by the Company and followed in its true letter and spirit.

30. REPORT UNDER THE PREVENTION OF SEXUAL HARASSMENT ACT, 2013

The Board confirms that no complaints/ cases has been filed / pending with the Company under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year 2019-20.

31. DISCLOSURE ABOUT COST AUDIT

As per the Cost Audit Orders, Cost Audit is not applicable to the Company's for the Financial Year 2019-20.

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The disclosure as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable as Company is not covered under the criteria mentioned in Section 135(1) of the Companies Act, 2013.

33. EMPLOYEE STOCK OPTIONS DETAILS

During the year under review, the Company has no Employee's Stock Options schemes.

34. MANAGEMENT DISCUSSIONS AND ANALYSIS

The Management Discussion and Analysis forms part of this Annual Report for the year ended 31st March, 2020 and is annexed as **Annexure- IV** of this Annual Report for the reference of the stakeholders.

35. INTERNAL AUDIT & CONTROL

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control

system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures.

Mr. Akhilesh Kumar Manjhi, has been appointed as the Internal Auditor of the Company w.e.f. 15th September, 2018 and is entrusted with the responsibility of implementing the internal control system.

36. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of the activities carried out by the Company, Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption, are not applicable to the Company. During the year under review, the Company had no earnings and expenditure in foreign exchange.

37. ACKNOWLEDGEMENT AND APPRECIATION

Your Directors would like to express their grateful appreciation for assistance and cooperation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, staff and workers of the Company at all levels.

**By the order of the Board
For Durgesh Merchants Limited**

**Sd/-
Kamall Ahuja
Director
DIN: 00005195
Address: D-251, Ground Floor,
Defence Colony, New Delhi- 110024**

**Sd/-
Poonam Ahuja
Director
DIN: 05351468
Address: D-251, Ground Floor,
Defence Colony, New Delhi-
110024**

Date: 7th September, 2020

Place: New Delhi

FORM NO. MR-3
SECRETARIAL
AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the
Companies (Appointment and Remuneration of
Managerial Personnel) Rules, 2014]

To,
The Members,
Durgesh Merchants Limited

We have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **M/SDURGESH MERCHANTSLIMITED** (hereinafter called as “the Company”) for the financial year ended on 31st March, 2020 (hereinafter called as the “period under review”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives (**through email or online mode due to COVID 19 outbreak**) during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-Mechanism in place to the extent, in the manner but subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period under review, checked the applicability of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not applicable during the period under review.**

- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *(Not Applicable to the Company during the Audit Period)*
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(Not Applicable to the Company during the Audit Period)*
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not Applicable to the Company during the Audit Period)* and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. *(Not Applicable to the Company during the Audit Period)*
- vi) Reserve Bank of India Act, 1934;
- vii) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
- viii) Applicable Labour laws:
- a) Payment of Gratuity Act, 1972;
 - b) Maternity Benefit Act, 1961;
 - c) Employees Provident Fund Act, 1952;
 - d) Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;
 - e) Payment of Wages Act, 1936

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchanges; Not Applicable during the period under review as no new listing agreement has been executed.

During the period under review and as per the explanations and clarifications given to us and the representations made by the management, the Company has complied with the provisions of applicable Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following Observations:

i) Ms. Chanchal Rani, Additional Non-Executive Independent Director, was earlier holding the position as an Internal Auditor of the Company till 15th September, 2018. Therefore, as per the provisions of Section 149 (6) of the Companies Act, 2013, she was not qualified to become the

Independent Director of the Company under the provisions of Section 149 of the Companies, Act,2013.However, she resigned from the post of Independent director w.e.f. 20th September, 2019.

ii) Mr. Praveen Prabhakar Tiwari has been resigned from the position of Company Secretary w.e.f 02.04.2019 and pursuant to Section 203 (4) of the Companies Act,2013, board fails to fill the vacancy of the Company Secretary within Stipulated Time frame of 6 months.

iii) Mr. Praveen Prabhakar Tiwari, Company Secretary and compliance officer has resigned from the services of the company w.e.f 2nd April, 2019 and the intimation of resignation was given to stock exchange on 4th April, 2019 i.e. after the time stipulated in Regulation 30(6) of SEBI (LODR) Regulation, 2015.

iv) The last date for submission of certificate from Practicing Company Secretary under Regulation 40 (9) of SEBI (LODR) Regulation,2015 for quarter ended 31.03.2020 was 30.04.2020 but due to covid-19, the SEBI vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 has extended the date of submission till 31.05.2020. However, the same was submitted to stock exchange on 04.06.2020 as data was received from RTA on 03.06.2020, due to lockdown under covid 19 pandemic situation.

v) As per information provided by the Company and the documents produced before us, the Company has given the intimation for closure of the trading window as per clause 4 of Schedule B of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 on 16th October,2019, for quarter ended 30th September, 2019.

Although, the Company has closed the trading window w.e.f. 1st October, 2019 till 48 hours after declaration of financial results of the company for the quarter ended 30th September, 2019.

Vi) As per Regulation 31 of SEBI (LODR) Regulation,2015 The last date for submission of Shareholding Pattern for quarter ended 31.03.2020 was 21.04.2020 but due to covid-19 the same was extended till 15.05.2020 by SEBI vide circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38. However, the same was filed with the stock exchange on 03.06.2020, due to covid 19 pandemic lockdown scenario.

As per regulation 14 of SEBI (LODR) Regulation,2015, on the basis of the information provided by the Company no payment has been made to stock exchange as the Company is on the dissemination Board of NSE and company has not received any invoice from the exchange for the said payment

We further report that

1. The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

However, the composition of the Independent Directors falls below the limit prescribed under the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Adequate notices were given to all Directors to schedule the Board Meetings. Also, agenda and detailed notes on Agenda were sent to all the Directors at least seven days in advance. Also, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Sonal Jain & Associates
Company Secretaries**

**Sd/-
Sonal Jain
Proprietor
Membership No: 34393
COP No: 13242
UDIN: A034393B000644651**

**Place: New Delhi
Date: 25.08.2020**

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure'

To,
The Members,
Durgesh Merchants Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation Letter about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

**For Sonal Jain & Associates
Company Secretaries**

Sd/-
Sonal Jain
Proprietor
Membership No: 34393
COP No: 13242
UDIN: A034393B000644651

**Place: New Delhi
Date: 25.08.2020**

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
(As on financial year ended on 31st March, 2020)Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS

i.	CIN	L65923DL1984PLC248322
ii.	Registration Date	27 th December, 1984
iii.	Name of the Company	Durgesh Merchants Limited
iv.	Category/Sub-category of the Company	Company limited by Shares
v.	Address of the Registered office and Contact details	D-251, Ground Floor, Defence Colony, New Delhi – 110024 Contact: 011-68888824
vi.	Whether listed Company	Yes(Calcutta Stock Exchange)
vii.	Name, Address & contact details of the Registrar & Transfer Agent, if any	Skyline Financial Services Private Limited D-153 A, 1 st Floor, Okhla Industrial Area, Phase- I, New Delhi- 110020 011 -40450193 to197

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
Non-mortgage loan services for business purposes n.e.c.	99711359	98.44

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARE S HELD	APPLICABLE SECTION
NOT APPLICABLE				

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i) Category-wise ShareHolding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	568100	0	568100	21.28	568100	0	568100	21.28	NIL
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL:(A) (1)	568100	0	568100	21.28	568100	0	568100	21.28	0
(2) Foreign									
a)NRI-Individuals	0	0	0	0	0	0	0	0	0
b)Other Individuals	0	0	0	0	0	0	0	0	0
c)Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e)Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	568100	0	568100	21.28	568100	0	568100	21.28	0

)									
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks/FI	0	0	0	0	0	0	0	0	0.00
c) Central govt.	0	0	0	0	0	0	0	0	0.00
d) State Govt.	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIIS	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (Individual)	0	0	0	0	0	0	0	0	0.00
SUB TOTAL	0	0	0	0	0	0	0	0	0.00
(B)(1):									
(2) Non Institutions									
a) Bodies corporate									
i) Indian	290000	3900	293900	11.01	290000	0	290000	10.86	(0.15)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 Lakhs	0	348171	348171	13.04	0	353771	353771	13.25	0.21
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	1133500	24829	1158329	43.38	1133500	26629	1160129	43.45	0.07
c) Others									
(HUF)	298000	3500	301500	11.29	298000	0	298000	11.16	(0.13)

Body corporates	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	1721500	380400	2101900	78.72	1721500	380400	2101900	78.72	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	1721500	380400	2101900	78.72	1721500	380400	2101900	78.72	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+ C)	2289600	380400	2670000	100	2289600	380400	2670000	100	0.00

