



Annual Report 2017-2018

Dhanvarsha Finvest Limited



Brand Philosophy

Consequent to the change in management at Dhanvarsha, we are revamping the Brand Philosophy to align with our core values. The new brand architecture supports the ethos of connecting with our customers as a true partnership and represents that synergy and union.

The lattice symbol creates the shape of a flower – Blooming, Developing and Evolving. It capitalizes on the vision defined by the new management to create a prestigious institution. The literal translation of Dhanvarsha is "Rain of Money" which fits right in with our credo of providing sustained, customized and affordable financing solutions to the Micro, Small and Medium ("MSME") sector.

The Dark Blue Color of the logo represents Trust, Dignity and Professionalism. The Red Color of the logo represents Power, Energy, Passion and Courage.

Brand Identity

The brand identity for Dhanvarsha was created by combining the four distinct elements of the Lattice symbol, the Dhanvarsha typography, and the Red and the Dark Blue colors. The union of these four elements gave rise to the new brand identity. The new brand identity embodies not just our values but also our culture and ethos.

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Directors' Report

Dear Members,

Your Board of Directors (the -Board") take pleasure in presenting the Twenty-fourth Annual Report of Dhanvarsha Finvest Limited (the -Company") together with the audited financial statements for the year ended March 31, 2018.

Financial Highlights

| The financial performance of the Company is summarized be | (Rs. in Lakh) | | |
|---|---------------|------------|--|
| Particulars | FY 2017-18 | FY 2016-17 | |
| Total revenue | 1,189.17 | 125.54 | |
| Profit before interest and depreciation | 667.00 | 4.01 | |
| Less: Interest and finance charges | 200.11 | 0.49 | |
| Less: Depreciation and amortization | 5.39 | 1.22 | |
| Profit Before Tax | 461.50 | 2.79 | |
| Less: Provision for taxation | 53.22 | 2.06 | |
| Profit After Tax | 408.28 | 0.73 | |
| Add: Balance brought forward from previous year | 60.30 | 84.58 | |
| Balance available for appropriation | 468.58 | 85.30 | |
| Statutory reserve | 81.66 | 25.00 | |
| Balance carried to Balance Sheet | 386.92 | 60.30 | |
| Basic Earnings Per Share (EPS) (Rs.) | 5.26 | 0.01 | |
| Diluted EPS (Rs.) | 5.26 | 0.01 | |
| Proposed Dividend on equity shares of Rs.10/- each | 77.58 | - | |
| Tax on Proposed Dividend | 15.23 | - | |

Business Overview

The year under review, saw a turnaround in the operations of the Company with total revenue and profit after tax was Rs.1,189.17 Lakh and Rs.408.28 Lakh respectively. As of March 31, 2018, the Company had 109 Borrowers, operating out of two (2) Branches in Mumbai and Pune, with a gross loan portfolio of Rs.4,858.85 Lakh. The Company raised a sum of Rs.3,905 Lakh by way of short-term loans.

Your Company's turnaround strategy had the following building blocks:

- Offering sustainable financial products for the unbanked and underpenetrated;
- Providing turnkey solutions across secured and unsecured lending to suit borrower needs; and
- Focus on Micro, Small, Medium Enterprises and Low to Mid Income Group;

Your Company currently offer Secured Loans – Loan against Property, Equipment Financing and proposes to introduce new products in the year ahead with Affordable Housing Loans, Vehicles Loans and Unsecured Loans – Business Loans for Working Capital Requirement and Business Expansion, Personal Loans and Loans through Digital platform.

Preferential Issue

During the year under review, the Members of the Company at the Twenty-third Annual General meeting held on August 28, 2017 had approved Preferential Issue of 57,42,200 equity shares of face value of Rs.10/- each at a price of Rs.21/- each to Truvalue Agro Ventures Private Limited, aggregating to Rs.1,205.86 Lakh, subject to receipt of regulatory approvals.

Your Company successfully completed Preferential Issue on June 29, 2018 consequent to prior approval accorded by Reserve Bank of India (-RBI") for change in shareholding and management on June 18, 2018. The proceeds

from the Preferential Allotment aggregating Rs.1,205.86 Lakh, brought in the much-needed growth capital for your Company.

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of the Company stands at Rs.13,50,00,000 (Rupees Thirteen Crore Fifty Lakh only) comprising of 1,35,00,000 (One Crore Thirty-five Lakh) equity shares of Rs.10/- each, as against the issued, subscribed and paid-up share capital of Rs.7,75,78,000 (Rupees Seven Crore Seventy-five Lakh Seventy-eight Thousand only) comprising of 77,57,800 (Seventy-seven Lakh Fifty-seven Thousand Eight Hundred) equity shares of Rs.10/- each as on March 31, 2018.

The Board, on August 24, 2018 approved issuance of fully convertible Warrants on Preferential basis, for an amount up to Rs.7,500 Lakh to Truvalue Agro Venture Private Limited, Promoters of the Company with a rights exercisable to subscribe for one equity share of the Company per Warrant, within 18 months from the date of issue of the Warrants. The Preferential Issue shall be undertaken in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, and other applicable laws, subject to the receipt of necessary approvals;

A proposal to issue 1,16,00,000 Convertible Warrants of face value of Rs.10/- each at a price of Rs.64.50 per Warrant to Truvalue Agro Ventures Private Limited, is being included in the notice of the Twenty-fourth Annual General Meeting (-AGM") to seek your approval.

Resource Mobilization

Your Company had authorised the Board to borrow, from time to time, a sum not exceeding Rs.200 crore (Rupees Two Hundred crore only), on such terms and conditions as it may deem fit under Section 180(1)(c) of the Companies Act, 2013 (-the Act") and to create charge on the Company's moveable and immoveable properties under Section 180(1)(a) of the Act, to secure such borrowings pursuant to Special Resolutions passed at the Extra Ordinary General Meeting held on May 29, 2018.

Considering the potential growth in business of the Company, the Company may have to borrow in excess of the borrowing limit of Rs.200 crore in the near future and accordingly, the Board recommended that the borrowing limit be enhanced up to Rs.2,000 crore (Rupees Two Thousand crore only).

A proposal on enhancement of the borrowing limits up to Rs.2,000 crore along with proposal for pledge and security for creation of charge for securing borrowings, is being included in the notice of the Twenty-fourth AGM to seek your fresh approval.

Dividend

In recognition of excellent financial performance during Financial year 2017-18 (-FY18") and the promising future prospects, the Board is pleased to recommend a dividend of Rs.1/- (i.e. 10%) per equity share of Rs.10/- each for your approval at the AGM. The dividend distribution will involve in a cash outflow of Rs.92.81 Lakhs together with tax on dividend.

Unclaimed dividends are required to be transferred to the Investors Education and Protection Fund. In terms of Section 125 of the Act, there is no unclaimed dividend relating to the FY18, which needs to be transferred to the Investors Education and Protection Fund.

Investment in Subsidiaries

The Board, on August 24, 2018 approved incorporation of two wholly owned subsidiaries of the Company viz., incorporation of Housing Finance Company and incorporation of Non-Banking Financial Company for carrying on the business of a Peer to Peer Lending Platform, subject to receipt of necessary approvals. The Company is expected to infuse a capital of Rs.1200 Lakh in the subsidiaries companies during FY19 on incorporation.

Deposits

During the year under review, your Company has not accepted any deposit from the public.

The State of Company's Affairs

The Company continues to be categorised as a Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company under the RBI Regulations. The Company is in compliance with the conditions of RBI Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended.

Statutory Disclaimer

Your Company is having a valid Certificate of Registration dated March 11, 1998 issued by RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of your Company or for the correctness of any of the statements or representations made or opinions expressed by your Company and for discharge of any liability by your Company.

Neither there is any provision in law to keep, nor does your Company keep any part of the deposits with RBI and by issuing a Certificate of Registration to your Company, RBI neither accepts any responsibility nor guarantees the payment of deposits to any depositor or any person who has lent any sum to your Company.

Board of Directors and Key Managerial Personnel

Changes in the composition of the Board of Directors and Key Managerial Personnel during FY18

| | | | - | |
|---------------------------------|------------------------|-----------|--|---------------------------|
| Name | Designation | DIN / PAN | Date of Appointment / Change / Cessation | Reason |
| Mr. Karan Neale Desai | Non-Executive Director | 05285546 | June 3, 2017 | Appointment ^{\$} |
| Mr. Hitendrabhai Rajnikant Shah | Independent Director | 00014521 | June 3, 2017 | Resignation |
| Mrs. Jayshribahen Hitendra Shah | Independent Director | 00014540 | June 3, 2017 | Resignation |

³Appointed as Director at the Twenty-third Annual General Meeting held on August 28, 2017

Changes in the composition of the Board of Directors and Key Managerial Personnel after March 31, 2018

| Name | Designation | DIN / PAN | Date of Appointment / Change / Cessation | Reason |
|--------------------------------|--|------------|--|---------------|
| Mr. Nimir Kishore Mehta | Non-Executive Director and Chairman | 00699993 | August 10, 2018 | Appointment # |
| Mr. Ashish Sharad Dalal | Non-Executive Director | 00024632 | August 10, 2018 | Appointment # |
| Mr. Nirmal Vinod Momaya | Independent Director* | 01641934 | August 10, 2018 | Appointment # |
| Mr. Narender Kumar Tater | Chief Financial Officer | ACPPT6877P | August 10, 2018 | Appointment |
| Mr. Malay Rohitkumar Bhow | Whole Time Director and Chairman | 02770605 | August 10, 2018 | Resignation |
| Mr. Dhairyakumar Thakkar | Company Secretary | AGKPT0121F | August 10, 2018 | Resignation |
| Mr. Karan Neale Desai | Managing Director and Chief Executive Officer [@] | 05285546 | August 11, 2018 | Appointment # |
| Mr. M Vijay Mohan Reddy | Company Secretary | AJXPR8503K | August 13, 2018 | Appointment |
| Mr. K. P. Raghuvanshi | Independent Director* | 07529826 | August 24, 2018 | Appointment # |
| Mrs. Arunaben Girishkumar Shah | Independent Director | 00014528 | August 24, 2018 | Resignation |
| Mr. Dharmil Shah | Independent Director | 02496445 | August 24, 2018 | Resignation |

[#] Proposal to appointment the Directors is included in the notice of the AGM.

* Appointed as Independent Director for a period of five (5) years with effect from Date of Appointment.

^(a) Appointed as Managing Director and Chief Executive Office for a period of three (3) years with effect from Date of Appointment.

Directors Retiring by Rotation

To comply with the provisions of Section 152 of the Act, Mr. Karan Neale Desai, Non-Executive Director shall retire by rotation at the ensuing Twenty-fourth Annual General Meeting and being eligible, offered himself for re-appointment.

Declaration of Independence

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (-SEBI LODR Regulations").

Directors' Responsibility Statement

Your Board, to the best of their knowledge and belief, confirm that:

- 1. in the preparation of the accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- 2. they have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for that period;
- 3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4. they have prepared annual accounts of the Company on a going concern' basis;
- 5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- 6. they have devised proper systems to ensure compliance with the provision of all applicable laws , and that such systems were adequate and operating effectively.

Policy for Selection and Appointment of Directors and Remuneration Policy

In compliance with the provisions of the Act and SEBI LODR Regulations, the Board has, on the recommendation of the Nomination and Remuneration Committee (-NRC"), had approved the Policy for Selection and Appointment of Directors.

The aforesaid Policy provides a framework to ensure that suitable and efficient succession plans are in place for appointment of Directors on the Board so as to maintain an appropriate balance of skills and experience within the Board. The Policy also provides for selection criteria for appointment of directors, viz., educational and professional background, general understanding of the Company's business dynamics, global business and social perspective, personal achievements, board diversity and payment of remuneration to the directors of the Company.

Annual Evaluation of the Board

A statement on formal evaluation of the Board is mentioned in the Corporate Governance Report which is provided separately in this Annual Report.

Increase in Authorized Share Capital of the Company and consequent amendment in Memorandum and Articles of Association of the Company

The current Authorized Share Capital of the Company as increased pursuant to the resolution passed by the Members of the Company at the Twenty-third Annual General Meeting of the Company on August 28, 2017 is Rs.13.5 crore divided into 1,35,00,000 (One crore thirty-five lakhs) equity shares of Rs.10/-(Rupees Ten only) each.

The Board approved further increase the above mentioned Authorized Share Capital of the Company to accommodate the future funding requirement. It is proposed to increase the Authorized Share Capital to Rs.50

crore divided into 5,00,00,000 (Five Crore) Equity shares of Rs.10/- (Rupees Ten only) each, by creation of 3,65,00,000 (Three Crore Sixty-five Lakh) Equity shares of Rs.10/- (Rupees Ten only) each.

The proposed increase in the Authorized Share Capital and consequent amendment in Memorandum of Association of the Company is being included in the notice of the AGM to seek your approval.

Auditors

(a) Statutory Auditors

At the Twenty-third Annual General Meeting held on August 28, 2017, the Members approved the appointment of Haribhakti & Co. LLP, Chartered Accountants as statutory auditors for a period of two (2) years commencing from the Twenty-third AGM till the conclusion of the Twenty-fifth AGM subject to ratification by Members every year.

As recommended by the Audit Committee and the Board, the proposal to ratify the appointment of Haribhakti & Co. LLP, Chartered Accountants as statutory auditors of the Company until the conclusion of the Twenty-fifth AGM is being included in the notice of ensuing AGM for your approval.

Response of the Board to the Auditors' Comments

The Report dated May 30, 2018 of the statutory auditor of the Company of the audit conducted by them for FY18 is being circulated to Members along with the financial statements. There are no qualifications/ reservations in the said report, except the comments in respect of which the Board would like to place on record its explanation against each of the comment as detailed below:

| Auc | ditor's (| Comments | Board's Response | |
|---|--|---|--|--|
| We have not been evidence with regard herein below (includ advances) and its mo we are unable to com the Financial Stateme | d to ce ded un ovemen iment o | rtain Loan Ass der Long terr t during the ye | The highlighted loan cases were related to Ahmedabad branch and these loans were disbursed before acquisition made by the new promoter/management. The significant portion of these loan assets has been received during the year. The Company has carried out the comprehensive review of its internal control and risk | |
| on April 1, durin 2017 year | ven ng the 2017- I8 | Repaid/ Settled/ Assigned during the year 2017-18 | Balance as on March 31, 2018 | assessment system and Board confirms that now proper system and process is in place to track every single loan assets and has tested its effectiveness. |
| 6,31,89,395 3,13,3 | 30,561 | 9,07,93,920 | 37,26,036 | |
| Further, with respect unable to comment norms for NBFC in re classification, prov consequential impact | on cor espect o visioning | npliance with t of income recog g, disclosure | | |

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Act, the Company had appointed Mr. Viral Ranpura, Practicing Company Secretary, as its secretarial auditors to conduct the secretarial audit of the Company for FY18. The Report of secretarial auditor for FY18 is annexed herewith as Annexure - I to Directors' Report. There are no qualifications, reservation or adverse remark or disclaimer made by the Secretarial Auditor in their report, save and except disclaimer made by them in discharge of their professional obligation.