(ii) SHARE HOLDING OF PROMOTERS

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No of Shares	% of total Shares of the Company	% of shares Pledged encumbered	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	% change in share holding during the year
1	Kamall Ahuja	568100	21.28	0	568100	21.28	0	0

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Particulars	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the	No. of shares	% of total shares of the Company

			Company		
	At the beginning of the year	568100	21.28	568100	21.28
	Changes during the year	There was no change in the Promoters' Shareholding during the period under review.			
	At the end of the year	568100	21.28	568100	21.28

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	BAZEL INTERNATIONAL LIMITED				
	At the beginning of the year	290000	10.86	290000	10.86
	Change during the year	-	-	-	-
	At the End of the year	290000	10.86	290000	10.86
2.	PANKAJ DAWAR				
	At the beginning of the year	104200	3.78	104200	3.78
	Change during the year	1800	0.19	1800	0.19
	At the End of the year	106000	3.97	106000	3.97
3.	ASHOK JAIN				
	At the beginning of the year	100000	3.75	100000	3.75
	Change during the year	0	0	0	0
	At the End of the year	100000	3.75	100000	3.75
4.	RAVINDER KUMAR				
	At the beginning of the year	75000	2.81	75000	2.81
	Change during the year	0	0	0	0

	At the End of the year	75000	2.81	75000	2.81
5	HARINDER SINGH KALRA				
	At the beginning of the year	75000	2.81	75000	2.81
	Change during the year	0	0	0	0
	At the End of the year	75000	2.81	75000	2.81
6	NILAM MILAN SHAH				
	At the beginning of the year	54000	2.02	54000	2.02
	Change during the year	0	0	0	0
	At the End of the year	54000	2.02	54000	2.02
7	JAYSHREEBEN SHARADKUMAR SHAH				
	At the beginning of the year	54000	2.02	54000	2.02
	Change during the year	0	0	0	0
	At the End of the year	54000	2.02	54000	2.02
8	MAMTABEN DIPESHKUMAR SHAH				
	At the beginning of the year	54000	2.02	54000	2.02
	Change during the year	0	0	0	0
	At the End of the year	54000	2.02	54000	2.02
9	RAJESHKUMAR MOHANLAL SHAH				
	At the beginning of the year	54000	2.02	54000	2.02
	Change during the year	0	0	0	0
	At the End of the year	54000	2.02	54000	2.02
10	SHARAD MOHANLAL SHAH				
	At the beginning of the year	54000	2.02	54000	2.02
	Change during the year	0	0	0	0
	At the End of the year	54000	2.02	54000	2.02

(v) Shareholding of Director's & Key Managerial Personnel's:

SI. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	KamallAhuja(Director)				
	At the beginning of the year	568100	21.28	568100	21.28
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease(e.g.allocation/transfer/bonus/sweat equity etc)	0	0	0	0

	At the end of the year	568100	21.28	568100	21.28
2.	*Chanchal Rani (Non – Executive Independent Director)				
	At the beginning of the year	5000	0.19	5000	0.19
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year	5000	0.19	5000	0.19
3.	*Komal Jain (Additional Non Executive Independent Director)				
	At the beginning of the year	1000	0.04	1000	0.04
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year	1000	0.04	1000	0.04
4.	Manish Saini (Chief Financial Officer (CFO))				
	At the beginning of the year	3000	0.11	3000	0.11
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year	3000	0.11	3000	0.11

- 1. Ms. Chanchal Rani has resigned from the post of Non-Executive Independent Director w.e.f. 20th September, 2019.***
- 2. Ms. Komal Jain has resigned from the post of Non-Executive Independent Director w.e.f. 5th November, 2019.***

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
Additions	0	25,18,904	0	25,18,904
Reduction	0	0	0	0
Net Change	0	25,18,904	0	25,18,904
Indebtedness at the end of the financial year				
i) Principal Amount	0	25,18,904	0	25,18,904
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	25,18,904	0	25,18,904

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Director and/or Manager:

Sl. No.	Name of the MD/WTD/Manager	ROHIT AHUJA	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax 1961	0	0

	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock option		
3	Sweat Equity	0	0
4	Commission	0	0
	as % of profit	0	0
	others (specify)	0	0
5	Others, please specify	0	0
	Total (A)	0	0
	Ceiling as per the Act	5% of profit calculated as per Section 198 of Companies Act, 2013	5% of profit calculated as per Section 198 of Companies Act, 2013

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of the Directors*		Total Amount	
1	Independent Directors	Ms. Aruna	Mr. Gaurav Bajpai		
	(a) Fee for attending Board committee meetings	0	0	0	
	(b) Commission	0	0	0	
	(c) Others, please specify	0	0	0	
	Total (1)	0	0	0	
2	Other Non- Executive Directors	Jayanti Sharma	Poonam Ahuja	Kamall Ahuja	Total Amount
	(a) Fee for attending board committee meetings	0	0	0	0
	(b) Commission	0	0	0	0
	(c) Others, please specify.	0	0	0	0

Total (2)	0	0	0	0
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Total (B)=(1+2)	0	0	0	0
Total Managerial Remuneration	0	0	0	0
Overall Ceiling as per the Act.	3% of profit calculated as per Section 198			3% of profit calculated as per Section 198

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN M.D./MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Ms. Pragati Jain)	CFO (Mr. Manish Saini)	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	0	15,005	2,86,800	3,01,805
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission -as % of profit -others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	15,005	2,86,800	3,01,805

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

**By the order of the Board
For Durgesh Merchants Limited**

Sd/-

**Kamall Ahuja
Director
DIN: 00005195
Off. Add.: D-251, Ground Floor,
Defence Colony, New Delhi-110024**

Sd/-

**Poonam Ahuja
Director
DIN: 05351468
Off. Add.: D-251, Ground Floor,
Defence Colony, New Delhi-110024**

Date: 7th September, 2020

Place: New Delhi

Annexure-III

Disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended

Name	Designation	Remuneration received	Nature of employment	Qualifications and experience	Date of commencement of employment	Age (In years)	The last employment held by such employee before joining the Company	The Number of equity shares held in the company	Whether the employee is a relative of any Director of the Company
Manish Saini	Employee	2,86,800	Permanent	Graduate	1/09/1989	29	-	3000 shares	No

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Durgesh Merchants Limited is a Non-Banking Finance Company (NBFC) and is engaged in Non- mortgage loan services for business purposes. It is one of the growing NBFC's in the Country and offers wide range of financial services to many sectors. The Company offers Credit facilities to individual and business clients. It offers business loans and fulfills working capital requirement of individuals and bodycorporates.

The Company has established its own norm for evaluating different needs of its clients and providing appropriate payment options.

BUSINESS ENVIRONMENT OVERVIEW

Non-Banking Financial Companies (NBFCs) continued to grow their share in the financial services industry. As per RBI in its Financially Stability Report, NBFCs have outperformed Scheduled Commercial Banks growth in advances and asset quality.

We believe that the growth of NBFCs will result in their share in financial services sector increasing in the near future.

BUSINESS UPDATE

The revenue from operations during the financial year 2019-20 is Rs. 12,89,454/- as compared to Rs. 23,41,075/- in the previous financial year. The Financial performance of the company is in herein below along with the chart which plots the profit after tax over last two years.

Particulars	31stMarch, 2020	31stMarch, 2019
Total Income	12,89,454	23,41,075
Less: Total Expenditure	15,31,951	20,72,837.70
Profit before tax	(2,42,497)	2,68,237.30
Profit/ (Loss) after tax	(3,00,842)	2,67,182.30

INTERNAL CONTROL SYSTEM

Company has an independent internal management function that is commensurate with the size and scale of the Company. It evaluates the adequacy of all internal controls, its processes and ensures strict adherence to clearly laid down processes as well as to the prescribed regulatory and legal framework.

OPPORTUNITIES AND THREATS

Over the years, your company has achieved an appropriate balance between risk and returns by setting up as efficient risk mitigation system to meet various forms of financial and other risks. The primary risks that the company is exposed to

credit risk, market risk and operational risk. Deriving from the long years of experience in NBFC sector your company's credit policy framework is designed to provide the right balance between business growth and portfolio quality.

RISK MANAGEMENT

Durgesh Merchants Limited identifies its various operational risks inherent under its business model. The operational risks arise out of an inadequate or failed internal process, people and its systems. The Company has formed a proper Risk Management Committee which effectively identifies, measure, report, monitor and control such operational risks.

HUMAN RESOURCES

Company has always emphasised on its people considering them as most valuable resource. In present scenario where competition prevails, it is a necessity to focus on attracting and retaining the right talent. It provides equal opportunity to employees to deliver results and to achieve higher performance in their respective assignments and company can get overall benefit.

FUTURE STRATEGY

NBFC's has proven their tenacity in many other specialised financial services such as factoring, lease finance, venture capital finance, and in the business of securitised based lending such as IPO Financing, Promoter funding etc. They have also been providing a major boost in Micro, Small and Medium enterprises and other avenues where banks exercise cautious lending. All the above factors emphasize the potential and opportunities in store for NBFC's and the regulations when designed to provide the right environment provides impetus to the growth of the sector.

The Company hence wishes to diversify its lending activities in the coming period and shall embark on this path and move forward once the existing investments which are at an incubating stage begin to bear fruits.

CAUTIONARY STATEMENT

Statement in Management and Discussion Analysis Report describing the Company's future projections, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed. Important factors that could influence the company's operations include economic and political conditions in which the company operates interest rate fluctuations, changes in Government/RBI regulations, Tax Laws, other statutes and incidental factors.

**By the order of the Board
For Durgesh Merchants Limited**

Sd/-

**Kamall Ahuja
Director
DIN: 00005195
Address: D-251, Ground Floor,
Defence Colony, New Delhi- 110024**

Sd/-

**Poonam Ahuja
Director
DIN: 05351468
Address: D-251, Ground Floor,
Defence Colony, New Delhi-
110024**

Date: 7th September, 2020

Place: New Delhi

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DURGESH MERCHANTS LIMITED

Report on the Audit of the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **DURGESH MERCHANTS LIMITED** ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the 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 31 March 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the standalone Ind AS 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 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 audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to Note No. 40 to the standalone financial results, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's

operations and results as assessed by the management. The impact of these uncertainties on the Company's operations is dependent on future developments. Our opinion is not modified in respect of this matter

Key Audit Matters

(a) Transition to Ind AS accounting framework

(as described in note 26 of the Ind AS financial statements)

The Company has adopted Ind AS from 1 April 2019 with an effective date of 1 April 2018 for such transition. For periods up to and including the year ended 31 March 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2020, together with the comparative financial information for the previous year ended 31 March 2019 and the transition date Balance Sheet as at 1 April 2018 have been prepared under Ind AS.

The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.

How our audit addressed the key audit matter

- Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.
- Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.
- Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.

Tested the disclosures prescribed under Ind AS

Responsibility of Management's for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in

accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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 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.

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- (d) 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 Ind AS financial statements for the financial year ended 31 March 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

We did not audit the financial statements/ information of NIL branches included in the standalone financial statements of the company whose financial statements/financial information reflect total assets of Rs. NIL as at 31st March 2020 and the total revenue of Rs. NIL for the year ended on that date, as considered in the standalone financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. **N.A.**

Our opinion is not modified in respect of these matters.

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 of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, ,we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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.
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) In our opinion, the company has, in all material respects reasonably adequate internal financial controls system over financial reporting, keeping in view the size of the company, and nature of its business. Such Internal financial controls over the financial reporting were operating effectively as on 31.03.2020, 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 " Audit of Internal Financial Controls Over Financial Reporting " issued by The institute of Chartered accountants of India.
 - (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, in our opinion and to the best of our information and according to the explanations given to us:
 - i The Company does not have any pending litigations on its financial position in its financial statements.

- ii. According to the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KRISHAN RAKESH &CO.
CHARTEREDACCOUNTANTS
Firm Regn No.009088N

(K.K.GUPTA)
PARTNER

PLACE : DELHI

DATED:

30/06/2020

UDIN

:20087891AAAABU725

9

M No.087891

ANNEXURE - I REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS
FORTHE YEAR
ENDED 31st MARCH, 2020

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c) According to information & explanation given to us, company does not have any immovable property.
 2. The Company has no Inventory during the year under Audit.
 3. As informed to us the company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnership (LLP) or other parties covered in the register maintained under section 189 of the Companies Act.
 4. According to the information and explanations given to us, the company has complies with section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security provided.
 5. According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
 6. In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (l) of section 148 of the Companies Act 2013.
 7. a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees 'state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.

b) We According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Octroi, entry tax and other statutory dues which have not been deposited on account of any dispute.
 8. The company has not obtained any loan from Financial Institution, Banks, and
- Annual Report 2019-20

Government during the period under Audit. The Company has not issued any debentures.

9. The company has not obtained any Term Loans during the year under audit .The company has not raised any money during the year by way initial or further public offer.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31.03.2020.
11. According to the information and explanations given to us, the company has not provided any managerial remuneration for the period under audit.
12. The provisions of clause (xii) of the order are not applicable as the company is not a Nidhi Company as specified in the clause.
13. According to information and explanations given to us we are of the opinion that Company has not entered into any related party transaction for the period under audit.
14. According to information and explanations given to us the company has not made any preferential allotment or private placement of shares or debentures during the year.
15. According to information and explanation given to us the company has not entered into any non-cash transaction with the director or any person connected with him during the year.
16. According to the information and explanations given to us, In view of its business activities, the company has obtained registration under section 45IA of Reserve Bank of India Act, 1934.

FOR KRISHAN RAKESH & CO.

CHARTEREDACCOUNTANTS

Firm Regn No.009088N

(K.K. GUPTA)

PARTNER

M.No. 087891

PLACE :DELHI

DATED :30/06/2020

DURGESH MERCHANTS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2020

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Assets				
Financial Assets				
a) Cash and cash equivalent	3	1,669,970.71	70,424.74	355,536.98
b) Loans and Advances	4	19,945,380.00	19,339,251.00	28,616,792.00
c) Investments	5	6,659,925.00	6,659,925.00	6,659,925.00
d) Other financial assets	6	594,352.00	782,196.00	0.00
Total Financial Assets		28,869,627.71	26,851,796.74	35,632,253.98
Non Financial Assets				
a) Current tax assets	7	114,296.00	329,428.00	165,491.00
b) Property, plant and equipment	8(a)	10,564.00	12,210.00	13,856.00
c) Other intangible assets	8(b)	9,430.00	16,215.00	0.00
d) Other non Financial Assets	9	77,708.00	72,139.00	29,503.20
Total Non Financial Assets		211,998.00	429,992.00	208,850.20
Total assets		29,081,625.71	27,281,788.74	35,841,104.18
Liabilities and Equity				
Liabilities				
Financial liabilities				
a) Trade payables	10	131,072.00	544,186.03	226,488.03
b) Borrowings	11	2,518,904.00	0.00	8,674,218.00
Total Financial liabilities		2,649,976.00	544,186.03	8,900,706.03
Non Financial liabilities				
a) Current tax liability	12	0.00	0.00	0.00
b) Provisions	13	50,000.00	48,400.00	71,600.00
c) Other Non Financial liabilities	14	23,350.00	30,061.00	476,838.74
Total Non-Financial liabilities		73,350.00	78,461.00	548,438.74
Equity				
a) Equity share capital	15	26,700,000.00	26,700,000.00	26,700,000.00
b) Other equity	16	(341,700.29)	(40,858.29)	(308,040.59)
Total equity		26,358,299.71	26,659,141.71	26,391,959.41
Total Liabilities and Equity		29,081,625.71	27,281,788.74	35,841,104.18

Significant accounting policies

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

1- 2

3- 42

**For KRISHAN RAKESH &CO.
HARTEREDACCOUNTANTS**

**Sd/-
K.K. GUPTA
PARTNER
M. NO. 087891**

**Sd/-
Rohit Ahuja
(DIN:07859817)
Mg. Director**

L-385, Ground Floor,
Gali No. 8, Rishi Nagar
Shakoorvasti,
SaraswatiVihar, New
Delhi-110034

**Sd/-
Kamall Ahuja
(DIN:00005195)
Director**

A-5, 2nd Floor,
GurudwaraMarg
Defence Colony,
Lajpat Nagar
New Delhi
110024

**PLACE: DELHI
DATED :30/06/2020**

**Sd/-
Pragati Jain
Company Secretary
264, Krishnapuri,
Muzaffarnagar
251002, Uttar Pradesh**

**Sd/-
Manish Saini
CFO
195-D, Hari
Nagar Ashram
New Delhi
110014**

DURGESH MERCHANTS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH,2020

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
<u>Revenue from operations</u>			
Interest Income	17	12,89,454.00	21,41,075.00
Fees and commission Income	18	0.00	2,00,000.00
Total income		12,89,454.00	23,41,075.00
<u>Expenses</u>			
Finance costs	19	21,004.00	5,49,608.00
Employee Benefits Expenses	20	3,79,357.00	11,04,259.00
Depreciation and amortization expense	21	8,431.00	8,431.00
Other expenses	22	11,23,159.00	4,10,539.70
Total expense		15,31,951.00	20,72,837.70
Profit before tax		(2,42,497.00)	2,68,237.30
Tax expenses:			
<u>Current tax</u>			
Current year		(11,200.00)	(47,200.00)
Earlier year		0.00	(1,000.00)
<u>Deferred tax</u>			
Current year		0.00	0.00
MAT Credit Entitlement		(47,145.00)	47,145.00
Profit for the year / Total comprehensive income		(3,00,842.00)	2,67,182.30
Earning per share (Basic / Diluted) (Rs.)		(0.11)	0.10
Significant accounting policies		1- 2	
The accompanying notes are an integral part of the financial statements		3- 42	
		Sd/- Rohit Ahuja (DIN:07859817) Mg. Director	Sd/- Kamall Ahuja (DIN:0000519) Director