Details of Frauds Reported by the Statutory Auditors

During the year under review, the Statutory Auditors, the Internal Auditors and the Secretarial Auditors of the Company have not reported any fraud as required under Section 143(12) of the Act.

Particulars of Loans or Guarantees or Investments

Pursuant to the clarification dated February 13, 2015 issued by the Ministry of Corporate Affairs and Section 186(11) of the Act, the provision of Section 134 (3)(g) of the Act requiring disclosure of particulars of the loans given, investments made or guarantees given or securities provided is not applicable to the Company.

Related Party Transactions

During FY18, all transactions with related parties were placed before the Audit Committee for approval. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business; the particulars of such transactions are disclosed in the notes to the financial statements. Further, there have been no materially significant related party transactions between the Company and its directors, their relatives, subsidiaries or associates; hence, the Company is not required to provide the details of form AOC-2.

Material Changes and Commitments, if any, affecting the financial position of the Company

During the year under review, the Board has proposed to issue up to 57,42,200 equity shares of Rs.10/- each at a price of Rs.21/- each to Truvalue Agro Ventures Private Limited (-Non-Promoter Group") on preferential basis and classification of Truvalue Agro Ventures Private Limited as sole Promoter of the Company, subject to approvals of Members and other regulatory approvals.

In this regard, Truvalue Agro Ventures Private Limited had issued an Open Offer on July 27, 2017 for acquisition of upto 35,10,000 equity shares from the Members of the Company representing 26% of the total expanded equity share Capital the Company at an offer price of Rs.21/- per equity share of Rs.10/- each payable in cash, pursuant to and in compliance with Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Public Announcement was issued on July 27, 2017.

After March 2018, Company received prior approval for change in shareholding and management from RBI on June 18, 2018 and accordingly the Company has made preferential allotment to Truvalue Agro Ventures Private Limited on June 29, 2018. On completion of Open Offer, Truvalue Agro Ventures Private Limited is inducted as Promoter of the Company.

A proposal on reclassification of Mrs. Aarti Jagdishkumar Thakkar and Mr. Malay Rohitkumar Bhow, from Promoter Category to Public Category, is being included in the notice of the Twenty-fourth AGM to seek your fresh approval.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo under Section 134(3)(M) of the Act

The provisions of Section 134(3) (m) of the Act relating to conservation of energy and technology absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations.

During the year under review, the Company's earning and outgo in foreign exchange were Nil and Rs.4,829/-respectively.

Risk Management Policy

The Board has adopted the Risk Management Policy based on the recommendation of the Audit Committee in order to assess, monitor and manage risk throughout the Company.

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. Detailed information on risk management is provided in the Management Discussion and Analysis Report.

Corporate Social Responsibility

The provisions of the Act and rules framed there under with regard to Corporate Social Responsibility do not apply to the Company and hence no disclosure have made in that regard.

Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company operations in future

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

Information Required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company seeks to ensure that all such complaints are resolved within defined timelines. During FY18, the Company has not received any complaints. The Company has conducted awareness sessions on prevention of sexual harassment for its employees.

Internal Financial Controls

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures.

Vigil Mechanism

The Company has adopted the Whistleblower Policy, and details of the same are explained in the Corporate Governance Report.

Particulars of Employees

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as Annexure – II to the Directors' Report.

The statement containing particulars of employees as required under Section 197 (12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the Act, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is given separately in this Annual Report.

Corporate Governance

The Company is in the process of adopting best corporate practices, and is committed to conducting its business in accordance with the applicable laws, rules and regulations. The Company follows the highest standards of business ethics. A report on Corporate Governance has been provided separately in this Annual Report.

Employee Stock Option Plan

The Board has, on the recommendation of the Nomination Remuneration Committee (-NRC"), had approved introduction of employee stock option scheme titled as -Dhanvarsha ESOP Plan - 2018" (-ESOP 2018"), to create and grant stock options not exceeding 18,90,000 (Eighteen Lakh Ninety Thousand only) stock options, each convertible into one (1) equity share of the Company having face value of Rs.10/- (Rupee Ten only) per Equity Share.

Further, the Board considers it appropriate to extend the proposed ESOP 2018 to the employees/directors of the Holding / Subsidiary company(ies) and to identified Employees, during any one year, equal to or exceeding one per cent of the issued capital of the company at the time of grant of option.

A proposal on ESOP 2018, is being included in the notice of the Twenty-fourth AGM to seek your approval.

Extract of Annual Return

Pursuant to Section 134 (3a) and Section 92 (3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2018 in form MGT 9 has been annexed as Annexure - III to the Directors' Report.

Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Reserve Bank of India, Members and other Business constituents during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed from all employees resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Sd/-Nimir Kishore Mehta Non-Executive Chairman (DIN:00699993)

August 31, 2018

Sd/- **Karan Neale Desai** Managing Director and CEO (DIN:05285546)

FORM NO. MR-3

[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]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

Τo,

The Members, Dhanvarsha Finvest Limited. B Wing, 813/2, Mondeal Square, Opp. Karnavati Club, S.G. Highway, Ahmedabad -380015 (GJ)

We have conducted the secretarial audit with respect of the compliance with applicable statutory provisions and the adherence to good corporate practices by Dhanvarsha Finvest Limited (hereinafter called -the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our 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 also the information provided by the Company, its officers, agents and authorized representatives 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, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (-the Act") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- (v) The industry specific laws, labour and other applicable laws as provided by the management of the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

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

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.

During the period under review, resolutions were carried through majority. The minutes of the meetings held during the audit period did not reveal any dissenting member's view. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

We further report that during the audit period the Company had following events:

- 1. Increased its Authorized Capital from Rs.10 Crores to Rs.13.5 Crores by adding 35 lakh equity shares of Rs.10/- each.
- 2. Passed Special Resolutions for
 - a. Alteration of Articles of Association of the Company w.r.t. increase in Authorized Capital from Rs.10 Crores to Rs.13.5 Crores;
 - b. Preferential Issue of 57,42,200 Equity Shares of Rs. 10/- to Truvalue Agro Ventures Private Limited;
 - c. Reclassification of Promoters under Regulation 31(A) of SEBI (LODR) Regulations 2015;
- Truvalue Agro Ventures Private Limited has made an open offer for acquisition of upto 35,10,000 Equity Shares representing 26% of the total Expanded Equity Share Capital / Voting Capital of the Company from existing shareholders of the Company at an offer price of Rs.21/- per Equity Share of Rs.10/- each payable in cash.
- 4. The Company has made application with Reserve Bank of India seeking prior approval for change in management and shareholding of the Company. Prior approval was accorded by Reserve Bank of India on June 18, 2018.
- 5. 57,42,200 Equity Shares of Rs.10/- were allotted to Truvalue Agro Ventures Private Limited at Rs.21/- per Equity Share on June 29, 2018, within 15 days of receipt of prior approval from Reserve Bank of India.

Date: 10.07.2018 Place: Ahmedabad Sd/-Viral Ranpura ACS No.: 28496 CP No.: 10361

Note: This report is to be read with our letter of even date which is annexed as <u>Annexure</u> and forms an integral part of this report.

Annexure to Secretarial Audit Report

To, The Members, Dhanvarsha Finvest Limited. B Wing, 813/2, Mondeal Square, Opp. Karnavati Club, S.G. Highway, Ahmedabad -380015 (GJ)

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

- 1. Maintenance of secretarial records 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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes 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 management representation about the compliance of applicable laws, rules and regulations and happening of events etc.
- 5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures of test basis.
- 6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 10.07.2018 Place: Ahmedabad Sd/-Viral Ranpura ACS No.: 28496 CP No.: 10361

Annexure – II

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

| S No. | Requirements | Disclosure | | | | |
|-------|--|--|--------------------------------------|--|--|--|
| i. | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year | Malay Rohitkumar Bhow* Arunaben Girishkumar Shah [#] Dharmil Shah [#] Karan Neale Desai | 0 : 1 0 : 1 0 : 1 0 : 1 | | | |
| ii. | Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year | Malay Rohitkumar Bhow, WTD & Chairman* Dhairyakumar Thakkar, Company Secretary* | Nil Nil | | | |
| iii. | The percentage increase in the median remuneration of employees in the financial year | Not Applicable | | | | |
| iv. | The number of permanent employees on the rolls of the Company | 43 as of March 31, 2018 | | | | |
| V. | The explanation on the relationship between average increase in remuneration and company performance | Not Applicable | | | | |
| vi. | Comparison of remuneration of the Key Managerial Personnel against the performance of the Company | For FY18, the Key Managerial Personnel were paid a 0.53% of the Profit After Tax. | arouno | | | |
| vii. | Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies | The Market Capitalization of the Company as at Mar 2018 was Rs.25.79 Crores as compared to Rs.13.88 as at March 31, 2017. The earning per share Company was Rs.5.26 as at March 31, 2018 whic Rs.0.01 as at March 31, 2017. The stock price Company as at March 31, 2018 has increased by 85 to Rs.33.25 from Rs.17.90 as at March 31, 2017. | 3 crore of the h was of the | | | |
| viii. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Nil | | | | |
| ix. | Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company | The ratio of the remuneration of each KMP to the PAT Company is: Malay Rohitkumar Bhow, WTD & Chairman* Dhairyakumar Thakkar, Company Secretary* | of the 0% 0.53% | | | |
| Х. | The key parameters for any variable component of remuneration availed by the Directors | Depends on the performance parameters set fo Managerial Personnel as approved by Board. | r Key | | | |
| xi. | The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year | Not Applicable | | | | |
| xii. | Affirmation that the remuneration is as per the remuneration policy of the Company | Yes | | | | |

* Ceased to be an employee and KMP of the Company w.e.f. closing hours of August 10, 2018.

Ceased to be Directors of the Company w.e.f. closing hours of August 24, 2018.

For and on behalf of the Board of Directors

Sd/-Nimir Kishore Mehta Non-Executive Chairman (DIN:00699993) Sd/- **Karan Neale Desai** Managing Director and CEO (DIN:05285546)

August 31, 2018

FORM NO. MGT-9 **EXTRACT OF ANNUAL RETURN** AS IN THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

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

| I. REG | STRATION AND OTHER DETAILS: | |
|--------|---|---|
| i. | CIN | L24231GJ1994PLC023528 |
| ii. | Registration Date | NOVEMBER 9, 1994 |
| iii. | Name of the Company | DHANVARSHA FINVEST LIMITED |
| iv. | Category/ Sub-Category of the Company | NON GOVERNMENT PUBLIC COMPANY LIMITED BY SHARES |
| v. | Address of the Registered Office and contact details | REGISTERED OFFICE: DHANVARSHA FINVEST LIMITED B WING, 813/2, MONDEAL SQUARE, OPP. KARNAVATI CLUB, S.G. HIGHWAY, AHMEDABAD - 380015 (GJ), INDIA EMAIL: CONTACT@DHANVARSHAFIN.COM; WEBSITE: WWW.DHANVARSHAFINVEST.COM; PHONE +91-79-40320311 |
| vi. | Whether listed company | YES |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | ACCURATE SECURITIES AND REGISTRY PRIVATE LIMITED UNIT: DHANVARSHA FINVEST LIMITED 23, SARTHIK COMPLEX, NEAR FUN REPUBLIC, ISCON CROSS ROAD, SATELLITE, AHMEDABAD - 380015 (GJ), INDIA EMAIL: ACCURATESECURITIESRTA@GMAIL.COM; WEBSITE: WWW.ACCURATESECURITIES.COM; PHONE 9033009602 |

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:

| S. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|--------|---|----------------------------------|------------------------------------|
| 1. | Financial service activities – Secured Loans, Unsecured Loans, Investment, Advisory & others | 66190 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name And Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section | |
|--------------------|---------------------------------|---------|----------------------------------|------------------|--------------------|--|
| - NOT APPLICABLE - | | | | | | |

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

| Category of Shareholders | No. of Shar | es held at th (April 1 | | of the year | No. of Shares held at the end of the year (March 31, 2018) | | | | % Change during |
|----------------------------------|-------------|---------------------------|--------|----------------------|---|----------|--------|----------------------|-----------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | the year |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 250000 | 100000 | 350000 | 4.51% | 350000 | 0 | 350000 | 4.51% | 0% |
| b) Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| c) State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| d) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| e) Banks/ Financial Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| f) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Sub-total (A) (1):- | 250000 | 100000 | 350000 | 4.51% | 350000 | 0 | 350000 | 4.51% | 0% |
| (2) Foreign | | | | | | | | | |
| a) NRIs - 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/ Fl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
|---|-----------|---------|---------|--------|---------|---------|---------|--------|----------|
| e) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| FII Sub Account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Sub-total (A) (2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| B. Public Shareholding | | | | | | 11 | | 11 | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| b) Banks/ Financial Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| c) Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| d) State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| f) Insurance companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| g) Financial Institutional Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Sub-total (B)(1):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | 433520 | 0 | 433520 | 5.59 | 316871 | 0 | 316871 | 4.08 | -26.95% |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 2 lakh | 2381436 | | 4969986 | 64.06 | 838826 | 2238550 | 1027376 | 13.24 | -79.33% |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh | 15,42,662 | | 1542662 | 19.89 | 3613483 | 2050000 | 5663483 | 73% | 267.12% |
| c) Others (specify) | | | | | - | | | | |
| 1. Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| 2. HUF | 400799 | 50 | 400849 | 5.17 | 400070 | 50 | 400070 | 5.16 | -0.19% |
| 3. Non-resident Indians | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| 4. Clearing Members | 60783 | | 60783 | 0.78 | 0 | 0 | 0 | 0 | -100.00% |
| Sub-total (B)(2):- | 3773000 | 3634800 | 7407800 | 95.49 | 5169200 | 2238600 | 7407800 | 95.49 | 0% |
| Total Public Shareholding (B) = $(B)(1)+ (B)(2)$ | 3773000 | 3634800 | 7407800 | 95.49 | 5169200 | 2238600 | 7407800 | 95.49 | |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 4023000 | 3734800 | 7757800 | 100.00 | 5519200 | 2238600 | 7757800 | 100.00 | 0 |

(ii)Shareholding of Promoters

| S No. | Shareholder's Name | | olding at the b e year (April 1 | 0 0 | Share Y | % Change in Shareholding | | |
|-------|----------------------------|---|---|--|--------------------|-----------------------------|-----|-----|
| | | Shares Shares of the encumbered the test shares the | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | during the year | | | |
| 1 | Aarti Jagdishkumar Thakkar | 100000 | 1.29% | NIL | 100000 | 1.29% | NIL | NIL |
| 2 | Malay Rohitkumar Bhow. | 250000 | 3.22% | NIL | 250000 | 3.22% | NIL | NIL |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S No. | Shareholder's name | Shareholding at the beginning of the year (As on April 1, 2017) | | Date | Increase / Decrease In shareholding | Reason | dur | ive shareholding ing the year Y 2017-18 |
|-------|----------------------------|---|-------------------------------------|------|---|--------|---------------|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | Aarti Jagdishkumar Thakkar | 100000 | 1.29% | - | NIL | NIL | 100000 | 1.29% |
| 2 | Malay Rohitkumar Bhow. | 250000 | 3.22% | - | NIL | NIL | 250000 | 3.22% |