**For KRISHAN RAKESH & CO.
CHARTERED ACCOUNTANTS**

L-385, Ground
Floor, Gali No. 8,
Rishi Nagar
Shakoorvasti,
SaraswatiVihar,
New Delhi-110034

A-5, 2nd
Floor,
GurudwaraMa
rgDefence
Colony, Lajpat
Nagar New
Delhi 110024

**Sd/-
K.K. GUPTA**

PARTNER

M. NO. 087891

**Sd/-
Pragati Jain
Company
Secretary**

**Sd/-
Manish Saini
CFO**

264, Krishnapuri,
Muzaffarnagar
251002, Uttar
Pradesh

195-D, Hari
Nagar Ashram
New Delhi
110014

DATE: 30.06.2020

PLACE: DELHI

Durgesh Merchants Limited

Statement Of Changes In Equity for the year ended March 31, 2020

Equity share capital

Balance as at April 1, 2019	2,67,00,000
Changes in equity share capital during the year	0
Balance as at March 31, 2020	2,67,00,000
Balance as at April 1, 2018	2,67,00,000
Changes in equity share capital during the year	0
Balance as at March 31, 2019	2,67,00,000

Other equity

For the year ended March 31,
2020

Particulars	Surplus / (Accumulated Losses)	Statutory Reserve	Other Comprehensive Income	Total
As at April 1, 2019	(4,15,451.59)	3,74,593.30	0.00	(40,858.29)
T/f to Statutory Reserve	0.00	0.00	0.00	0.00
Profit / Loss for the year	(3,00,842.00)	0.00	0.00	(3,00,842.00)
As at March 31, 2020	(7,16,293.59)	3,74,593.30	0.00	(3,41,700.29)

For the year ended March 31,
2019

Particulars	Surplus / (Accumulated Losses)	Statutory Reserve	Other Comprehensive Income	Total
As at April 1, 2018	(6,29,133.89)	3,21,093.30	0.00	(3,08,041)
T/f to Statutory Reserve	(53,500.00)	53,500.00	0.00	0.00
Profit / Loss for the year	2,67,182.30	0.00	0.00	2,67,182.30
As at March 31, 2019	(4,15,451.59)	3,74,593.30	0.00	(40,858.29)

In terms of our report of even date annexed

**For KRISHAN RAKESH & CO.
CHARTERED ACCOUNTANTS**

**DATE: 30.06.2020
PLACE: DELHI**

**Sd/-
K.K. GUPTA
PARTNER
M.NO. 087891**

**Sd/-
Rohit Ahuja
(DIN:07859817)
Mg. Director**

**Sd/-
Kamall Ahuja
(DIN:0000
5195)**

Director

L-385, Ground Floor,
Gali No. 8, Rishi Nagar
Shakoorvasti,
SaraswatiVihar, New
Delhi-110034

A-5, 2nd Floor,
GurudwaraMar
gDefence
Colony, Lajpat
Nagar New
Delhi 110024

Sd/-
Pragati Jain
**Company
Secretary**

264, Krishnapuri,
Muzaffarnagar
251002, Uttar
Pradesh

Sd/-
Manish Saini
CFO

195-D, Hari
Nagar Ashram
New Delhi
110014

Durgesh Merchants Limited

Cash flow statement for the year ended March 31, 2020

	For the year ended March 31, 2020	For the year ended March 31, 2019
<u>Cash flow from operating activities</u>		
Net Profit before tax and extra ordinary items	(2,42,497.00)	2,68,237.30
Adjustment for :		
Expected Credit Loss/ (Gain)on Standard Assets	1,600.00	(23,200.00)
Depreciation	8,431.00	8,431.00
	10,031.00	(14,769.00)
Operating Profit before Working Capital Facilities	(2,32,466.00)	2,53,468.30
Adjustment for :		
Trade & other receivable	(4,70,999.00)	84,99,854.20
Trade payable	20,99,078.97	(88,03,297.74)
	16,28,079.97	(3,03,443.54)
Cash generated from operation	13,95,613.97	(49,975.24)
Tax paid	2,03,932.00	(2,12,137.00)
	2,03,932.00	(2,12,137.00)
Net Cash Flow from operating activities	15,99,545.97	(2,62,112.24)
<u>Cash flow from investing activities</u>		
Purchase of fixed assets	0.00	(23,000.00)
	0.00	(23,000.00)
Net Cash used in investing activities	0.00	(23,000.00)
<u>Cash flow from financing activities</u>		
Proceed from issue of share capital	0.00	0.00
Proceed from Share application money received	0.00	0.00
	0.00	0.00
Net Cash Flow from financing activities	0.00	0.00
Net increase/(decrease) in cash & cash equivalents	15,99,545.97	(2,85,112.24)
Cash & cash equivalent opening	70,424.74	3,55,536.98
Cash & cash equivalent closing	16,69,970.71	70,424.74

In terms of our report of even date annexed

**For KRISHAN RAKESH &CO.
CHARTEREDACCOUNTANTS**

**DATE: 30.06.2020
PLACE: DELHI**

**Sd/-
K.K. GUPTA
PARTNER
M.NO. 087891**

**Sd/-
Rohit Ahuja
(DIN:07859817)
Mg. Director**

L-385, Ground Floor,
Gali No. 8, Rishi Nagar
Shakoorvasti,
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Delhi-110034

**Sd/-
Kamall Ahuja
(DIN:0000
5195)
Director**

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**Sd/-
Pragati Jain
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251002, Uttar
Pradesh

**Sd/-
Manish Saini
CFO**
195-D, Hari
Nagar Ashram
New Delhi
110014

Durgesh Merchants Limited

1.1 Corporate Information

M/s Durgesh Merchants Limited (hereinafter referred as the “Company”) was originally incorporated on 27th December, 1984 as a public limited Company with its Certificate of Commencement of Business dated 31st December, 1984. The Corporate Identification Number of the Company is L65923DL1984PLC248322.

Durgesh Merchants Limited is a (Non-Deposit Accepting) Non Banking Financial Company (NBFC). The Company obtained its fresh Certificate of Registration from Reserve Bank of India (RBI), New Delhi to carry on the business of Non-Banking Financial Institution on 11th September, 2015. The Registration Number of the Company with RBI is B-14.03319. The Company is involved in the financial business to carry on all or any of the business of financiers of industrials, commercials, and other enterprises.

1.2 Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (‘the NBFC Master Directions’) issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2020, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as ‘Previous GAAP’). These financial statements for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 ‘First-time Adoption of Indian Accounting Standards’, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no. 31.

1.3 Presentation of financial statements

The Company presents its Balance Sheet in order of liquidity

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Company’s financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management’s estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no. 2.4(i)]
- Fair value of financial instruments [Refer note no. 2.15, 47 and 48]
- Effective Interest Rate (EIR) [Refer note no. 2.1(i)]
- Impairment on financial assets [Refer note no. 2.4(i) 8 and 49]
- Provisions and other contingent liabilities [Refer note no. 2.10 and 41]
- Provision for tax expenses [Refer note no. 2.6(i)]
- Residual value and useful life of property, plant and equipment [Refer note no. 2.7(h)]

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Income

(i) Interest income

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 2.4(i)] regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 2.4(i)], the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Fees and commission

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

Summary of significant accounting policies (Contd.)

(c) Sale of services

The Company, on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit or loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue From Contracts with Customers' as articulated above in 'other revenue from operations'.

(d) Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

(iv) Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable

2.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR [refer note no. 2.1(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, 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.

2.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

Summary of significant accounting policies (Contd.)

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories:

- (a) Debt instruments at amortised cost
- (b) Debt instruments at FVOCI
- (c) Debt instruments at FVTPL
- (d) Equity instruments designated at FVOCI

(a) Debt instruments at amortised cost

The Company measures its financial assets at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the nature of portfolio and the period for which the interest rate is set.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios in the books of the Company, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortised cost on effective interest rate (EIR). For further details, refer note no. 2.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

(b) Debt instruments at FVOCI

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as long term investments in Government securities to meet regulatory liquid asset requirement of the Company's deposit program and mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

(c) Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend incomes are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

Summary of significant accounting policies (Contd.)

The Company's investments into mutual funds, Government securities (trading portfolio) and certificate of deposits for trading and short term cash flow management have been classified under this category.