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

| S No. | Shareholder's name | Shareholding at the beginning of the year (As on April 1, 2017) | | Date# | Increase/ Decrease in shareholding | Reason | Cumulative shareholding during the year FY 2017-18 | |
|-------|-------------------------------------|---|--|------------|--|----------|--|--|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | Dahiben Dwarkadas Patel | 494000 | 6.37 | - | - | - | 494000 | 6.37 |
| 2. | Naliniben R Teli | 284000 | 3.66 | - | - | - | 284000 | 3.66 |
| 3. | Prudent Broking Services Pvt. Ltd. | 269390 | 3.47 | 07.04.2017 | (269390) | Transfer | - | - |
| 4. | Mukul R Teli | 265700 | 3.42 | - | - | - | 265700 | 3.42 |
| 5. | Ketan Babulal Jain | 200000 | 2.58 | - | - | - | 200000 | 2.58 |
| 6. | Arjun Leasing and Finance Pvt. Ltd. | - | - | 07.04.2017 | 163,990 | Transfer | 33965 | 0.44 |
| | | | | 21.04.2017 | (9999) | | | |
| | | | | 28.04.2017 | (30000) | | | |
| | | | | 09.06.2017 | (25) | | | |
| | | | | 30.06.2017 | (1) | | | |
| | | | | 08.09.2017 | (90,000) | | | |
| 7. | Pallasana Krishna Subramanian HUF | 117000 | 1.51 | - | - | - | 117000 | 1.51 |
| 8. | Niraj Nagindas Shah | 100000 | 1.30 | - | - | - | 100000 | 1.30 |
| 9. | Bonzers Fintrade Pvt Ltd | 100000 | 1.30 | - | - | - | 100000 | 1.30 |
| 10. | Manishkumar Verma | 100000 | 1.30 | - | - | - | 100000 | 1.30 |
| 11. | Nagindas Chimanlal Shah | 100000 | 1.30 | - | - | - | 100000 | 1.30 |
| 12. | Rakhi Nirag Shah | 100000 | 1.30 | - | - | - | 100000 | 1.30 |
| 13. | Pallasana Krishna Subramanian | 100000 | 1.30 | - | - | - | 100000 | 1.30 |
| 14. | Premilaben Nagindas Shah | 67000 | 0.86 | - | - | - | 67000 | 0.86 |
| 15. | C. G. Integrated Services Limited | 60783 | 0.78 | 07.04.2017 | (60783) | Transfer | - | - |

Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

(v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | Director's / KMP name | Category of Directors/ KMP | Shareholding at the beginning of the year (As on April 1, 2017) | | Date | Increase/ Decrease in shareholding | Reason | durii | ve shareholding ng the year 7 2017-18 |
|-----------|-----------------------|-------------------------------|---|--|------|--|--------|---------------|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | Malay Rohitkumar Bhow | Whole Time Director | 100000 | 1.29% | | NIL | NIL | 100000 | 1.29% |
| 2. | Dhairyakumar Thakkar | Company Secretary | NIL | NIL | | NIL | NIL | NIL | NIL |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

| S No. | Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-------|--------------------------------------|----------------------------------|-----------------|----------|---------------------------|
| 1 | Indebtedness at the beginning of the | financial year | | | · |
| | i) Principal Amount | - | 16,93,762 | - | 16,93,762 |
| | ii) Interest due but not paid | - | - | - | - |
| | iii) Interest accrued but not due | - | - | - | - |
| | Total (i+ii+iii) | - | 16,93,762 | - | 16,93,762 |
| 2 | Change in Indebtedness during the | financial year | | | • |
| | o Addition (Only principal) | - | 39,05,00,000 | - | 39,05,00,000 |
| | o Reduction (Only principal) | - | 16,93,762 | - | 16,93,762 |
| | Net Change | - | 38,88,06,238 | - | 38,88,06,238 |
| 3 | Indebtedness at the end of the finan | cial year | | | • |
| | i) Principal Amount | - | 39,05,00,000 | - | 39,05,00,000 |
| | ii) Interest due but not paid | - | - | - | - |
| | iii) Interest accrued but not due | - | 1,10,03,508 | - | 1,10,03,508 |
| | Total (i+ii+iii) | - | 40,15,03,508 | - | 40,15,03,508 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| S No. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount (Rs.) |
|-------|---|-------------------------------------|--|
| | | Malay Rohitkumar Bhow | |
| 1 | Gross salary | - | - |
| 2 | Stock Options | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit / others, specify | - | - |
| 5 | Others, please specify | - | - |
| | Total (A) | - | - |
| | Ceiling as per the Act | 5% of the profits as computed under | r Section 197 of the Companies Act, 2013 |

B. Remuneration to other Directors

| А | Name of the Independent Director | Arunaben Girishkumar Shah | Dharmil Shah | | |
|---|--|--|-------------------|--|--|
| 1 | Fee for attending Board/ committee meetings | - | - | | |
| 2 | Commission | - | - | | |
| 3 | Others, please specify | - | - | | |
| В | Name of Non-executive Director | | Karan Neale Desai | | |
| 1 | Fee for attending Board/ committee meetings | | - | | |
| 2 | Commission | | - | | |
| 3 | Others, please specify | | - | | |
| | Total Managerial Remuneration - Amount (Rs.) (A+B) | | - | | |
| | Overall Ceiling as per the Act | 6% of the profits as computed under Section 197 of the Companies Act, 2013 | | | |

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

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|--------|---|--------------------------|--------------------|--|--|
| | | Dhairyakumar Thakkar | Total Amount (Rs.) | | |
| 1. | Gross salary | 234,000 | 234,000 | | |
| 2. | Stock Options | - | - | | |
| 3. | Sweat Equity | - | - | | |
| 4. | Commission - as % of profit / - others, specify | - | - | | |
| 5. | Others, please specify | - | - | | |
| | Total | 234,000 | 234,000 | | |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Туре | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|------------------|---------------------------------|-------------------|--|----------------------------------|---------------------------------------|
| A. COMPANY | · | • | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. DIRECTORS | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. OTHER OFFICER | RS IN DEFAULT | 1 | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

For and on behalf of the Board of Directors

Sd/-

Nimir Kishore Mehta Non-Executive Chairman (DIN:00699993) Sd/-**Karan Neale Desai** Managing Director and CEO

(DIN:05285546)

August 31, 2018

Management Discussion and Analysis

Economic Outlook

The financial year 2017-18 was marked by a number of key structural initiatives by the Government of India to build strength across macro-economic parameters for sustainable growth in the future. Some degree of uncertainty continued to persist in the first two guarters of FY 2017-18, with aftershocks from demonitization still impacting small businesses in particular, followed by the introduction of the Goods and Service Tax Act (GST). However, these measures, along with a host of other policies implemented during and before FY 2017-18 such as the Insolvency and Bankruptcy Code, reforms in the real estate sector in the form of RERA, fast-tracking of project clearances, permitting FDI in various industries are expected to yield significant long term benefits to the economy and boost the country's growth rate.

The International Monetary Fund expects India to grow at 7.4% during 2018, which could increase further to 7.8% during 2019 in sharp contrast to 6.7% during 2017.

Sectoral Outlook

Micro, Small and Medium Enterprises (-MSME") Sector The MSME sector employs over 111 million people and contributes to ~31% of India's GDP. There are 63.3 million registered MSMEs in the country (Indian MSME Industry Annual Report 2018). Sharpening focus on the promotion of self-employment, the Government has increased funding for the Prime Minister's Employment Generation Programme from Rs.11.95 billion (revised) in FY 2017-18 to Rs.18.01 billion in FY 2018-19. The target for the flagship Pradhan Mantri Mudra Yojana — which extends loans of up to Rs.1 million to microentrepreneurs — has been increased from Rs.2.44 trillion to Rs.3 trillion.

In the formal sector, the Government proposes to contribute 12% of the wages of new employees in the Employee Provident Fund across sectors for three years. Extension of the reduced corporate tax slab of 25% to companies with a turnover of up to Rs.2.5 billion, from Rs.500 million earlier is expected to accelerate the growth rate of the MSME sector significantly.

Business and Financial Performance

Dhanvarsha Finvest Limited (-the Company") aims to offer tailored and sustainable financing solutions to its clients. The Company's current product portfolio includes Secured Products such as Loan Against Property (-LAP") and Unsecured Products including Business Loans and Personal Loans.

The Company has been systematically providing credit to smaller businesses and self-employed individuals, sections usually ignored by the formal financing and banking segment due to the limited availability of formal financial data about these customers. The Company has developed unique sourcing and underwriting models to understand the needs of these customers and ensure that they are provided with timely, suitable and affordable financing solutions to attain their growth objectives.

(Rupees in Lakh)

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---------------------------------|---------------------------------|
| Total revenue | 1,189.17 | 125.54 |
| Profit before interest and depreciation | 667.00 | 4.01 |
| Less: Interest and finance charges | 200.11 | 0.49 |
| Less: Depreciation and amortization | 5.39 | 1.22 |
| Profit Before Tax | 461.50 | 2.79 |
| Less: Provision for taxation | 53.22 | 2.06 |
| Profit After Tax | 408.28 | 0.73 |

The Company has Assets under Management under MSME Loans of Rs. 4,858.85 Lakhs as on March 31, 2018 compared to Rs. 631.89 Lakhs as on March 31, 2017 registering a significant growth.

During the year the Company generated notable revenue from financing activities, which is the core business of the Company. The gross income realized by the company is Rs.1,189.17 Lakh (Previous year Rs.125.54 Lakhs) comprising of income from operations and other income. Net Profit after tax is Rs.408.28 Lakh (Previous year Rs.0.73 Lakh), registering a robust growth over the previous year. The Earning per share is Rs.5.26 (Previous year Rs.0.01) The Company expects rapid growth in its core business going forward as it steadily ramps up its operations.

Preferential Allotment

During the year, Company proposed to make a preferential allotment of Equity Shares to Truvalue Agro Ventures Private Limited for 57,42,200 equity shares of Rs.10/- each at Rs.21/- per share including premium of

Rs.11/- per share aggregating to Rs.12,05,86,200/- to expand the existing business operations, support the future growth plans of the Company and finance the short term and long term working capital requirement of the business. The issue was completed in June, 2018.

Outlook for lending to MSME & Low-Mid Income Segments

During the year, the Company has proposed the change in management and promoters. This change has brought new approach and vision towards building growth.

The Company has adopted a clear strategy to emerge as the preferred financier to the MSME and Low to Mid Income segments of the market. These are underbanked, large in breadth and depth and the true backbone of the country's economic growth. Our product portfolio for these customers includes secured LAP to multiple Business and Personal Loan offerings. These are designed keeping in mind the interests of a wide spectrum of customers at the SME and MSME level, and salaried/self-employed professionals.

The emerging opportunities provide an excellent platform to achieve sustainable growth. MSME credit is expected to grow at 12-14%, facilitated by higher lending by banks and non-banking finance companies (-NBFC") to the segment. The initiatives will propel credit demand from the MSME segment, bolstering the prospects of NBFC's that have a prominent presence in this segment.

New technological developments are constantly disrupting traditional business models in the financial sector by changing the way in which customers interact with lenders to avail the best products at the shortest turnaround times. As a Company we are committed to developing and implementing cutting edge technology systems and platforms to offer our customers a truly differentiated experience.

Risk Management Framework

To identify, monitor and manage inherent risks in our operations, we have put in place a robust and comprehensive credit assessment and risk management framework. To make the current Risk Management practice more robust and aligned to industry best practices, the management is in the process of implementing as Comprehensive Risk Management Framework encompassing not only Credit, Market and Interest rate risks of the Company but also to cover various others risks viz. Collections risk, Operational risk, Fraud risk, Vigilance risk, Asset liability risk, Foreign exchange risk, People Risk etc.

We have set up separate credit and operations teams for our key business lines. Our credit team conducts an independent verification of all customers, evaluates their businesses and financing needs, and analyses their loan-repaying capacity, based on which final disbursement calls are taken.

Our key competitive advantages in risk management comprise:

- Robust policies and processes to assist people in risk-mitigation
- Low ticket size (granular asset book, with more breadth than depth)
- Substantially secured asset book
- Risk-based pricing
- Multi-layered system to strengthen our credit assessment process
- Customised policies to cater to multiple customer requirements
- Deep understanding of the MSME market
- Specialised collections team to manage overdue Collections

Compliance Framework

Compliance function assumes great importance in the Company. The Board of Directors and the Audit Committee / Risk Management Committees are responsible for overseeing the implementation of the compliance and risk management framework across the Company.

The Compliance function not only approves all the new products to be launched to ensure that they are in line with regulatory guidelines, but also undertakes a constant monitoring of the portfolio to identify and mitigate any ongoing risks.

The Compliance team also assesses corporate risks on an ongoing basis and keeps the Management/Board informed about important matters through regular updates and annual compliance reviews.

Opportunities and Threats

Our operating landscape is widening and we see a larger role for ourselves in the changing business environment. We are leveraging our strong market insight, deep credit capabilities, robust operational efficiencies and experienced team to grow much faster than industry in a rapidly expanding market.

The Union Budget 2018 extended significant support to MSMEs. MSME market size (6 crore+ MSMEs as per Ministry of MSME Annual Report FY 2017-18) undoubtedly presents a huge opportunity for NBFCs to expand their presence in the Indian financial story. The share of NBFCs in the Indian financing ecosystem is increasing year on year, as more traditional banks are struggling to meet the massive credit demand across the country.

As the market evolves, NBFCs would need to leverage new technologies to improve the customer experience. Increasingly, financial transactions are conducted through electronic banking. As the consumer acceptance of eKYC and biometric authentication increases, fingerprint recognition has the potential of becoming the most commonly used technology for customer interactions. Adoption of the emerging and new technology would result in faster loan approvals and enrich customer experience.

The most significant threat for any lending activity is to maintain asset quality while striving for rapid growth rate. The Company endeavours to balance its fast growth rate with robust credit assessment and operational protocols to ensure that its asset quality remains high.

There has been explosive growth in the financial services sector in the last few years, as a result of which competition has intensified across products and markets. This has in turn led to challenges in attracting and retaining the best talent. Your Company aims to address this by focusing on customised products and customer segments, while offering attractive long-term retention schemes to its key employees.

Interest rates have substantially hardened towards the end of the financial year, with the trend looking like it will continue in FY 2018-19. Ensuring that the overall interest cost remains under control would be a challenge in next financial year.

Internal Control Systems

The Company believes in a robust and comprehensive internal control system is crucial for business. The Company's internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations, and this is further improved by extensive internal audits, regular reviews by the management and standard policies and guidelines. The Company's Internal Auditor performed regular reviews of business processes to assess the effectiveness of internal controls and compliance with laid down policies and procedures. The Internal Audit reports are periodically reviewed by the Audit Committee and any suggestions for improvement are implemented immediately.

The Company is continuously upgrading its organizational structure, documented policy guidelines, defined authority matrix and other processes and systems in line with the best available practices.

Human Capital

Ours is a people centric business and hence we recognises that quality of our team is probably the most important success factor in helping us achieve our goals. Employees who are highly capable, constantly engaged and given the necessary tools and support to perform their roles will help the Company emerge as a market leader. We follow a stringent on-boarding process to ensure that every team member understands the organisational culture and goals and can start adding value to the Company from inception.