(d) Equity investments designated under FVOCI

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

Derecognition of Financial Assets

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

The right to receive cash flows from the asset have expired; or

The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

the carrying amount (measured at the date of derecognition) and

the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment of financial assets

ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

Summary of significant accounting policies (Contd.)

(a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

Contractual payments of either principal or interest are past due for more than 90 days;

The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months— post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behavioural score cards and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

Company has incurred any loss of assets or Interest Income thereon in last 3 Financial years, therefore expected credit loss is assumed as per RBI Prudential Norms on Prudent Basis.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Provision for non-performing assets is recorded at rates which are equal to or higher than the rates specified by Reserve Bank of India in their guidelines on prudential norms. The rates used by the Company are as follows:

Summary of significant accounting policies (Contd.)

- | | | | | |
|----|--|-----|-----------------------------|--------|
| a. | Provision | for | Non-Performing | Assets |
| | • Provision | for | standard and non-performing | assets |
| | <ul style="list-style-type: none"> • In accordance with Prudential Norms, contingent provision at 0.25% has been created on outstanding standard assets. • In accordance with Para 10 of Prudential Norms, the Company has shown provision for loans under 'Provisions' forming part of 'Non Financial Assets' | | | |

(ii) Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR [Refer note no. 2.1(i)]. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.5 Investment in subsidiaries

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

2.6 Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Summary of significant accounting policies (Contd.)

2.7 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

- (a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.
- (b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
- (c) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (d) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets and amortisation thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

2.10 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.11 Foreign currency translation

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

Summary of significant accounting policies (Contd.)

2.12 Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 47 and 48.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

2.13 Unless specifically stated to be otherwise, these policies are consistently followed.

Durgesh Merchants Limited

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

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
3 Cash and cash equivalents			
Bank balances in current accounts	39,649.26	18,898.26	19,557.50
Cash in hand & imprest	1,630,321.45	51,526.48	335,979.48
Total	1,669,970.71	70,424.74	355,536.98

For the purpose of statement of cash flows, cash and cash equivalents comprises the following :

	March 31, 2020	March 31, 2019	April 1, 2018
Bank balances in current accounts	39,649.26	18,898.26	19,557.50
Cash in hand & imprest	1,630,321.45	51,526.48	335,979.48
Total	1,669,970.71	70,424.74	355,536.98

**4 Loans and Advances
Short term loans & advances**

(Unsecured considered good unless otherwise stated)

Loans & advances	19,945,380.00	19,339,251.00	28,616,792.00
Total	19,945,380.00	19,339,251.00	28,616,792.00

5 Investments

Investment in Quoted Shares

2,67,000 (2,67,000)

Equity Shares of Bazel International

of Rs. 10/- each fully paid -up

	6,350,000.00	6,350,000.00	6,350,000.00
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Investment in Unquoted Shares

26,950 (26,950) Equity Shares of Jainsons Rugs International

Private Limited of Rs. 10/- each fully Paid up.

	309,925.00	309,925.00	309,925.00
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Total	6,659,925.00	6,659,925.00	6,659,925.00
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Aggregate amount of unquoted Investments

	309,925.00	309,925.00	309,925.00
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6 Other financial assets

Advance to others	594,352.00	782,196.00	0.00
Total	594,352.00	782,196.00	0.00

7	Current tax asset (Net)			
	Income Tax-Advance	114,296.00	329,428.00	165,491.00
	Total	114,296.00	329,428.00	165,491.00

Durgesh Merchants Limited

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

8(a) Property, plant and equipment

Description	Gross Block				Depreciation				Net Block	
	As on April 01, 2019	Additions During the year	Sales/ Adjustments	Total March 31, 2020	Upto April 01, 2019	For the Year	Adjustments/ Sales	Total as on March 31, 2020	As on March 31, 2020	As on March 31, 2019
Furniture & Fixtures	27,850.00	0.00	0.00	27,850.00	18,938.00	1,646.00	0.00	20,584.00	7,266.00	8,912.00
Computer & Printer	65,950.00	0.00	0.00	65,950.00	62,652.00	0.00	0.00	62,652.00	3,298.00	3,298.00
Current Year	93,800.00	0.00	0.00	93,800.00	81,590.00	1,646.00	0.00	83,236.00	10,564.00	12,210.00
Previous Year	93,800.00	0.00	0.00	93,800.00	79,944.00	1,646.00	0.00	81,590.00	12,210.00	13,856.00

8(b) Other intangible assets

Description	Gross Block				Depreciation				Net Block	
	As on April 01, 2019	Additions During the year	Sales/ Adjustments	Total March 31, 2020	Upto April 01, 2019	For the Year	Adjustments/ Sales	Total as on March 31, 2020	As on March 31, 2020	As on March 31, 2019
Computer Software	23,000.00	0.00	0.00	23,000.00	6,785.00	6,785.00	0.00	13,570.00	9,430.00	16,215.00
Current Year	23,000.00	0.00	0.00	23,000.00	6,785.00	6,785.00	0.00	13,570.00	9,430.00	16,215.00
Previous Year	0.00	23,000.00	0.00	23,000.00	0.00	6,785.00	0.00	6,785.00	16,215.00	0.00
Current Year Total	1,16,800.00	0.00	0.00	1,16,800.00	88,375.00	8,431.00	0.00	96,806.00	19,994.00	28,425.00
Previous Year Total	93,800.00	23,000.00	0.00	1,16,800.00	79,944.00	8,431.00	0.00	88,375.00	28,425.00	13,856.00

Durgesh Merchants Limited

Notes of the financial statements for the year ended March 31, 2019

3(a) Property, plant and equipment

Description	Gross Block				Depreciation				Net Block	
	As on April 01, 2018	Additions During the year	Sales/ Adjustments	Total March 31, 2019	Upto April 01, 2018	For the Year	Adjustments/ Sales	Total as on March 31, 2019	As on March 31, 2019	As on March 31, 2018
Furniture & Fixtures	27,850.00	0.00	0.00	27,850.00	17,292.00	1,646.00	0.00	18,938.00	8,912.00	10,558.00
Computer & Printer	65,950.00	0.00	0.00	65,950.00	62,652.00	0.00	0.00	62,652.00	3,298.00	3,298.00
Current Year	93,800.00	0.00	0.00	93,800.00	79,944.00	1,646.00	0.00	81,590.00	12,210.00	13,856.00
Previous Year	93,800.00	0.00	0.00	93,800.00	65,217.00	14,727.00	0.00	79,944.00	13,856.00	28,583.00

3(b) Other intangible assets

Description	Gross Block				Depreciation				Net Block	
	As on April 01, 2018	Additions During the year	Sales/ Adjustments	Total March 31, 2019	Upto April 01, 2018	For the Year	Adjustments/ Sales	Total as on March 31, 2019	As on March 31, 2019	As on March 31, 2018
Computer Software	0.00	23,000.00	0.00	23,000.00	0.00	6,785.00	0.00	6,785.00	16,215.00	0.00
Current Year	0.00	23,000.00	0.00	23,000.00	0.00	6,785.00	0.00	6,785.00	16,215.00	0.00
Previous Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current Year Total	93,800.00	23,000.00	0.00	93,800.00	79,944.00	8,431.00	0.00	81,590.00	12,210.00	13,856.00
Previous Year Total	93,800.00	0.00	0.00	93,800.00	65,217.00	14,727.00	0.00	79,944.00	13,856.00	28,583.00

9	Other non financial assets			
	Indirect tax credits available for utilisation	77,708.00	24,994.00	29,503.20
	MAT Credit Entitlement	0.00	47,145.00	0.00
	Total	77,708.00	72,139.00	29,503.20

10 Trade payables

Total outstanding dues of Micro Enterprises and Small Enterprises

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act):

Particulars

i) Principal amount due to suppliers under MSMED Act	0.00	0.00	0.00
ii) Interest accrued and due to suppliers under MSMED Act on the above amount	0.00	0.00	0.00
iii) Payment made to suppliers (other than interest) beyond appointed day during the year	0.00	0.00	0.00
iv) Interest paid to suppliers under MSMED Act	0.00	0.00	0.00
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	0.00	0.00	0.00
v) Interest due and payable to suppliers under MSMED Act towards payments already made	0.00	0.00	0.00
vi) Interest accrued and remaining unpaid at the end of the accounting year	0.00	0.00	0.00
vii) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	0.00	0.00	0.00
	0.00	0.00	0.00

Trade Payables	131,072.00	544,186.03	226,488.03
Total	131,072.00	544,186.03	226,488.03

The Company has during the year not received any information from any vendor regarding their status being 'registered under Micro, Small and Medium Enterprises Development Act, 2006. Based on the above disclosures, if any, relating to amounts unpaid as at the period end along with interest paid / payable have not been given.