The core management team of the Company comprises of a competent group of experienced and dedicated personnel, which is well-equipped to craft and execute strategies that drive the company forward.

We believe in a meritocracy driven culture, where the opinion of every team member counts.

Cautionary Statement

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates.

Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

Report on Corporate Governance

Company's Philosophy on Code of Governance

The Company is in the process of adopting best corporate practices and is committed to conducting its business in accordance with applicable laws, rules and regulations. The Company aims to strengthen its approach through adoption of <u>best</u> in class' philosophy, systems and process in the realm of governance which envisages commitment of the Company towards the attainment of high level of transparency, accountability and business propriety with the ultimate objective of increasing long terms shareholders value, keeping in view the needs and interest of all the stakeholders.

The provisions of Regulation 17 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (-SEBI LODR Regulations") are not applicable to the Company as the Net Worth of the Company was less than Rs.25 Crore and the Capital of the Company was less than Rs.10 Crore during FY18.

Board of Directors

Composition and category of the Board

As on March 31, 2018, the Company's Board comprised four (4) Directors, including two (2) Independent Directors. The current composition of the Board comprises of five (5) Directors, including two (2) Non-Executive Directors, two (2) Independent Directors and one (1) Managing Director. The Chairman of the Board is a Non-Executive Director.

The Board at its meeting held on August 10, 2018 had appointed Mr. Nimir Kishore Mehta as Non-Executive Director, Mr. Ashish Sharad Dalal as Non-Executive Director, Mr. Nirmal Vinod Momaya as Independent Director and Mr. Karan Neale Desai as Managing Director and Chief Executive Officer. In the same meeting, the Board accepted the resignation of Mr. Malay Rohitkumar Bhow.

The Board at its meeting held on August 24, 2018 had appointed Mr. K. P. Raghuvanshi as Independent Director and in the same meeting, the Board accepted the resignation of Mrs. Arunaben Shah and Mr. Darmil Shah.

The proposal on appointment of new Directors along with terms and conditions of their appointment is being included in the notice of the Twenty-fourth Annual General Meeting, seeking approval of Members for their appointment.

The Board met twelve (12) times during the year - on April 10, 2017, May 13, 2017, May 24, 2017, June 3, 2017, July 27, 2017, August 28, 2017, November 14, 2017, December 20, 2017, January 29, 2018, February 14, 2018 and March 21, 2018. The time gap between any two meetings was less than four months.

The names of the members of the Board, their status, their attendance at the Board Meetings and the last AGM, number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director are as under:

| Name of Director | Category of Directors | No. of meetings held in FY18 | Whether attended last AGM | No. of Directorships held in other public companies | No. of other Board Committee Memberships | No. of Chairmanships of other Board Committees |
|------------------------------------|--------------------------------------|---------------------------------------|---------------------------------|---|---|---|
| Mr. Malay Rohitkumar Bhow | Whole Time Director & Chairman | 11 | Yes | - | 2 | - |
| Mrs. Arunaben Shah | Independent Director | 11 | Yes | 2 | - | 2 |
| Mr. Hitendra Shah [#] | Independent Director | 1 | - | - | - | - |
| Mrs. Jayshri Shah [#] | Independent Director | 1 | - | - | - | - |
| Mr. Dharmil Shah | Independent Director | 10 | Yes | 2 | 2 | - |
| Mr. Karan Neale Desai [#] | Non-Executive Director | 9 | Yes | - | - | - |

[#] Mr. Hitendra Shah and Mrs. Jayshri Shah, have resigned w.e.f. June 3, 2017 and Mr. Karan Neale Desai has been appointed as Non-Executive Director w.e.f. June 3, 2017.

Notes:

- None of the Directors of the Company were members in more than ten (10) committees nor acted as Chairperson of more than five (5) committees across all public limited companies in which they were Directors. For the purpose of reckoning the limit, Chairmanship/ membership of the Audit Committee and the Stakeholders' Relationship Committee alone have been considered.
- 2. None of the Directors held directorship in more than ten (10) public limited companies;
- 3. None of the Director is related to any Director or is a member of an extended family;
- 4. None of the employee of the Company is related to any of the Director;
- 5. None of the Director has any business relationship with the Company;
- 6. None of the Director has received any loans and advances from the Company during the year.

Information Supplied to the Board

The Board has complete access to all relevant information of the Company. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated in Regulation 17 (7) of SEBI LODR Regulations. All information, except critical unpublished price sensitive information (which is circulated at a shorter notice than the period prescribed under Secretarial Standard on Meetings of the Board of Directors), is given to the Directors well in advance of the Board and the Committee meetings.

Familiarization programme

The Board has been apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis.

Code of Conduct

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

Committees of the Board

The Board has constituted committees to delegate particular matters that require greater and more focussed attention in the affairs of the Company. These committees prepare the groundwork for decision-making and reports to the Board.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of service for committee members is taken by the Board. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. Audit and Risk Management Committee

The Audit and Risk Management Committee (-the Committee") comprises three (3) members including two (2) Independent Directors:

- 1. Mrs. Arunaben Shah (Chairman);
- 2. Mr. Dharmil Shah; and
- 3. Mr. Malay Rohitkumar Bhow.

The Committee oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct and credible. The Committee has the ultimate authority and responsibility to select and evaluate the Independent Auditors in accordance with the law. The Committee also reviews performance of Statutory Auditors, internal auditors, adequacy of the internal control system and whistle-blower mechanism.

The powers of the Audit Committee include the following:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advise; and

- to secure attendance of outsiders with relevant expertise, if it considers necessary.

| Chairman | The Chairman of the Audit Committee shall be an Independent Director and who |
|---------------------|--|
| onainnan | is elected by the members of the Audit Committee. |
| Composition | The Audit Committee shall consist of a minimum of three directors with |
| Composition | independent directors forming a majority |
| Coordon | |
| Secretary | The Company Secretary of the Company shall act as the Secretary to the |
| | Committee. |
| Meetings and Quorum | The Audit Committee shall meet at least four times in a year and not more than |
| | four months shall elapse between two meetings. |
| | The succurs shall be either two members or one third of the members of the Audit |
| | The quorum shall be either two members or one third of the members of the Audit |
| | Committee whichever is greater, but there should be a minimum of two |
| | Independent members present. |
| Terms of reference | 1. Recommendation for appointment, remuneration and terms of appointment of |
| | auditors of the Company; - review and monitor the auditor's independence |
| | and performance, and effectiveness of audit process; |
| | 2. Examination of the financial statement and the auditors' report thereon; |
| | 3. Approval or any subsequent modification of transactions of the Company, if |
| | any, with related parties; |
| | Scrutiny of inter-corporate loans and investments, if any; |
| | 5. Valuation of undertakings or assets of the company, wherever it is necessary; |
| | 6. Evaluation of internal financial controls and risk management systems; |
| | 7. Monitoring the end use of funds, if raised through public offers and related |
| | matters. |
| | 8. Ensure that an information system audit of the internal systems and processes |
| | is conducted at least once in two years to assess operational risks, if any, |
| | faced by the Company. |
| | 9. Approval or any subsequent modification of transactions of the listed entity |
| | with related parties; |
| | 10. Scrutiny of inter-corporate loans and investments; |
| | 11. To discussion with internal auditors of any significant findings and follow up |
| | there on; |
| | 12. Review findings of any internal investigations by the internal auditors into |
| | matters where there is suspected fraud or irregularity or a failure of internal |
| | control systems of a material nature and reporting the matter to the board |
| | 13. Review functioning of Whistle Blower Mechanism; |
| | 14. Perform such other act, including the acts and functions stipulated by the |
| | Board of Directors, Companies Act, the Reserve Bank of India and any other |
| | regulatory authority, as prescribed from time to time. |
| | The Audit Committee shall meet in person. However, in case of extraordinary |
| | circumstances, the Committee may meet through video conferencing or other |
| | audio visual means. |
| | The minutes of the meetings of the Audit Committee shall be duly recorded and |
| | |
| | maintained properly. |
| | The Audit Committee may invite non-members and such other persons as it may |
| | deem appropriate to be present at its meetings. |

During the year under review, the Committee met six (6) times. These meetings were held on May 24, 2017, July 20, 2017, August 14, 2017, August 28, 2017, November 14, 2017 and February 14, 2018. The time gap between any two meetings was less than four months. The details of the attendance of the Directors at the Committee meetings are given below:

| Name of the Member | Position | Status | No. of Meetings held | No. of Meetings Attended |
|--------------------------------|----------------------|----------|----------------------|--------------------------|
| Mrs. Arunaben Shah | Independent Director | Chairman | 6 | 5 |
| Mr. Dharmil Shah* | Independent Director | Member | 5 | 4 |
| Mr. Hitendra Shah [#] | Independent Director | Member | 1 | 1 |
| Mrs. Jayshri Shah [#] | Independent Director | Member | 1 | 1 |
| Mr. Malay Rohitkumar Bhow | Whole Time Director | Member | 6 | 6 |

[#]up to June 3, 2017 * w.e.f. June 3, 2017

The Board at its meeting held on August 24, 2018 had reconstituted the Audit and Risk Management Committee as two separate Committee(s) viz., Audit Committee and Risk Management Committee. Revised composition is mentioned in Annexure A to this report.

B. Asset Liability Management Committee

The Board at its meeting held on August 24, 2018 constituted the Asset Liability Management Committee (ALM Committee) to monitor the asset liability gap and to strategize action to mitigate risks associated with the Company.

| Chairman | The Board shall appoint a Chairman of the Committee. | | |
|---------------------|--|--|--|
| Composition | The Committee shall consist of such number of members as may be determined | | |
| | by the Board from time to time. | | |
| Secretary | The Company Secretary of the Company shall act as the Secretary to the | | |
| | Committee. | | |
| Meetings and Quorum | The Committee shall meet as and when necessary. The quorum shall be at least | | |
| | two Directors. | | |
| Terms of reference | 1. Addressing concerns regarding asset liability mismatches; | | |
| | 2. Achieving optimal return on capital employed while maintaining acceptable | | |
| | levels of risk including and relating to liquidity; market and operational aspects | | |
| | and adhering to the relevant policies and regulations; | | |
| | 3. Addressing concerns regarding interest rate risk exposure; and | | |
| | 4. Perform such other act, including the acts and functions stipulated by the | | |
| | Board of Directors, Companies Act, the Reserve Bank of India and any other | | |
| | regulatory authority, as prescribed from time to time. | | |
| | The ALM Committee shall meet in person. However, in case of extraordinary | | |
| | circumstances, the Committee may meet through video conferencing or other | | |
| | audio visual means. | | |
| | The minutes of the meetings of the ALM Committee shall be duly recorded and | | |
| | maintained properly. | | |
| | The ALM Committee may invite non-members and such other persons as it may | | |
| | deem appropriate to be present at its meetings | | |

The ALM Committee charter is as follows:

During the year under review, the Committee was not constituted.

C. Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (-NRC Committee") comprised three (3) members including two (2) Independent Directors:

- 1. Mrs. Arunaben Shah (Chairman);
- 2. Mr. Dharmil Shah; and
- 3. Mr. Karan Neale Desai.

The NRC Committee's charter is as follows:

The Board has set up the Nomination and Remuneration Committee with all Non-Executive Directors to ensure that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the interest of its present and future stakeholders and to ensure <u>fit</u> and proper' credentials/ status of proposed/ existing Directors of the Company.

The Committee also discharges the Board's responsibilities relating to the compensation of the Company's Executive Directors and senior management. The Committee has the overall responsibility of evaluating and approving the compensation plans, policies and programs for Executive Directors and senior management of the Company. The Committee shall have the same powers, functions and duties as laid down in Section 178 of the Act.

| Chairman | The Board shall appoint a Chairman of NRC Committee. |
|---------------------|---|
| | The Chairman of the Company shall not be appointed as the Chairman of NRC |
| | Committee. |
| Composition | The NRC Committee shall consist of three or more Non-Executive Directors out of |
| | which not less than one-half shall be Independent Directors. |
| Company Secretary | The Company Secretary shall act as the Secretary to the NRC Committee. |
| Meetings and Quorum | The NRC Committee shall meet as and when required. The quorum shall be at |
| 0 | least two Directors. |
| Terms of reference | 1. To formulation of the criteria for determining qualifications, positive attributes |
| | and independence of a director and recommend to the board of directors a |
| | policy relating to, the remuneration of the directors, key managerial personnel |
| | and other employee; |
| | 2. To identify the persons who are qualified to become directors and who may be |
| | appointed in senior management in accordance with the criteria laid down, |
| | and recommend to the board of directors their appointment and removal; |
| | 3. To ensure fit and proper' status and credentials of proposed/existing |
| | directors; |
| | 4. To formulate criteria for evaluation of performance of independent directors |
| | and the board of directors; |
| | 5. Whether to extend or continue the term of appointment of the independent |
| | director, on the basis of the report of performance evaluation of independent |
| | directors; |
| | 6. Perform such other act, including the acts and functions stipulated by the |
| | Board of Directors, Companies Act, the Reserve Bank of India and any other |
| | regulatory authority, as prescribed from time to time. |
| | The NRC Committee shall meet in person. However, in case of extraordinary |
| | circumstances, the Committee may meet through video conferencing or other |
| | audio visual means. |
| | The minutes of the meetings of the NRC Committee shall be duly recorded and |
| | maintained properly |
| | The Nomination and Remuneration Committee may invite non-members and such |
| | other persons as it may deem appropriate to be present at its meetings. |

During the year under review, the NRC Committee met four (4) times. These meetings were held on June 1, 2017, July 27, 2017, January 15, 2018 and March 21, 2018. The details of the attendance of the Directors at the NRC Committee meetings are given below:

| Name of the Member | Position | Status | No. of Meetings held | No. of Meetings Attended |
|--------------------|----------------------|----------|----------------------|--------------------------|
| Mrs. Arunaben Shah | Independent Director | Chairman | 4 | 4 |
| Mr. Dharmil Shah* | Independent Director | Member | 3 | 3 |

| Mr. Hitendra Shah [#] | Independent Director | Member | 1 | 1 |
|--------------------------------|------------------------|--------|---|---|
| Mrs. Jayshri Shah [#] | Independent Director | Member | 1 | 1 |
| Mr. Karan Neale Desai* | Non-Executive Director | Member | 3 | 3 |

[#]up to June 3, 2017 * w.e.f. June 3, 2017

Performance evaluation of Board Members

The performance evaluation of each Director including Chairman, the Board and its Committees, is done as per the Policy on Board Evaluation, which has been recommended by the Nomination and Remuneration Committee and approved by the Board. The performance evaluation is done through separate structured questionnaires.