11	Borrowings			
	Unsecured loans			
	Loan from limited companies	2,518,904.00	0.00	8,674,218.00
	Total	2,518,904.00	0.00	8,674,218.00
12	Current tax liabilities			
	As per last balance sheet	0.00	0.00	0.00
	Additions during the year	11,200.00	47,200.00	0.00
	Adjustment during the year	0.00	0.00	0.00
	Paid during the year	(11,200.00)	(47,200.00)	0.00
	Total	0.00	0.00	0.00
13	Provisions			
	Provision Retained on sale of Standard assets as per RBI	50,000.00	48,400.00	71,600.00
	Total	50,000.00	48,400.00	71,600.00
14	Other Non Financial liabilities			
	Statutory dues payable	23,350.00	30,061.00	14,054.00
	Book Overdraft	0.00	0.00	462,784.74
	Total	23,350.00	30,061.00	476,838.74
15	Equity share capital			
	Authorised			
	1,00,00,000 (Previous Year 40,00,000 Shares) Equity shares of Par Value of Rs. 10 /- each	100,000,000.00	40,000,000.00	40,000,000.00
		100,000,000.00	40,000,000.00	40,000,000.00
	Issued, subscribed & paid up			
	26,70,000 (Previous Year 26,70,000) Equity Shares of par value of Rs. 10 /- each	26,700,000.00	26,700,000.00	26,700,000.00
	Total	26,700,000.00	26,700,000.00	26,700,000.00

a) The reconciliation of number of shares outstanding and the amount of Share Capital as at the opening and closing dates is set out below:

Equity shares			
Particulars	March 31, 2020	March 31, 2019	April 1, 2018
No. of Shares	2,670,000.00	2,670,000.00	2,670,000.00

outstanding at the beginning of the period			
No. of Shares Issued during the year	0.00	0.00	0.00
No. of Shares outstanding at the end of the period	2,670,000.00	2,670,000.00	2,670,000.00

b) The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

c) The company has not issued any bonus shares during the period of last 5 years.

d) Following Shareholders hold equity shares more than 5% of the total equity shares of the company at the end of the

Person	As at 31.03.2020 NOS (% age)	As at 31.03.2019 NOS (% age)	As at 01.04.2018 NOS (% age)
Kamall Ahuja	568100 (21.28%)	568100 (21.28%)	568100 (21.28%)
Bazel International Ltd.	290000 (10.86%)	290000 (10.86%)	290000 (10.86%)

16 Other equity

Statutory Reserve

Balance B/F	374,593.30	321,093.30	321,093.30
Transferred During The Year	0.00	53,500.00	0.00
Sub Total	374,593.30	374,593.30	321,093.30

Reserves & surplus

As per last balance Sheet	(415,451.59)	(629,133.89)	(629,133.89)
Add: Net Profit / Loss after tax transferred from Statement of Profit & Loss	(300,842.00)	267,182.30	0.00
Transferred to Statutory Reserve	0.00	(53,500.00)	0.00
Ind-AS adjustments on ECL	0.00	0.00	0.00
Sub Total	(716,293.59)	(415,451.59)	(629,133.89)

17	Interest Income		
	Interest on Loan	12,69,402.00	21,41,075.00
	Interest on Income Tax Refund	20,052.00	0.00
	Total	12,89,454.00	21,41,075.00
18	Fees and commission Income		
	Professional Fee	0.00	2,00,000.00
	Total	0.00	2,00,000.00
19	Finance costs		
	Other interest expense	21,004.00	5,49,608.00
	Total	21,004.00	5,49,608.00
20	Employee Benefits Expenses		
	Salaries and wages	3,79,357.00	11,04,259.00
	Total	3,79,357.00	11,04,259.00
21	Depreciation and amortization expenses		
	Depreciation on tangible assets	1,646.00	1,646.00
	Amortisation of intangible assets	6,785.00	6,785.00
	Total	8,431.00	8,431.00
22	Other expenses		
	Office Rent	9,750.00	1,17,000.00
	Repairs and maintenance	0.00	0.00

Communication Costs	12,604.00	12,813.00
Printing and stationery	20,728.00	23,855.00
ROC Filing Fee	5,54,800.00	6,000.00
General Office and Misc. Exp	1,25,583.00	86,583.20
Computer Expenses	3,000.00	2,500.00
Advertisement and publicity	41,058.00	22,448.00
Payment to Auditors		
- Audit Fees	50,000.00	30,000.00
- Other Matters	20,000.00	15,450.00
Legal and Professional charges	2,18,500.00	21,500.00
Bank Charges	1,829.00	619.50
Business promotion expenses	18,164.00	18,312.00
Travelling and conveyance	45,543.00	76,659.00
Expected Credit Loss/ (Gain) on Standard Assets	1,600.00	(23,200.00)
Total	11,23,159.00	4,10,539.70

Durgesh Merchants Limited

23 Income Taxes

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

A. Statement of profit and loss:

(i) Profit & loss section

	31 March 2020	31 March 2019
Current income tax charge	58,345.00	47,200.00
MAT credit entitlement	(47,145.00)	(47,145.00)
Adjustments in respect of current income tax of previous year	0.00	1,000.00
Deferred tax:		
Relating to origination and reversal of temporary differences	0.00	0.00
Income tax expense reported in the statement of Profit & loss	11,200.00	1,055.00

(ii) OCI Section

Deferred tax related to items recognised in OCI during the year:

Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charged to OCI	-	-

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for FY ended 31 March 2016 and 31 March 2017:

	31 March 2020	31 March 2019
Accounting profit before tax from continuing operations	(2,42,497.00)	2,68,237.30
Profit/(loss) before tax from a discontinued operation	0.00	0.00
Accounting profit before income tax	(2,42,497.00)	2,68,237.30
At India's statutory income tax rate of 26.00% (31 March 2019: 26.00%)	(63,000.00)	69,741.70
Non-deductible expenses for tax purposes	1,43,145.00	2,613.30
Additional deduction as per income tax	(21,800.00)	(72,300.00)
Adjustments in respect of current income tax of previous year	0.00	1,000.00
MAT Liability for the Year	0.00	0.00
MAT credit of earlier years recognised	(47,145.00)	0.00
At the effective income tax rate of (4.62%) (31 March 2019: 0.39%)	11,200.00	1,055.00
Income tax expense reported in the statement of profit and loss	11,200.00	1,055.00
Income tax attributable to a discontinued operation	0.00	0.00
	11,200.00	1,055.00

Deferred tax

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss		
	31 March 2020	31 March 2019	01 April 2018	31 March 2020	31 March 2019
Accelerated depreciation for tax purposes	-	-	-	-	-
B/F Losses / Disallowances u/s 43B / 40A	-	-	-	-	-
Ind AS adjustments	-	-	-	-	-
Deferred tax expense/(income)	-	-	-	-	-
Net deferred tax assets/(liabilities)	-	-	-	-	-

Reflected in the balance sheet as follows:

	31 March 2020	31 March 2019
Deferred tax assets (continuing operations)	-	-
Deferred tax liabilities (continuing operations)	-	-
Deferred tax liabilities, net	-	-

Reconciliation of deferred tax liabilities (net):

	31 March 2020	31 March 2019
Opening balance as of 1 April	-	-
Tax (income)/expense during the period recognised in Profit & loss	-	-
Tax (income)/expense during the period recognised in OCI	-	-

Discontinued operation

-

Closing balance as at 31 March

-

-

Durgesh Merchants Limited

24 Fair values measurements

(i) Financial instruments by category

Particulars	31 March 2020		31 March 2019		1 April 2018	
	FVTOCI	Amortised Cost	FVTOCI	Amortised Cost	FVTOCI	Amortised Cost
Financial assets						
Investments	6,659,925.00	0.00	6,659,925.00	0.00	6,659,925.00	0.00
Other financial assets	0.00	594,352.00	0.00	782,196.00	0.00	0.00
Cash and cash equivalents	0.00	1,669,970.71	0.00	70,424.74	0.00	355,536.98
Loans and Advances	0.00	19,945,380.00	0.00	19,339,251.00	0.00	28,616,792.00
Total financial assets	6,659,925.00	22,209,702.71	6,659,925.00	20,191,871.74	6,659,925.00	28,972,328.98
Financial liabilities						
Borrowings	0.00	2,518,904.00	0.00	0.00	0.00	8,674,218.00
Trade payables	0.00	131,072.00	0.00	544,186.03	0.00	226,488.03
Total financial liabilities	0.00	2,649,976.00	0.00	544,186.03	0.00	8,900,706.03

(ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities, other than those whose fair values are close approximations of their carrying values.

For cash and cash equivalents, trade receivables, other receivables, short term borrowing, trade payables and other current financial liabilities the management assessed that their fair value is approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's long-term interest free security deposits are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the market borrowing rate as at the end of the reporting period. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Durgesh Merchants Limited

25 Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2020

	<u>Total</u>
Fair valuation through OCI	-
Income tax effect	-
	<u>-</u>

During the year ended 31 March 2019

	<u>Total</u>
Fair valuation through OCI	-
Income tax effect	-
	<u>-</u>

Durgesh Merchants Limited

26. First Time Adoption

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

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st.April 2018, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

(A) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company

1. Mandatory exceptions;

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

2. Optional exemptions;

(i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

(B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition 1 April 2018 and as at 31 March 2019

Particular	As at 31 March 2019			As at 1 April 2018		
	Previous Gaap	Adjustment	IND AS	Previous Gaap	Adjustment	IND AS
Assets						
Financial assets						
Cash and cash equivalents	70,425	0	70,425	3,55,537	0	3,55,537
Loans and Advances	1,93,39,251	0	1,93,39,251	2,86,16,792	0	2,86,16,792
Investments	66,59,925	0	66,59,925	66,59,925	0	66,59,925
Other financial assets	7,82,196	0	7,82,196	0	0	0
Non-financial assets						
Current tax assets(net)	3,29,428	0	3,29,428	1,65,491	0	1,65,491
Property, plant and equipment	12,210	0	12,210	13,856	0	13,856
Other intangible assets	16,215	0	16,215	0	0	0
Other non-financial assets	72,139	0	72,139	29,503	0	29,503
Total Assets	2,72,81,789	0	2,72,81,789	3,58,41,104	0	3,58,41,104

26 First Time Adoption (Contd..)

Particular	As at 31 March 2019			As at 1 April 2018		IND AS
	Previous Gaap	Adjustment	IND AS	Previous Gaap	Adjustment	
LIABILITIES AND EQUITY						
Liabilities						
Financial liabilities						
Trade payables	5,44,186	0	5,44,186	2,26,488	0	2,26,488
Borrowings	0	0	0	86,74,218	0	86,74,218
Non-financial liabilities						
Current tax liabilities (net)	0	0	0	0	0	0
Provisions	48,400	0	48,400	71,600	0	71,600
Other non-financial liabilities	30,061	0	30,061	4,76,839	0	4,76,839
Equity						
Equity share capital	2,67,00,000	0	2,67,00,000	2,67,00,000	0	2,67,00,000
Other equity	(40,858)	0	(40,858)	(3,08,041)	0	(3,08,041)
Total liabilities and equity	2,72,81,789	0	2,72,81,789	3,58,41,104	0	3,58,41,104

Reconciliation of Total Comprehensive Income for the year ended 31 March 2019

Particular	As at 31 March 2019		
	Previous Gaap	Adjustment	IND AS
Revenue from operations			21,41,075
Interest Income	21,41,075	0	5
Other income	2,00,000	0	2,00,000
Total income	23,41,075	0	23,41,075
Expenses			
Finance costs	5,49,608	0	5,49,608
Employee Benefits Expenses	11,04,259	0	9
Depreciation and amortization expense	8,431	0	8,431
Other expenses	4,10,540	0	4,10,540
Total expense	20,72,838	0	20,72,838
Profit before tax	2,68,237	0	2,68,237

Tax expenses:**Current tax**

Current year	(47,200)	0	(47,200)
Earlier year	(1,000)	0	(1,000)

MAT Credit

Entitlement	47,145	0	47,145
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Profit for the year / Total

comprehensive income	2,67,182	0	2,67,182
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Reconciliation of equity as at 1 April 2018 and as at 31 March 2019 summarised in below table

Particular	As at 31.03.2019	As at 01.0 4.20 18
Equity as reported under previous GAAP	(40,858)	(3,08,041)
Adjustments	0	0
Equity as per Ind AS	(40,858)	(3,08,041)

26 First Time Adoption (Contd..)**Notes to first time adoption of Ind AS****(1) Impairment on financial assets**

Under previous GAAP, loan losses and provisions were computed basis RBI guidelines and Management estimations. Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 –'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020.

(2) Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

(3) Components of other comprehensive income (OCI)

Under Ind AS, following items has been recognised in other comprehensive income in the Statement of Profit and Loss of the Group:

Re-measurement gains/(losses) on defined benefit plans

Changes in fair value of FVOCI equity instruments

Changes in fair value of FVOCI debt securities

All above adjustments, except remeasurement gains/(losses) on defined benefit plans as set out in point (5) above, are recognised in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2020 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2020.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2020

**DURGESH MERCHANTS LIMITED
OTHER NOTES ON ACCOUNTS**

	AS AT 31.03.2020	AS AT 31.03.2019
27. <u>COMMITMENTS</u>		
a) Estimated amount of contracts Remaining to be executed on Capital Account and not provided for :	NIL	NIL
b) Letters of Credit opened in favour of inland/overseas suppliers	NIL	NIL
28. <u>Contingent Liabilities not provided for :-</u> (excluding matters separately dealt with in other notes)		
a) Counter guarantees issued to Bankers in respect of guarantees issued by them	NIL	NIL
b) Guarantees issued on behalf of Ltd. Co's	NIL	NIL
29. Value of Imports on CIF Basis	NIL	NIL
30. Earning in Foreign Currency	NIL	NIL
31. Expenditure in Foreign Currency	NIL	NIL
32. PARTICULARS OF SALES & STOCKS		

	<u>CURRENT YEAR</u> <u>Value</u>	<u>PREVIOUS YEAR</u> <u>Value</u>
<u>OPENING STOCK</u>		
Shares	0	0
<u>PURCHASE</u>		
Shares	0	0
<u>SALES</u>		
Shares	0	0
<u>CLOSING STOCK</u>		
Shares	0	0

33. In the opinion of the Board, all Current Assets, Loans & Advances (Except where indicated otherwise) collectively have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
34. Balance confirmation certificates from parties, as appearing in the Balance Sheet under the heads '**Loans & Advances**' on the assets side of the Balance Sheet are subject to confirmations of balances to the extent received have been reconciled/under reconciliation.
35. Provision regarding Provident fund and Gratuity Act, 1972 are not applicable to the company during the year under reference.
36. The company is engaged in the business of non-banking financial activity. Since all the activities relate to main activity, in the opinion of the management, there is only one business segment in terms of AS-108 on Operating Segment issued by ICAI.
37. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

Current Year Charges

Income Tax provision of **Rs.12,400** (P.Y.47,200) has been made and MAT Credit Adjustment of **Rs.47,145** (P.Y. (Rs. 47,145)) has been made

Deferred Tax Liability/Asset

No provision for deferred tax liability as required in Ind AS-12 of "Income Tax" issued by ICAI, there is no such liability as on 31.3.2020.

38.Related Party Disclosures:

In accordance with the Ind AS - 24 (AS-18) on Related Party Disclosure, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, along with description of relationship as identified, are given below:-

A. Relationships

Key Managerial Personnel

Mr. Rohit Ahuja	-	Managing Director
Ms. Pragati Jain	-	Company Secretary
Mr. Manish Saini	-	CFO

The related parties with whom transaction taken place during the year and nature of related party relationship:-

Description	Key Managerial Personnel/ Relatives	
	Y.E. 31.03.2020	Y.E. 31.03.2019
Remuneration		
Sh. Praveen Prabhaker Tiwari	0	4,54,235
Ms. Pragati Jain	15,005	0
Mr. Manish Saini	2,86,800	2,39,408

Companies / Firms in which the Directors are interested as Director / Partner

Description	Y.E.31.03.2020	Y.E.31.03.2019
39. Earnings Per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings Per Share		
Opening Balance	1,09,90,025	55,06,859
Amount Paid during the year	64,40,000	81,34,390
Amount Recd during the year	54,96,000	31,29,008
Interest Received	7,26,275	5,27,514
Closing Balance	1,25,87,011	1,09,90,025

	Year Ended 31.03.2020	Year Ended 31.03.2019
Profit attributable to the Equity Shareholders – (A) (Rs)	(3,00,842)	2,67,182
Basic/ Weighted average number of Equity Shares outstanding during the year (B)	26,70,000	26,70,000
Nominal value of Equity Shares (Rs)	10	10
Basic/Diluted Earnings per share (Rs) – (A)/(B)	(0.11)	0.10
Calculation of profit attributable to Shareholders		
Profit Before Tax	2,42,497	2,68,237
Less : Provision for Tax/Deferred Tax	11,200	47,200
Less : Income Tax Adjustment		1,000
Add : MAT Credit Entitlement	47,145	(47,145)
Profit attributable to Shareholders	(3,00,842)	2,67,182

40. The Operations and the Financial Results of the Company during the Quarter / Year ended 31st March 2020 were marginally impacted due to lockdown announced by the State/ Central Government after the outbreak of COVID-19 Pandemic in March 2020. As the Company is into Financial Services the operation was not completely shut down.. All necessary precautions relating to hygiene, sanitization, social distancing, care and protection of the employees would continue to be followed.

The Company has considered the possible effects that may result from the Pandemic relating to COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Receivables and Other Financial/ Non Financial Assets. In developing the assumptions relating to the possible future uncertainties in the Economic conditions because of this Pandemic, the Company, as at the date of approval of these Financial results has used internal and external sources on the expected future performance of the Company. The Company has performed analysis on the assumptions used and based on current indicators of Future

(4) Break-up of Investments :		
Current Investments :		
1. <u>Quoted</u> :		
(I) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
1. <u>Unquoted</u> :		
(I) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term investments :		
(I) Shares : (a) Equity	63.50	63.50
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Silver	-	-
2. Unquoted :		
(i) Shares : (a) Equity	3.10	3.10
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :-

Category	Amount net of provision			Amount net of provision		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	-	-	-	0	0
2. Other than related parties	-	199.45	199.45	-	193.39	193.39
Total	-	199.45	199.45	-	193.39	193.39

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Current Year		Previous Year	
	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	0	0	0	0
(c) Other related parties	-	-	0	0
2. Other than related parties	0	0	0	0

Other Information

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

Note . In case of Investments in unquoted shares, it is assumed that market value is same as bookvalue.

For **KrishanRakesh& Co**

Chartered Accountants

Firm Registration No.:009088N

Sd/-

K.K. Gupta

Partner

M.No. 087891

For and on behalf of the Board of Directors of

DURGESH MERCHANTS LIMITED

Sd/-

Rohit Ahuja
(DIN: 07859817)
Mg. Director

L-385, Ground Floor, Gali
No. 8, Rishi Nagar
Shakoovasti,
SaraswatiVihar, New
Delhi-110034

Sd/-

Kamall Ahuja
(DIN:00005195)
Director

A-5, 2nd Floor,
GurudwaraMargDefence
Colony, Lajpat Nagar
New Delhi 110024

Sd/-

Pragati Jain
Company Secretary

264, Krishnapuri, Muzaffarnagar
251002, Uttar Pradesh

Sd/-

Manish Saini
CFO

195-D, Hari Nagar
Ashram New Delhi
110014

Place: Delhi

Date :30/06/2020

Form No. MGT-11

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L65923DL1984PLC248322

Name of the Company: **Durgesh Merchants Limited**

Venue of the Meeting: **D-251, Ground Floor, Conference Hall, Defence Colony, New Delhi-110024.**

Date and Time: Wednesday, the 30th day of September, 2020 at 12:00 Noon

I/We, being the member(s) of.....shares of the above named company, hereby appoint:

1. Name: _____
2. Address: _____
3. E-mail ID: _____
4. Signature: _____, or failing him/her

1. Name: _____
2. Address: _____
3. E-mail ID: _____
4. Signature: _____, or failing him/her

1. Name: _____
2. Address: _____
3. E-mail ID: _____
4. Signature: _____, or failing him/her

as my/our Proxy to attend vote (for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 30th day of September, 2020 at 12:00 Noon at **D-251, Ground Floor, Conference Hall, Defence Colony, New Delhi-110024** and at any adjournment thereof) in respect of such resolutions as are indicated below:

S. No.	Resolution	Number of shares held	For	Against
ORDINARY BUSINESS:				
1.	Adoption of Consolidated/ Standalone Audited Financial Statements of the Company for the financial year ended 31 st March, 2020 and the Reports of the Board of Directors and Auditors thereon.			
2.	To appoint a Director in place of Ms. Poonam Ahuja (DIN: 05351468), who retires by rotation and being eligible, offers herself for re-appointment			

SPECIAL BUSINESS:

3.	To consider and approve the appointment of Ms. Aruna (DIN: 08582061) as an Independent Director of the company in terms of section 149 of the companies act, 2013.			
4.	To consider and approve the appointment of Mr. Gaurav Bajpai (DIN: 08602144) as an Independent Director of the Company in terms of Section 149 of the Companies act, 2013.			
5.	To take approval to sell or dispose of Undertakings under section 180(1)(a) of the Companies, Act, 2013			
6.	To increase the borrowing limit under section 180(1)(c) of the Companies, act, 2013			
7.	Approval for contribution to charitable institution pursuant to section 181 of Companies act, 2013			
8.	Approval for related party transactions			
9.	Issuance of warrants convertible into equity shares to promoter / member of the promoter group of the company on preferential basis			

Signed thisDayof.....2020
Signature of shareholder.....
Signature of Proxy holder(s)

Affix One
Rupee
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

ATTENDANCE SLIP

Registered Folio / DP ID & Client ID

Name and Address of the Shareholder

1. I hereby record my presence at the 36th Annual General Meeting of the Company being held on Wednesday, the 30th day of September, 2020 at 12:00 Noon at **D-251, Ground Floor, Conference Hall, Defence Colony, NewDelhi-110024.**

2. Signature of the Shareholder/Proxy Present

3. Shareholder/Proxy holder desiring to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.

4. Shareholder/Proxy holder desiring to attend the meeting may bring his/her copy of the Annual Report for reference at the meeting.

NOTE: PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	PASSWORD	USER ID	NO. OF SHARES

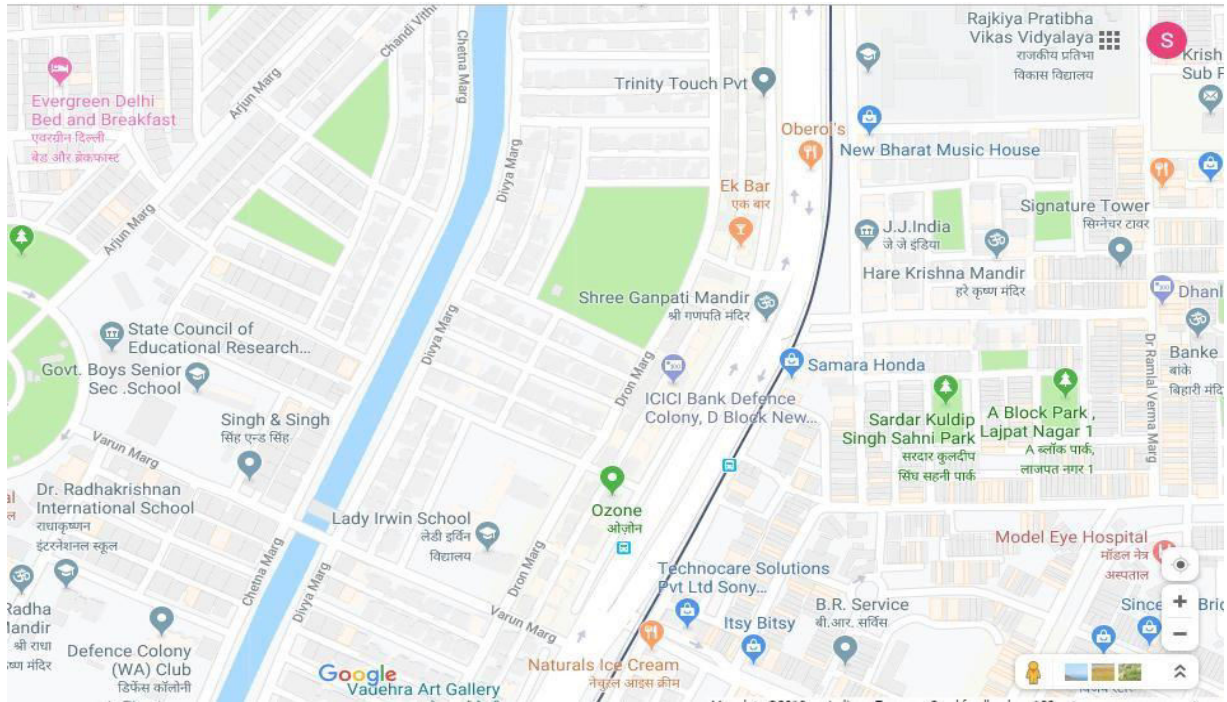
The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 09.00 A.M. on 27th September, 2020
End of e-voting	Upto 05.00 P.M. on 29th September, 2020

Notes:

- (i) The cut-off date for the purpose of e-voting is 23rd September, 2020.
- (ii) Please read the instructions printed under the Note to the Notice dated 07th September, 2020 of the 36th Annual General Meeting of the Company. The E-Voting period starts from 9:00 A.M on Sunday, 27th September, 2020 and ends at 5:00 P.M on Tuesday, 29th September, 2020. The E-Voting module shall be disabled by NSDL for voting thereafter.

Route Map for AGM of Durgesh Merchants Limited to be held on 30th September, 2020 at 12:00 Noon



If undelivered please return to:

Durgesh Merchants Limited
Regd. Office:D-251, Ground Floor,
Defence Colony, New Delhi-110024
E-mail:durgeshmerchants@gmail.com