D. Risk Management Committee

The Board at its meeting held on August 24, 2018 constituted the Risk Management Committee (RMC Committee) for identifying, assessing and prioritizing the major risks faced by the Company and developing strategies to minimize, monitor, and control the probable and/or impact of unfortunate events.

| Chairman | The Board shall appoint a Chairman of the RMC Committee. | | |
|---------------------|---|--|--|
| Composition | The RMC Committee shall consist of such number of members as may be | | |
| | determined by the Board. | | |
| Secretary | The Company Secretary shall act as the Secretary to the RMC Committee. | | |
| Meetings and Quorum | The RMC Committee shall meet once as and when necessary to review and | | |
| | monitor the risk associated with business of the Company. The quorum shall be at | | |
| | least two Directors. | | |
| Terms of reference | 1. Generally oversee the risk management function including identification, | | |
| | monitoring and measurement of the risk profile of the Company; | | |
| | 2. overseeing its integrated risk measurement system; | | |
| | 3. perform such other act, including the acts and functions stipulated by the Board | | |
| | of Directors, Companies Act, the Reserve Bank of India and any other | | |
| | regulatory authority, as prescribed from time to time. | | |
| | The RMC Committee shall meet in person. However, in case of extraordinary | | |
| | circumstances, the Committee may meet through video conferencing or other audio | | |
| | visual means. | | |
| | The minutes of the meetings of the RMC Committee shall be duly recorded and | | |
| | maintained properly. | | |
| | The RMC Committee may invite non-members and such other persons as it may | | |
| | deem appropriate to be present at its meetings | | |

The RMC Committee charter is as follows:

During the year under review, the Committee was not constituted.

E. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee (<u>SRC</u> Committee') comprised three (3) members:

- 1. Mrs. Arunaben Shah (Chairman);
- 2. Mr. Dharmil Shah; and
- 3. Mr. Malay Rohitkumar Bhow.

The functions and powers of the SRC Committee include review and resolution of grievances of shareholders, debenture holders and other security holders; dealing with all aspects relating to the issue and allotment of shares, debentures and other securities; approve sub-division, consolidation, transfer and issue of duplicate share and debentures.

The SRC Committee charter is as follows:

| Chairman | The Board shall appoint a Chairman of the SRC Committee. | | |
|---------------------|--|--|--|
| Composition | The Committee shall consist of members as may be determined by the Board. | | |
| Secretary | The Company Secretary shall act as the Secretary to the Committee. | | |
| Meetings and Quorum | The SRC Committee shall meet as and when required in consonance with the | | |
| | frequency of investor grievances received. The quorum shall be at least two | | |
| | Members. | | |
| Terms of reference | 1. To consider, review and redress grievances of shareholders, debenture- | | |
| | holders and other security holders of the Company; | | |
| | 2. To consider and resolve the grievances of the security holders of the | | |
| | Company including complaints related to transfer of shares, non-receipt of | | |
| | balance sheet and non-receipt of declared dividends; | | |
| | 3. To deal with all aspects relating to the issue and allotment of shares and | | |
| | debentures and/ or other securities of the Company; | | |
| | 4. To consider and approve sub-division, consolidation, transfer and issue of | | |
| | duplicate share and debenture certificates; | | |
| | 5. Authority to take a decision in any other matter in relation to the above | | |
| | functions/ powers; | | |
| | 6. To delegate any of the powers mentioned above to the Executives of the | | |
| | Company; and | | |
| | 7. To do such other acts, deeds and things as may be directed by the Board and | | |
| | required to comply with the applicable laws. | | |
| | The SRC Committee shall meet in person. However, in case of extraordinary | | |
| | circumstances, the Committee may meet through video conferencing or other | | |
| | audio visual means. | | |
| | The minutes of the meetings of the SRC Committee shall be duly recorded and | | |
| | maintained properly. | | |
| | The SRC Committee may invite non-members and such other persons as it may | | |
| | deem appropriate to be present at its meetings. | | |

During the year under review, the Committee met four (4) on April 10, 2017, June 10, 2017, October 10, 2017 and January 10, 2018 and the details of the attendance are given below:

| Name of the Member | Position | Status | No. of Meetings held | No. of Meetings Attended |
|--------------------------------|----------------------|----------|----------------------|--------------------------|
| Mrs. Arunaben Shah | Independent Director | Chairman | 4 | 3 |
| Mr. Dharmil Shah* | Independent Director | Member | 3 | 3 |
| Mr. Hitendra Shah [#] | Independent Director | Member | 1 | 1 |
| Mrs. Jayshri Shah [#] | Independent Director | Member | 1 | 1 |
| Mr. Malay Rohitkumar Bhow* | Whole Time Director | Member | 3 | 3 |

[#]up to June 3, 2017 * w.e.f. June 3, 2017

The Board, at its meeting held on August 24, 2018, constituted and reconstituted some of the Committees and details of the revised composition of the said Committees is given in **Annexure A**.

Management

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

Shareholders

Reappointment/ Appointment of Directors

Mr. Karan Neale Desai is retiring by rotation and, being eligible, offers himself for re-appointment in the ensuing Annual General Meeting.

The following Directors were appointed as Additional Director, by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee, to hold the office of Director till the date of ensuing AGM, are eligible for appointment:

- 1. Appointment of Mr. Nimir Kishore Mehta (DIN:00699993) as Non-Executive Director, liable to retire by rotation;
- 2. Appointment of Mr. Ashish Sharad Dalal (DIN:00024632) as Non-Executive Director, liable to retire by rotation;
- 3. Appointment of Mr. Nirmal Vinod Momaya (DIN:01641934) as an Independent Director for a term of five (5) years;
- 4. Appointment of Mr. K. P. Raghuvanshi (DIN: 07529826) as an Independent Director for a term of five (5) years;

Further, it is proposed appointment of Mr. Karan Neale Desai (DIN:05285546) as Managing Director and Chief Executive Officer for a term of three (3) years.

The aforesaid proposal are being included in the notice of the Twenty-fourth AGM to seek approval of the Members for the appointment of the above Directors. The detailed profiles of the above Directors are provided in the Notice convening the AGM.

Other Special Business

In addition to the above, the following Special Business are included in the notice of the Twenty-fourth AGM seeking approval of the Members at the AGM:

- 1. Approval of commission payable to the Non-executive Directors;
- 2. Approval for reclassification of Promoters of the Company as Public Shareholders;
- 3. Approval for increase in Authorized Share Capital from Rs.13.5 crore to Rs.50 crore;
- 4. Approval for adoption of new Articles of Association;
- 5. Approval for institution of Employee Stock Option Scheme;
- 6. Approval for grant of Stock Options to employees of Holding and/or Subsidiary Companies;
- 7. Approval for grant of Stock Options during any one year, exceeding 1% of the Issued Capital;
- 8. Approval for issuance of Convertible Warrants on Preferential Basis;
- 9. Approval for enhancement of the Borrowing Limits up to Rs.2,000 crore; and
- 10. Approval for pledge and security for creation of Charge to secure borrowings.

General Body Meetings

Details of the last three Annual General Meetings (AGM).

| FY | Category | Location of the meeting | Date | Time | No. of Resolutions |
|---------|----------|------------------------------|------------|------------|-----------------------------------|
| 2016-17 | AGM | Registered Office, Ahmedabad | 28.08.2017 | 10.00 a.m. | 2 Ordinary and 5 Special Business |
| 2015-16 | AGM | Registered Office, Ahmedabad | 30.09.2016 | 10.00 a.m. | 2 Ordinary Business |
| 2014-15 | AGM | Registered Office, Ahmedabad | 30.09.2015 | 10.00 a.m. | 2 Ordinary Business |

During the year, Company has passed Two Resolution in Extra Ordinary General Meeting held on May 29, 2018 for the purpose of, for the following purpose.

- 1. Approving the Borrowing Limits up to Rs.200 crore under Section 180(1)(c) of the Act; and
- 2. Creation of charge under Section 180(1)(a) of the Act.

None of the businesses proposed to be transacted in the ensuing AGM require passing of a special resolution through Postal Ballot.

Disclosures

Materially significant related party transactions

No materially significant related party transactions that may have potential conflict with the interests of the Company at large were reported during FY18.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties/ strictures were imposed on the Company by stock exchanges or the SEBI or any statutory authority on any matter related to capital market during the last three years.

Whistle Blower Mechanism

The Company has adopted the Whistle-Blower Policy pursuant to which employees of the Company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the Company. Further, the mechanism adopted by the Company encourages the employees to report genuine concerns or grievances, and provides for adequate safeguards against victimization of employees who avail of such a mechanism.

Disclosure of accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code of Conduct for prevention of insider trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 on prevention of insider trading, the Company has adopted a revised Code of Conduct for prevention of Insider Trading to regulate, monitor and report trading; and preserve confidentiality of unpublished price sensitive information to prevent misuse of such information by its employees and other connected persons. The Code of Conduct lays down guidelines which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

Means of Communication with Shareholders

All important information relating to the Company, including financial results and shareholding pattern are posted on the website: www.dhanvarshafinvest.com.

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers like The Financial Express (English) and Gujrat Pravah (Gujrathi).

General Shareholder Information

i. Annual General Meeting

Date: September 28, 2018 Time: 11.00 a.m. Venue: Ahmedabad - The Fern An Ecotel Hotel, Near Sola Overbridge, S G Highway, Thaltej, Ahmedabad 380 054, Gujarat

ii. Financial Calendar

Financial year: April 1 to March 31 For the year ended March 31, 2018, results were announced on:

- August 28, 2017 : First quarter
- November 14, 2017 : Half yearly
- February 14, 2018 : Third quarter

• May 30, 2018: Fourth quarter and annual.

- For the year ending March 31, 2019, results were announced on/ will be announced by
- On or before August 10, 2018 : First quarter
- On or before November 5, 2018: Half yearly
- On or before February 10, 2019: Third quarter
- On or before May 30, 2019: Fourth quarter and annual

iii. Dates of Book Closure

The dates of book closure are from September 22, 2018 to September 28, 2018 inclusive of both days.

iv. Listing on Stock Exchanges and Stock Codes

At present, the equity shares of the Company are listed on BSE Limited. The annual listing fees for FY18 to BSE Limited has been paid.

| Name of the Stock Exchange | Stock Code |
|----------------------------|------------|
| BSE Limited, Mumbai | 540268 |

v. Market Price Data and Performance in comparison to broad-based indices

| | High | Low | Volume |
|-----------|-------|-------|--------|
| Apr 2017 | 15.92 | 12.5 | 1055 |
| May 2017 | 20.35 | 15.9 | 350916 |
| Jun 2017 | 18 | 18 | 10999 |
| July 2017 | 25 | 18.75 | 31170 |
| Aug 2017 | 21 | 18.5 | 166 |
| Sep 2017 | | | |
| Oct 2017 | 22.6 | 19.6 | 7000 |
| Nov 2017 | 24.25 | 22.05 | 526684 |
| Dec 2017 | 25.7 | 22.1 | 427109 |
| Jan 2018 | 25.5 | 24.6 | 51458 |
| Feb 2018 | | | |
| Mar 2018 | 28.05 | 24.15 | 31945 |

Note: High - low are in rupees per traded share and volumes is the total monthly volume of trade in number of shares

Outstanding GDRs/ ADRs/ Warrants/ Options or any Convertible instruments, conversion date and likely impact on equity

Nil

Registrar and Share Transfer Agents

The Company has appointed Accurate Securities and Registry Private Limited as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Accurate Securities and Registry Private Limited, which is registered with the SEBI.

Accurate Securities and Registry Private Limited (Unit : Dhanvarsha Finvest Limited) 23, Sarthik Complex, Near Fun Republic, Iscon Cross Road, Satellite, Ahmedabad - 380015 (GJ). Email: accuratesecuritiesrta@gmail.com

Share Transfer System

The Company has constituted a Stakeholders' Relationship Committee (earlier known as Investors' Grievances Committee) for redressing shareholders and investors' complaints.

Dematerlization of Shares

As at March 31, 2018, over 71.14% shares of the Company were held in dematerialized form.

Branch Offices

The Company has 2 branches as on March 31, 2018 in the state of Maharashtra.

Address for correspondence

Shareholders/ Investors may write to the Company Secretary at the following address:

The Company Secretary Dhanvarsha Finvest Limited Registered Office Address: B Wing, 813/2, Mondeal Square, Opp. Karnavati Club, S.G. Highway, Ahmedabad -380015 (GJ).

CEO Certification on Code of Conduct

I, Karan Neale Desai, Chief Executive Officer of Dhanvarsha Finvest Limited, hereby certify that all the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct of the Company laid down by the Board of Directors, for the year ended March 31, 2018.

Sd/-

Karan Neale Desai Chief Executive Officer August 31, 2018 Mumbai

Annexure A

| Committee | Revised Constitution approved by the Board on August 24, 2018 |
|---------------------------------------|---|
| Asset Liability Management Committee | Mr. K. P. Raghuvanshi (Chairman); |
| | Mr. Nirmal Vinod Momaya; and |
| | Mr. Karan Neale Desai. |
| Audit Committee | Mr. Nirmal Vinod Momaya (Chairman); |
| | Mr. Ashish Sharad Dalal |
| | Mr. K. P. Raghuvanshi |
| Nomination and Remuneration Committee | Mr. K. P. Raghuvanshi (Chairman); |
| | Mr. Nirmal Vinod Momaya; |
| | Mr. Ashish Sharad Dalal; and |
| | Mr. Nimir Kishore Mehta. |
| Risk Management Committee | Mr. K. P. Raghuvanshi (Chairman); |
| | Mr. Nirmal Vinod Momaya; and |
| | Mr. Karan Neale Desai. |
| Stakeholders' Relationship Committee | Mr. Ashish Sharad Dalal (Chairman); |
| | Mr. Nirmal Vinod Momaya; and |
| | Mr. Karan Neale Desai |

INDEPENDENT AUDITOR'S REPORT

To the Members of Dhanvarsha Finvest Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Dhanvarsha Finvest Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our qualified audit opinion on the Financial Statements.

Basis for Qualified Opinion

We have not been able to obtain appropriate audit evidence with regard to certain Loan Assets, qualified herein below (included under Long term loans and advances) and its movement during the year and hence we are unable to comment on its consequential impact on the Financial Statements.

(Amount in Rs.)

| | | | () |
|---------------------|------------------|-------------------------|-------------------------|
| Balance as on April | Given during the | Repaid/Settled/Assigned | Balance as on March 31, |
| 1, 2017 | year 2017-18 | during the year 2017-18 | 2018 |
| 6,31,89,395 | 3,13,30,561 | 9,07,93,920 | 37,26,036 |

Further, with respect to these Loan assets, we are also unable to comment on compliance with the prudential norms for NBFC in respect of income recognition, assets classification, provisioning, disclosure and its consequential impact in the Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by 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 31st March, 2018, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 31 to the Financial Statement with regard to acceptance of borrowings in excess of the limits prescribed under Section 180(1)(c) of the Act without prior approval of the Shareholders through a special resolution. The approval of the Shareholders has since been obtained after the end of the financial year.

Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended March 31, 2017 were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements dated May 24, 2017.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", 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 except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position;
 - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise; and
 - (iii)There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP

Chartered Accountants ICAI Firm Registration No.103523W/ W100048

Sd/-

Anup Mundhra

Partner Membership No.061083

Mumbai May 30, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Dhanvarsha Finvest Limited on the financial statements for the year ended 31st March 2018]

(i)

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the Property, Plant and Equipment of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not have any immovable properties recorded as Property, Plant and Equipment in the books of account of the Company and hence not commented upon.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act, subject to our comments in Basis for Qualified Opinion in the Independent Auditor's Report.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act, subject to our comments in Basis for Qualified Opinion in the Independent Auditor's Report. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (V) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act and the rules framed there under, for the services of the Company.
- (vii)
- (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, goods and service tax, cess and any other material statutory dues applicable to it. At present, the provisions of employees' state insurance, sales tax, value added tax, customs duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, goods and service tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institution(s), bank(s), government(s) or debenture holder(s) and hence not commented upon.

- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanation given to us, no managerial remuneration has been provided during the year. Therefore, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards, subject to our comments in Basis for Qualified Opinion in the Independent Auditor's Report.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

For **Haribhakti & Co. LLP** Chartered Accountants ICAI Firm Registration No. 103523W/ W100048

Sd/-**Anup Mundhra** Partner Membership No.061083

Mumbai May 30, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Dhanvarsha Finvest Limited on the financial statements for the year ended March 31, 2018]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Dhanvarsha Finvest Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2018:

The system of internal financial controls over financial reporting with regard to one of the locations of the Company at Ahmedabad were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting at the aforesaid location and whether such internal financial controls were operating effectively as at March 31, 2018.

A "material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weakness reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and we have issued a qualified opinion on the financial statements, to the extent such material weakness has affected our opinion on the financial statements of the Company.

For Haribhakti & Co. LLP

Chartered Accountants ICAI Firm Registration No.103523W/ W100048

Sd/-**Anup Mundhra** Partner Membership No.061083

Mumbai May 30, 2018

BALANCE SHEET AS AT MARCH 31, 2018

| BALANCE SHEET AS AT MARCH 31, 2018 | | | (Amount in Rupees) |
|--|--|---|--|
| Particulars | Notes | As at March 31, 2018 | As at March 31, 2017 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | 3 | 77,578,000 | 77,578,000 |
| (b) Reserves and Surplus | 4 | 49,404,153 | 8,576,715 |
| | | 126,982,153 | 86,154,715 |
| Non-Current Liabilities | | | 4 000 700 |
| (a) Long-Term Borrowings | 5 | - | 1,693,762 |
| (b) Long-Term Provisions | 6 | 5,365,994 5,365,994 | - 1,693,762 |
| Current Lightlitics | | 5,365,994 | 1,093,702 |
| Current Liabilities (a) Short-Term Borrowings | 7 | 390,500,000 | _ |
| (b) Trade Payables | 8 | 000,000,000 | |
| - Total outstanding dues of micro enterprises and small enterprises | Ū | - | - |
| Total outstanding dues of creditors other than micro enterprises | | | |
| and small enterprises | | 2,470,831 | 797,651 |
| (c) Other Current Liabilities | 9 | 16,051,380 | 2,841,500 |
| (d) Short-Term Provisions | 10 | 7,471,647 | 131,650 |
| | - | 416,493,858 | 3,770,801 |
| | | | |
| TOTAL | - | 548,842,005 | 91,619,278 |
| TOTAL ASSETS | = | 548,842,005 | 91,619,278 |
| | = | 548,842,005 | 91,619,278 |
| ASSETS | = | | |
| ASSETS Non-Current Assets | - = 11 (a) | 809,166 | 91,619,278 5,827,803 |
| ASSETS Non-Current Assets (a) Fixed Assets | - = 11 (a) 11 (b) | 809,166 349,236 | |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment | 11 (b) | 809,166 349,236 3,435,500 | |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments | 11 (b) 12 | 809,166 349,236 3,435,500 5,625,308 | 5,827,803 - - - |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) | 11 (b) 12 13 | 809,166 349,236 3,435,500 5,625,308 1,730,258 | 5,827,803 - - - 1,637,160 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments | 11 (b) 12 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 | 5,827,803 - - 1,637,160 65,717,940 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances | 11 (b) 12 13 | 809,166 349,236 3,435,500 5,625,308 1,730,258 | 5,827,803 - - - 1,637,160 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Assets | 11 (b) 12 13 14 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 | 5,827,803 - - 1,637,160 <u>65,717,940</u> 73,182,903 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Assets (a) Current Investments | 11 (b) 12 13 14 15 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 | 5,827,803 - - 1,637,160 <u>65,717,940</u> 73,182,903 16,519,822 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Assets (a) Current Investments (b) Trade Receivables | 11 (b) 12 13 14 15 16 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 3,839,030 | 5,827,803 - - 1,637,160 65,717,940 73,182,903 16,519,822 80,000 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Assets (b) Trade Receivables (c) Cash and Bank Balances | 11 (b) 12 13 14 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 3,839,030 25,057,307 | 5,827,803 - - 1,637,160 <u>65,717,940</u> 73,182,903 16,519,822 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Investments (b) Trade Receivables (c) Cash and Bank Balances (d) Short-Term Loans and Advances | 11 (b) 12 13 14 15 16 17 18 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 3,839,030 | 5,827,803 - - 1,637,160 65,717,940 73,182,903 16,519,822 80,000 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Assets (b) Trade Receivables (c) Cash and Bank Balances | 11 (b) 12 13 14 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 3,839,030 25,057,307 90,945,158 | 5,827,803 - - 1,637,160 65,717,940 73,182,903 16,519,822 80,000 |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Current Investments (b) Trade Receivables (c) Cash and Bank Balances (d) Short-Term Loans and Advances | 11 (b) 12 13 14 15 16 17 18 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 3,839,030 25,057,307 90,945,158 6,242,350 | 5,827,803 - - 1,637,160 65,717,940 73,182,903 16,519,822 80,000 1,836,553 - - |
| ASSETS Non-Current Assets (a) Fixed Assets (i) Property, Plant and Equipment (ii) Intangible Assets (iii) Intangible Assets Under Development (b) Non-Current Investments (c) Deferred Tax Assets (Net) (d) Long-Term Loans and Advances Eurrent Assets (e) Cash and Bank Balances (c) Cash and Bank Balances (c) Cher Current Assets | 11 (b) 12 13 14 15 16 17 18 | 809,166 349,236 3,435,500 5,625,308 1,730,258 403,340,842 415,290,310 7,467,850 3,839,030 25,057,307 90,945,158 6,242,350 133,551,695 | 5,827,803 - - 1,637,160 65,717,940 73,182,903 16,519,822 80,000 1,836,553 - - - 18,436,375 |

| As per our report of even date | |
|--|--|
| For Haribhakti & Co. LLP | For and on behalf of the Board of Directors of |
| Chartered Accountants | Dhanvarsha Finvest Limited |
| ICAI Firm Registration No. 103523W/W100048 | CIN: L24231GJ1994PLC023528 |
| | |

| Sd/- | Sd/- | Sd/- | Sd/- |
|-------------------------|--|---------------------------|---|
| Anup Mundhra Partner | Malay Bhow Chairman and Whole Time Director | Arunaben Shah Director | Dhairyakumar Thakkar Company Secretary |
| Membership No. 061083 | DIN: 02770605 | DIN: 00014528 | M.No. A31505 |
| F | | | |
| Mumbai | Ahmedabad | | |
| May 30, 2018 | May 30, 2018 | | |

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

| | | -, | (Amount in Rupees) |
|--|--|--------------------------------|----------------------|
| Particulars | Note | s Year ended March 31, 2018 | |
| REVENUE | | March 51, 2010 | March 31, 2017 |
| Revenue from Operations | 20 | 73,587,634 | 12,525,387 |
| Other Income | 21 | 45,329,639 | 28,503 |
| Total Revenue | | 118,917,273 | 12,553,890 |
| EXPENSES | | | |
| Purchase of Stock-in-Trade | 22 | - | 2,871,068 |
| Changes in Inventories of Stock-in-Trade | 23 | - | 7,342,359 |
| Employee Benefits Expense | 24 | 22,686,168 | 1,005,050 |
| Finance Costs | 25 | 20,011,420 | 48,512 |
| Depreciation and Amortisation | 26 | 538,474 | 122,413 |
| Other Expenditure | 27 | 24,681,797 | 804,138 |
| Loan Losses and Provisions | 28 | 4,849,783 | 81,650 |
| Total Expenses | | 72,767,642 | 12,275,190 |
| Profit before tax | | 46,149,631 | 278,700 |
| | | | |
| Tax Expense: | | 2 016 094 | 50.000 |
| - Current Tax | | 3,016,084 | |
| - Deferred Tax | | (93,098 | |
| - Short Provision for Earlier Years | | 2,399,207 | |
| Total Tax Expense | | 5,322,193 | 206,397 |
| Profit after tax | | 40,827,438 | 72,303 |
| Earnings per share | | | |
| Basic (Rs.) | 29 | 5.26 | 0.01 |
| Diluted (Rs.) | | 5.26 | 0.01 |
| Face Value of Equity Share (Rs./share) | | 10.00 | 10.00 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the fir | nancial statements. | | |
| As per our report of even date | | | |
| For Haribhakti & Co. LLP | For and on behalf of the Board of Dire | ectors of | |
| Chartered Accountants | Dhanvarsha Finvest Limited | | |
| ICAI Firm Registration No. 103523W/W100048 | CIN: L24231GJ1994PLC023528 | | |
| | | | |
| Sd/- | Sd/- | Sd/- | Sd/- |
| Anup Mundhra | Malay Bhow | Arunaben Shah | Dhairyakumar Thakkar |
| Partner | Chairman and Whole Time Director | Director | Company Secretary |
| Membership No. 061083 | DIN: 02770605 | DIN: 00014528 | M.No. A31505 |
| | DIN. 02110000 | Diri. 00014020 | WI.INC. AU 1000 |

Mumbai May 30, 2018 Ahmedabad May 30, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

| | | (Amount in Rupees) |
|--|----------------|--------------------|
| Particulars | Year ended | Year ended |
| | March 31, 2018 | March 31, 2017 |
| A. Cash Flow from Operating Activities | | |
| Profit Before Tax | 46,149,631 | 278,700 |
| Adjustments for: | | |
| Depreciation / Amortisation and Impairment Expense | 538,474 | 122,413 |
| Profit on Sale of Current Investments (net) | (42,520,058) | (19,753) |
| Dividend Income | (75,000) | - |
| Loan Losses and Provisions | 4,849,783 | 81,650 |
| Liabilities No Longer Required Written Back | (2,734,581) | - |
| Diminution in value of Investments | 1,002,108 | - |
| Foreign Exchange Loss | 467 | - |
| Operating Profit before Working Capital Changes | 7,210,824 | 463,010 |
| Changes in Working Capital | | |
| Adjustments for: | | |
| (Increase) / Decrease in Receivables | (3,759,030) | (17,005) |
| (Increase) / Decrease in Loan Assets | (423,456,803) | 8,459,495 |
| (Increase) / Decrease in Other current assets | (6,242,350) | - |
| (Decrease) / Increase in Trade Payable, Other Liabilities, Provision | | |
| for Gratuity and Leave Encashment | 15,918,126 | 3,177,069 |
| Cash Generated from Operations | (410,329,233) | 12,082,569 |
| Direct Taxes Paid | (3,370,825) | (271,767) |
| Net Cash (Used in) / Generated from Operating Activities (A) | (413,700,058) | 11,810,802 |
| | | |
| B. Cash Flow from Investing Activities | | |
| Sale of Current Investments (Net) | 50,569,923 | 5,144,616 |
| Purchase of Property, Plant and Equipment | (1,110,769) | (264,500) |
| Purchase of Intangible Asset | (383,613) | - |
| Payment for Intangible Asset under development | (1,035,500) | - |
| Dividend Received | 75,000 | - |
| Net Cash (Used in) / Generated from Investing Activities (B) | 48,115,041 | 4,880,116 |
| C. Cash Flow from Financing Activities | | |
| Proceeds from Long-term borrowings | - | 1,693,762 |
| Repayment of Long-term borrowings | (1,693,762) | - |
| Proceeds from / (Repayment of) Short-term borrowings (Net) | 390,500,000 | (5,650,000) |
| Net Cash (Used in) / Generated from Financing Activities (C) | 388,806,238 | (3,956,238) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 23,221,221 | 12,734,680 |
| Cash and Cash Equivalents at the beginning of the year | 1,836,553 | (10,898,127) |
| Cash and Cash Equivalents at the end of the year | 25,057,307 | 1,836,553 |
| Effect of Foreign exchange rate changes | 467 | - |
| Net Increase / (Decrease) in Cash and Cash Equivalents | 23,221,221 | 12,734,680 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at the end of the year | | |
| - Cash on hand | 211,859 | 82,251 |
| - Foreign Currency on hand | 44,969 | - |
| - Balances with banks in current accounts | 14,351,647 | 1,754,302 |
| - Cheques on hand | 10,448,832 | - |
| Total Cash and cash equivalents | 25,057,307 | 1,836,553 |
| | | ,, |

Summary of significant accounting policies (Note 2.1)

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

Notes:

1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, "Cash Flow Statement" notified pursuant to the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2) All figures in brackets indicate outflow.

3) Previous years figures have been restated where necessary.

As per our report of even date For Haribhakti & Co. LLP Chartered Accountants ICAI Firm Registration No. 103523W/W100048 For and on behalf of the Board of Directors of Dhanvarsha Finvest Limited CIN: L24231GJ1994PLC023528

Sd/-Anup Mundhra Partner Membership No. 061083 Sd/-Malay Bhow Chairman and Whole Time Director DIN: 02770605 Sd/-Arunaben Shah Director DIN: 00014528 Sd/-Dhairyakumar Thakkar Company Secretary M.No. A31505

Ahmedabad May 30, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate information

Dhanvarsha Finvest Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a Non-Banking Finance Company (NBFC) with Reserve Bank of India. Its shares are listed on the BSE Limited. The Company is engaged in the business of providing Micro Enterprise Loans, SME Loans, Other Structured Business and Personal Loans.

2. Basis of Preparation of Accounts

The financial statements have been prepared under the historical cost convention on an accrual basis in conformity with generally accepted accounting principles in India ("Indian GAAP") to comply in all material respects with the notified Accounting Standards ("AS") 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.

The Company follows directions prescribed by the Reserve Bank of India ("RBI") for Non-Banking Finance Company ("NBFC"). All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. The Company has ascertained its operating cycle to be of 12 months for such classification.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.1 Significant Accounting Policies

A. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management"s best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

B. Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as "Current Investments". All other investments are classified as "Long term Investments".

"Long term Investments" are carried at acquisition/amortised cost. A provision is made for diminution other than temporary on an individual basis.

",Qurrent Investments" are carried at the lower of cost or fair value on an individual basis. Profit or loss on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the carrying value of the investment.

Investment in buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.

C. Leases

Where the Company is the lessor

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss over the lease term.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

D. Foreign currency translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency which is Indian Rupee, 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

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

E. Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – Earning per Share.

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares. Potential equity shares are those shares which will convert into equity shares at a later stage. Profit/loss is adjusted by the expenses incurred on such potential equity shares. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

F. Loan Losses and Provisions: NPA and Standard Assets Provisioning

The Company assesses all loans and receivables for their recoverability and makes provision for Non-performing assets (NPA) as considered necessary based on past experience, emerging trends and estimates, subject to the minimum provision required as per the Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ("NBFC Master Directions") as and when amended.

Contingent provision against standard asset, as required by the NBFC Master Directions, is also made by the Company on the standard assets outstanding as per the rates given in the NBFC Master Directions.

G. Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

H. Cash and cash equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, as per Accounting Standard 3 "Cash Flows".

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

I. Fixed Assets:

Property Plant and Equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance. The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain/ loss arising from derecognition of an item of PPE is included in the Statement of Profit and Loss. The gain or loss arising from the derecognition of an item of PPE would be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The residual value, useful life and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if required.

Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment losses, if any. The cost of intangible assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible Assets under Development

Amount incurred towards the acquisition of Intangible Assets not ready for intended use at each Balance Sheet date are disclosed under Intangible Assets under Development.

J. Depreciation and Amortisation on Fixed Assets:

Property Plant and Equipment

Depreciation on cost of PPE is provided on straight line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Leasehold Improvements are amortised on a straight line basis over the period of lease

Intangible Assets

Intangible assets are amortized over the useful life on pro-rata basis under the straight-line method as estimated by the management. Intangible assets comprising of software are amortised on a straight line basis over a period of 3 to 5 years, unless it has a shorter useful life.

Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/upto the date of acquisition/sale. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

K. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs to the extent related/attributable to the acquisition/construction of assets that takes substantial period of time to get ready for their intended use are capitalized along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss in the period they occur.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

L. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized:

Interest: Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Revenue from Operations" in the statement of profit and loss. Further, in accordance with the guidelines issued by the Reserve Bank of India for Non-Banking Finance Companies, income on loan assets classified as Non-performing Assets, is recognised on receipt basis.

Processing Fee and Application Fee: Income from application and processing fees, including recovery of documentation charges are recognised upfront.

Delayed Payment charges, Penal Interest, Other Penal Charges, Foreclosure Charges etc., are recognised on receipt basis on account of uncertainty of the ultimate collection of the same.

Consultancy Income: Income from Consultancy/Advisory Services are accounted for as per the terms of the contract as and when the relevant services are rendered.

Dividends: Dividend income is recognized when the Company's right to receive dividend is established on the reporting date.

Others: The Company recognises other income on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, income recognition is postponed to the extent of uncertainty.

M. Retirement and other employee benefits

(I) Post-employment employee benefit

Defined Contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund Scheme, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under "The Payment of Gratuity Act, 1972". The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognised immediately in the Statement of Profit and Loss.

(II) Other long term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

N. Taxation

Income-tax expense comprises current tax, deferred tax charge or credit and minimum alternate tax (MAT).

Current tax

Current income-tax is measured at the amount expected to be paid to the tax authorities after considering tax allowances, deductions and exemptions determined in accordance with Income Tax Act, 1961 and the prevailing tax laws. The tax rate and laws used to compute the amount are those which are enacted at the reporting date.

Minimum alternate tax

Minimum alternate tax (MAT) obligation in accordance with the tax laws, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax during the specified period. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably, and reviewed at each reporting date.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income tax and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognised only if there is a virtual certainty of realization of such asset. Deferred tax asset is reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

O. Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in Statement of Profit and Loss, unless the same is carried at revalued amount and treated as revaluation reserve.

| March 31, 2018 Amount (Rs.)March 31, 2017 Amount (Rs.)March 31, 2017 Amount (Rs.)The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs.1.00 per share (March 31, 2017: Nil per share)7,757,800 - - Tax on proposed dividend1,523,449-Total9,281,249-March 31, 2018As at March 31, 2018As at March 31, 2017 | - | | | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
|--|----|---|-----------------------|-------------|---|---|
| 10.000.000 (March 31. 2017 : 10.000.000) 100.000.000 Paily Shares of Rs. 100- each 77,578.000 Paily bares capital (Fully paid up) 77,578.000 7,757.800 (March 31. 2017 : 7,757.800) Rs. 100- each Number of beginning and end of reporting period Number of Shares Shares cotstanding at the beginning and end of reporting period 77,578.000 Shares outstanding at the beginning and end of reporting period 77,578.000 Shares outstanding at the beginning and end of reporting period 77,578.000 Shares outstanding at the beginning and end of reporting period 77,578.000 Shares outstanding at the beginning and end of reporting period 77,578.000 Shares outstanding at the end of the year 7,757.800 77,578.000 The Company, the locking on equily shares having a par yalue of Rs. 100- per share. Each holder of equily shares is entilled to one vote per share. In the event of to equily shares held by the shareholders. 77,578.000 Details of shareholders Number of % Number of % Database Divarkase Shale 494,000 6.37% 494,000 6.37% <th>3</th> <th></th> <th></th> <th></th> <th></th> <th></th> | 3 | | | | | |
| Issued and subscribed share capital 77,578,000 77,578,000 C7757.800 (March 31, 2017, 757,800) 77,578,000 77,578,000 Equity Shares of Rs. 104: each Amount in Rs. Number of Amount in Rs. Number of Shares Amount in Rs. Number of Amount in Rs. Shares outstanding at the beginning of the year 7,757,800 77,578,000 Shares outstanding at the off of the year 7,757,800 77,578,000 Shares outstanding at the edginning of the year 7,757,800 77,578,000 Shares outstanding at the edginning of the year 7,757,800 77,578,000 Shares outstanding at the edginning of the year 7,757,800 77,578,000 The Company has only one class of equity shares having a parvalue of Rs. 104: per share. Each holder of equity shares is entitled to ne vote per share. In the event of inquication of the company, the holders of equity shares in the Company. The distribution will be proportional to the number of equity shares in the Company. Details of shareholder Number of % Number of % Name of the shareholder Number of % Number of % Name of the shareholder of equity shares after the Balance Sheet date 7,757,800 6,37% Proposed dividend on equity shares after the Balance Sheet date 7,757,800 7,77,780 Proposed dividend on equity shares after the Balance Sheet date 9,281,249 <td></td> <td>10,000,000 (March 31, 2017 : 10,000,000)</td> <td></td> <td>_</td> <td>100,000,000</td> <td>100,000,000</td> | | 10,000,000 (March 31, 2017 : 10,000,000) | | _ | 100,000,000 | 100,000,000 |
| 2,757,800 (March 31, 2017; 7,757,800) Equity Shares of Rs. 10- each Number of Shares Amount In Rs. Shares Amount In Rs. Number of Shares Shares Shares Shares outstanding at the equity shares outstanding at the beginning of the year 7,757,800 7,757,800 Shares outstanding at the equity shares The comparison of reporting period Shares outstanding at the equity shares are outstanding at the equity shares in the compary that bac only one class of equity shares will be entited to receive remaining assets of the Company. The folders of equity shares in the Company the holders. Datalls of shareholders holding more than 5% equity shares in the Company Details of shareholder of equity shares in the Company. The folders. Datalls of shareholders holding more than 5% equity shares in the Company Details of shareholder of equity shares of Rs. 10- each Shares Shares Shares Shares of Rs. 10- each Shares Shares of Rs. 10- each Shares Datalls of shareholders holding its register of shareholders/members, the above shareholding represents legal ownerships of shares. C Datalls of shareholder on equity shares after the Balance Sheet date Proposed dividend on equity shares after the Balance Sheet date | | Issued and subscribed share capital 7,757,800 (March 31, 2017 : 7,757,800) | | | 77,578,000 | 77,578,000 |
| Number of Shares Amount in Rs. Number of Shares Amount in Shares a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period 7.757,800 7.757,800 7.757,800 77,578,000 Shares outstanding at the beginning of the year 7.757,800 77,578,000 7,757,800 77,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 5,558,558,558,558,558,558,558,558,558,5 | | 7,757,800 (March 31, 2017 : 7,757,800) | | | 77,578,000 | 77,578,000 |
| Number of Shares Amount in Rs. Number of Shares Amount in Shares a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period 7.757,800 7.757,800 7.757,800 77,578,000 Shares outstanding at the beginning of the year 7.757,800 77,578,000 7,757,800 77,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 7,578,000 5,558,558,558,558,558,558,558,558,558,5 | | | As at Marc | h 31. 2018 | As at March 31 | I. 2017 |
| a. Rescardination of the equity shares outstanding at the beginning and at end of reporting period Shares outstanding at the beginning of the year 7,757,800 77,578,000 7,757,800 77,578,000 78,00 8,000 | | | Number of | | Number of | Amount in |
| Movement during the year 7,57,800 7,57,800 7,57,800 Shares outstanding at the end of the year 7,57,800 7,57,800 7,57,800 Image: the start of the end of the year 7,57,800 7,57,800 7,57,800 Image: the end of the company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be proportional to the number of equity shares held by the shareholders. As at March 31, 2018 As at March 31, 2017 Number of shareholders holding more than 5% equity shares in the Company Details of shareholders holding more than 5% equity shares in the Company Number of % Shares Collable: The shareholders holding more than 5% equity shares in the Company As at March 31, 2018 As at March 31, 2017 Number of % Name of the shareholders holding more than 5% equity shares in the Company Shares Shares Shares Equity shares of Rs. 10/- each Shares Shares As at March 31, 2017 March 31, 2018 Dathibe: Dwarkadas Patel 494,000 6.37% 494,000 6.37% As at the ecords of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. March 31, 2018 March 31, 2018 March 31, 2017 The board proposed dividend on equity shares afte | a. | | | | | |
| b. Terms/Rights attached to equity shares The Company has only one class of equity shares in the loders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be proportional to the number of equity shares hed by the shareholders. c. Details of shareholders holding more than 5% equity shares in the Company Details of shareholders. As at March 31, 2018 As at March 31, 2017 Name of the shareholder Number of % Shares % Equity shares of Rs. 10/- each Shares Shares % Dahiben Dwarkadas Patel 494,000 6.37% 494,000 6.37% As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. As at March 31, 2017 The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares after the Balance Sheet date March 31, 2017. Nume of 1, 523,449 . . Total 9,281,249 As at March 31, 2018 Sattory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 As at Proposed dividend on equity shares of Profit and Loss | | | 7,757,800 - | 77,578,000 | 7,757,800 | 77,578,000 - |
| The Company has only one class of equity shares having a par value of Rs. 10 ⁴ per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be proportional to the number of equity shares held by the shareholders. c. Details of shareholders holding more than 5% equity shares in the Company Details of shareholder As at March 31, 2018 As at March 31, 2017 Name of the shareholder Number of % Number of % Number of % Proposed dividends on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs. 1.00 per share As at March 31, 2018 The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs. 1.00 per share 7, 757, 800 - Total 9,281,249 - - - - As at March 31, 2017: Nil per share 0,757,800 - - - Total 9,281,249 - - - - - March 31, 2017: Nil per share 0,757,800 - - - - - - - - - - - - - - - < | | Shares outstanding at the end of the year | 7,757,800 | 77,578,000 | 7,757,800 | 77,578,000 |
| Details of shareholding Name of the shareholding As at March 31, 2018 Number of Shares As at March 31, 2017 Number of Shares Equity shares of Rs. 10/- each Dahiben Dwarkadas Patel 494,000 6.37% 494,000 6.37% As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. As at As at As at d. Proposed dividends on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018; Rs. 1.00 per share (March 31, 2017; Nil per share) Total 7.757,800 - Total 9,281,249 - - - As at As at As at As at Voltarity 12,017; Nil per share) 1,523,449 - - Total 9,281,249 - - As at As at As at As at March 31, 2017; Nil per share) - - As at As at Total 9,281,249 - - - As at March 31, 2018 March 31, 2018 March 31, 2017 March 31, 2017 4 RESERVES AND SURPLUS 5 - - - - - <td< td=""><td>b.</td><td>The Company has only one class of equity shares having a par In the event of liquidation of the Company, the holders of equity</td><td>, shares will be enti</td><td></td><td></td><td></td></td<> | b. | The Company has only one class of equity shares having a par In the event of liquidation of the Company, the holders of equity | , shares will be enti | | | |
| Details of shareholding Name of the shareholding As at March 31, 2018 Number of Shares As at March 31, 2017 Number of Shares Equity shares of Rs. 10/- each Dahiben Dwarkadas Patel 494,000 6.37% 494,000 6.37% As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. As at As at As at d. Proposed dividends on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018; Rs. 1.00 per share (March 31, 2017; Nil per share) Total 7.757,800 - Total 9,281,249 - - - As at As at As at As at Voltarity 12,017; Nil per share) 1,523,449 - - Total 9,281,249 - - As at As at As at As at March 31, 2017; Nil per share) - - As at As at Total 9,281,249 - - - As at March 31, 2018 March 31, 2018 March 31, 2017 March 31, 2017 4 RESERVES AND SURPLUS 5 - - - - - <td< td=""><td>c.</td><td>Details of shareholders holding more than 5% equity share</td><td>es in the Company</td><td>1</td><td></td><td></td></td<> | c. | Details of shareholders holding more than 5% equity share | es in the Company | 1 | | |
| Shares Shares Equity shares of Rs. 10/- each Dahlben Dwarkadas Patel 494,000 6.37% 494,000 6.37% As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. Image: Proposed dividends on equity shares: As at March 31, 2018 As at March 31, 2018 As at March 31, 2018 The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs.1.00 per share (March 31, 2017: Nil per share) 7.757,800 - Tax on proposed dividend 1,523,449 - Total 9,281,249 - March 31, 2018 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2018 4 RESERVES AND SURPLUS As at March 31, 2018 As at March 31, 2018 Statutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 2,546,317 46,317 Add: Transfer from surplus in the Statement of Profit and Loss 8,185,488 2,500,000 Closing balance 6,030,398 8,458,095 Add: Profit for the current year 40,827,438 72,333 Less: Appropriations for the current year 40,8 | | • | | | As at March 31 | I, 2017 |
| Equity shares of Rs. 10/- each 494,000 6.37% 494,000 6.37% Dahiben Dwarkadas Patel 494,000 6.37% 494,000 6.37% As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. March 31, 2018 March 31, 2018 Image: the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. Image: the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. Image: the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. Image: the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. Image: the records of under on equity shares after the Balance Sheet date March 31, 2018 Proposed dividend on equity shares for the year ended on March 31, 2018: Rs.1.00 per share 7,757,800 - Tax on proposed dividend 1,523,449 - - Total 9,281,249 - - March 31, 2018 As at March 31, 2018 As at March 31, 2018 As at March 31, 2018 As at March 31, 2018 2,546 | | Name of the shareholder | | % | | % |
| As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. d. Proposed dividends on equity shares: As at March 31, 2018 March 31 | | | | 6.37% | | 6.37% |
| d. Proposed dividends on equity shares: As at March 31, 2018 As at March 31, 2018 As at March 31, 2018 The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs. 1.00 per share (March 31, 2017: Nil per share) 7,757,800 - Tax on proposed dividend 1,523,449 - Total 9,281,249 - As at March 31, 2018 As at March 31, 2018 As at March 31, 2018 Statutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 0 2,546,317 46,317 Opening Balance 2,546,317 46,317 Add: Transfer from surplus in the Statement of Profit and Loss 8,165,488 2,500,000 Closing balance 6,030,398 8,458,095 Opening Balance 6,030,398 8,458,095 Opening Balance 40,827,438 72,303 Less: Appropriations for the current year 40,827,438 72,303 Less: Appropriations for the current year 38,692,348 6,030,398 Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934 38,692,348 6,030,398 Net surplus in Statement of Profit and Loss 38,692,348 6,030,398 | | | , | | , | |
| As at March 31, 2018 As at March 31, 2018 March 31, 2017 The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs.1.00 per share (March 31, 2017: Nil per share) 7,757,800 - Tax on proposed dividend 1,523,449 - Total 9,281,249 - As at March 31, 2018 March 31, 2018 March 31, 2018 Year 9,281,249 - As at March 31, 2018 March 31, 2018 March 31, 2018 Year 9,281,249 - As at March 31, 2018 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2017 Add: Transfer form surplus in the Statement of Profit and Loss 8,165,488 2,500,000 Closing Balance 6,030,398 8,458,095 3,458,095 Opening Balance 6,030,398 8,458,095 4,458,095 Opening Balance 40,827,438 72,303 | | | | , | | |
| Amount (Rs.)Amount (Rs.)The board proposed dividend on equity shares after the Balance Sheet date Proposed dividend on equity shares for the year ended on March 31, 2018: Rs.1.00 per share (March 31, 2017: Nil per share)7,757,800Tax on proposed dividend1,523,449-Total9,281,249-As at March 31, 2018As at March 31, 2017Add: Transfer from surplus in the Statement of Profit and Loss Opening Balance Closing balance2,546,317 2,546,317Surplus in Statement of Profit and Loss Opening Balance Add: Profit for the current year Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss Opening abalance6,030,398 2,500,000 2,546,317Upper to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss Opening abalance2,500,000 2,500,000Upper to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss2,500,000 2,500,000Upper to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss0,000 3,000 3,0000Upper to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss0,000,000 3,0000 | d. | Proposed dividends on equity shares: | | | As at | As at |
| Proposed dividend on equity shares for the year ended on March 31, 2018: Rs 1.00 per share (March 31, 2017: Nil per share) 7,757,800 - Tax on proposed dividend 1,523,449 - Total 9,281,249 - As at March 31, 2017 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2017 As at March 31, 2018 March 31, 2018 March 31, 2017 Are SERVES AND SURPLUS Statutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 - Opening Balance 2,546,317 46,317 Add: Transfer from surplus in the Statement of Profit and Loss 8,165,488 2,500,000 Closing balance 6,030,398 8,458,095 Add: Profit for the current year 40,827,438 72,303 Less: Appropriations for the current year 40,827,438 72,303 Less: Appropriations for the current year 8,165,488 2,500,000 Net surplus in Statement of Profit and Loss 8,165,488 2,500,000 Opening Balance 6,030,398 8,458,095 Add: Profit for the current year 40,827,438 72,303 Less: Appropriations for the current year 8,165,48 | | | | | • | March 31, 2017 Amount (Rs.) |
| Total9,281,249Total9,281,249As at March 31, 2018 Amount (Rs.)As at March 31, 2017 Amount (Rs.)4RESERVES AND SURPLUSStatutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 Opening Balance Add: Transfer from surplus in the Statement of Profit and Loss Closing balance2,546,317 8,165,488 2,500,000 10,711,805Surplus in Statement of Profit and Loss Opening Balance Add: Profit for the current year Less: Appropriations for the current year Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss 38,692,3488,165,488 6,030,398 | | Proposed dividend on equity shares for the year ended on Man | | 0 per share | 7,757,800 | - |
| As at March 31, 2018 Amount (Rs.)As at March 31, 2017 Amount (Rs.)As at March 31, 2017 Amount (Rs.)4RESERVES AND SURPLUSStatutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 Opening Balance Add: Transfer from surplus in the Statement of Profit and Loss Closing balance2,546,317 8,165,488 2,500,000 10,711,80546,317 2,546,317Surplus in Statement of Profit and Loss Opening Balance Add: Profit for the current year Less: Appropriations for the current year Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss8,165,488 8,2,500,000038,692,3486,030,398 8,0398 | | Tax on proposed dividend | | | 1,523,449 | - |
| March 31, 2018 Amount (Rs.)March 31, 2017 Amount (Rs.)4RESERVES AND SURPLUSStatutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934 Opening Balance2,546,317Add: Transfer from surplus in the Statement of Profit and Loss Closing balance3,165,4882,500,000 Closing Balance10,711,805Surplus in Statement of Profit and Loss Opening Balance6,030,398Surplus in Statement of Profit and Loss Opening Balance6,030,398Add: Profit for the current year Less: Appropriations for the current year Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934 Net surplus in Statement of Profit and Loss38,692,348006,030,398008,165,488002,500,000008,165,488002,500,000< | | Total | | _ | 9,281,249 | |
| Statutory reserve pursuant to Section 45 IC(1) of Reserve Bank of India Act, 1934Opening Balance2,546,317Add: Transfer from surplus in the Statement of Profit and Loss8,165,488Closing balance10,711,805Surplus in Statement of Profit and Loss6,030,398Opening Balance6,030,398Add: Profit for the current year40,827,438Less: Appropriations for the current year40,827,438Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,488Net surplus in Statement of Profit and Loss38,692,348Opening In Statement of Profit and Loss0,030,398Opening Balance6,030,398Add: Profit for the current year40,827,438Less: Appropriations for the current year0,000Met surplus in Statement of Profit and Loss0,000Opening In Statement of Profit and Loss0,000 | | | | | March 31, 2018 | As at March 31, 2017 Amount (Rs.) |
| Opening Balance2,546,31746,317Add: Transfer from surplus in the Statement of Profit and Loss8,165,4882,500,000Closing balance10,711,8052,546,317Surplus in Statement of Profit and Loss6,030,3988,458,095Opening Balance6,030,3988,458,095Add: Profit for the current year40,827,43872,303Less: Appropriations for the current year8,165,4882,500,000Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,4882,500,000Net surplus in Statement of Profit and Loss38,692,3486,030,398 | 4 | RESERVES AND SURPLUS | | | | |
| Add: Transfer from surplus in the Statement of Profit and Loss8,165,4882,500,000Closing balance10,711,8052,546,317Surplus in Statement of Profit and Loss6,030,3988,458,095Opening Balance6,030,3988,458,095Add: Profit for the current year40,827,43872,303Less: Appropriations for the current year8,165,4882,500,000Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,4882,500,000Net surplus in Statement of Profit and Loss38,692,3486,030,398 | | | Bank of India Act, | 1934 | | |
| Closing balance10,711,8052,546,317Surplus in Statement of Profit and Loss0pening Balance6,030,3988,458,095Add: Profit for the current year40,827,43872,303Less: Appropriations for the current year8,165,4882,500,000Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,4882,500,000Net surplus in Statement of Profit and Loss38,692,3486,030,398 | | | | | | |
| Opening Balance6,030,3988,458,095Add: Profit for the current year40,827,43872,303Less: Appropriations for the current year72,303Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,4882,500,000Net surplus in Statement of Profit and Loss38,692,3486,030,398 | | · | | | | |
| Add: Profit for the current year40,827,43872,303Less: Appropriations for the current year8,165,4882,500,000Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,4882,500,000Net surplus in Statement of Profit and Loss38,692,3486,030,398 | | Surplus in Statement of Profit and Loss | | | | |
| Less: Appropriations for the current year8,165,4882,500,000Transfer to statutory reserve as per Section 45-IC of The RBI Act, 19348,165,4882,500,000Net surplus in Statement of Profit and Loss38,692,3486,030,398 | | | | | | |
| Net surplus in Statement of Profit and Loss38,692,3486,030,398 | | - | | | 10,021,400 | 72,000 |
| | | | Act, 1934 | | | |
| Total 49,404,153 8,576,715 | | Net surplus in Statement of Profit and Loss | | | 38,692,348 | 6,030,398 |
| | | Total | | | 49,404,153 | 8,576,715 |

| | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 |
|----|---|---|---|
| 5 | LONG - TERM BORROWINGS | Amount (RS.) | Amount (Rs.) |
| | Unsecured | | |
| | Loan from Director Other loans and advances | - | 50,000 1,643,762 |
| | Total | - | 1,693,762 |
| | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 6 | LONG - TERM PROVISIONS | | . , |
| | For Employee Benefits | | |
| | For gratuity (refer note 37) For short term compensated absence | 410,456 249,572 | - |
| | For others For non-performing assets | 3,726,036 | - |
| | For standard assets | 979,930 | - |
| | Total | 5,365,994 | - |
| | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 7 | SHORT - TERM BORROWINGS | | |
| | Unsecured Loans repayable on demand from other parties (refer note 31) | 390,500,000 | - |
| | Total | 390,500,000 | - |
| | | As at March 31, 2018 | As at March 31, 2017 |
| 8 | TRADE PAYABLES | Amount (Rs.) | Amount (Rs.) |
| | Total outstanding dues of micro enterprises and small enterprises (refer note 32) | - | - |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,470,831 | 797,651 |
| | Total | 2,470,831 | 797,651 |
| | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 9 | OTHER CURRENT LIABILITIES | Amount (RS.) | Amount (NS.) |
| | Interest Accrued but not due on Borrowings | 11,003,508 | - |
| | Income Received in Advance Advance from Customers and Others | 41,632 329,748 | - 2,787,500 |
| | Statutory Dues Payable Payable to Employees | 1,378,474 675,699 | - 54,000 |
| | Creditors for Capital Expenditure Other Liabilities | 2,400,000 222,319 | - |
| | Total | 16,051,380 | 2,841,500 |
| | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 10 | SHORT - TERM PROVISIONS | Anount (No.) | |
| | For employee benefits | | |
| | For gratuity (Refer Note 37) For short term compensated absence | 715 39,742 | - |
| | For others For standard assets | 225 467 | 91 650 |
| | For standard assets For provision for tax [Net of Advance tax / TDS Receivable Rs. 33,81,498 (March 31, 2017 : Rs. Nil)] | 225,467 7,205,723 | 81,650 50,000 |
| | Total | 7,471,647 | 131,650 |
| | | | . , |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

11 Fixed Assets

11 (a) Property, Plant and Equipment

| | Gross Block (at cost) | | | | Depreciation | | | | Net Block | |
|-------------------------------|------------------------|-----------|-------------------------------|-------------------------|------------------------|---------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Classes of assets | As at April 1, 2017 | Additions | Deductions / Adjustments * | As at March 31, 2018 | As at April 1, 2017 | Charge for the year | Deductions / Adjustments * | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Property, Plant and Equipment | | | | | | | | | | |
| Computers | 44,500 | 582,206 | - | 626,706 | 2,935 | 74,754 | - | 77,689 | 549,017 | 41,565 |
| Buildings | 5,817,460 | - | 5,817,460 | - | 91,916 | - | 91,916 | - | - | 5,725,544 |
| Motor Car | 345,100 | | - | 345,100 | 284,406 | 43,444 | - | 327,850 | 17,250 | 60,694 |
| Office equipment | - | 120,568 | - | 120,568 | - | 8,559 | - | 8,559 | 112,009 | - |
| Furniture and Fixtures | - | 37,620 | - | 37,620 | - | 1,527 | - | 1,527 | 36,093 | - |
| Leasehold Improvements | - | 370,375 | - | 370,375 | - | 275,578 | - | 275,578 | 94,797 | - |
| Total | 6,207,060 | 1,110,769 | 5,817,460 | 1,500,369 | 379,257 | 403,862 | 91,916 | 691,203 | 809,166 | 5,827,803 |

* Deduction / Adjustments represents reclassification of Buildings (Residential Flats) to Investment Properties.

(Amount in Rs.)

(Amount in Rs.)

| | Gross Block (at cost) | | | Depreciation | | | | Net Block | | |
|-------------------------------|------------------------|-----------|------------|-------------------------|------------------------|---------------------|------------|-------------------------|-------------------------|-------------------------|
| Classes of assets | As at April 1, 2016 | Additions | Deductions | As at March 31, 2017 | As at April 1, 2016 | Charge for the year | Deductions | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Property, Plant and Equipment | | | | | | | | | | |
| Computers | - | 44,500 | - | 44,500 | - | 2,935 | - | 2,935 | 41,565 | - |
| Buildings | 5,597,460 | 220,000 | - | 5,817,460 | - | 91,916 | - | 91,916 | 5,725,544 | 5,597,460 |
| Motor Car | 345,100 | - | - | 345,100 | 256,844 | 27,562 | - | 284,406 | 60,694 | 88,256 |
| Total | 5,942,560 | 264,500 | - | 6,207,060 | 256,844 | 122,413 | - | 379,257 | 5,827,803 | 5,685,716 |

11 (b) Intangible Assets

(Amount in Rs.)

| | Gross Block (at cost) Amortisation | | | | | Net Block | | | | |
|-------------------|------------------------------------|-----------|------------|-------------------------|------------------------|---------------------|-----------|-------------------------|-------------------------|-------------------------|
| Classes of assets | As at April 1, 2017 | Additions | Deductions | As at March 31, 2018 | As at April 1, 2017 | Charge for the year | Deletions | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | - | 383,613 | - | 383,613 | - | 34,377 | | 34,377 | 349,236 | - |
| Total | - | 383,613 | - | 383,613 | - | 34,377 | - | 34,377 | 349,236 | - |

| As a | As at | | | | |
|------------------------------|--|--------------|-----------------|--------------------------|--|
| March 31, 201 Amount (Rs. | March 31, 2018 Amount (Rs.) | | | | |
| Amount (N3. | Amount (NS.) | | | | 2 NON-CURRENT INVESTMENTS |
| | | | | | |
| - | 5,817,460 | | | | Investment in Property (at cost) |
| - | 192,152 | | | | Less : Accumulated Depreciation |
| - | 5,625,308 | | | | Total |
| | | | | | |
| As a March 31, 201 | As at March 31, 2018 | | | | |
| Amount (Rs. | Amount (Rs.) | | | | |
| | | | | | 3 DEFERRED TAX ASSETS (NET) |
| | | | | | Deferred Tax Liability |
| (150,530 | - | | Income-tax laws | ts over net block as per | Excess of net block of fixed assets as per account |
| | | | | | Deferred Tax Assets |
| - | 194,875 | | | L. | Provision for Employee Benefit |
| 1,787,690 | 1,204,829 278,786 | | | IS | Provision for Non-Performing and Standard Ass Provision for diminution in value of Investment |
| - | 51,768 | | as per accounts | -tax law over net block | Excess of net block of fixed assets as per Incon |
| | | | | | |
| 1,637,160 | 1,730,258 | | | | Total |
| As a | As at | | | | |
| March 31, 201 | March 31, 2018 | | | | |
| Amount (Rs. | Amount (Rs.) | | | | |
| | | | | | 4 LONG-TERM LOANS AND ADVANCES |
| | 201 072 004 | | | | Secured, considered good Loans to Others |
| | <u>391,972,004</u> 391,972,004 | | | | Loans to Others |
| | 001,012,004 | | | | Unsecured, considered good |
| 63,189,395 | - | | | | Loans to Others |
| 2,528,545 | - | | | | Balance with Revenue Authorities |
| - | 3,000 7,639,802 | | | | Security Deposits – to Others MAT Credit Entitlement |
| 65,717,940 | 7,642,802 | | | | |
| | | | | | |
| | 2 726 026 | | | | Unsecured, considered doubtful Loans to Others |
| | <u>3,726,036</u> 3,726,036 | | | | Loans to Others |
| | | | | | |
| 65,717,940 | 403,340,842 | | | | Total |
| As a | As at | | | | |
| March 31, 201 | March 31, 2018 | | | | |
| Amount (Rs. | Amount (Rs.) | | UE) | ST AND MARKET VAL | 5 CURRENT INVESTMENTS (AT LOWER OF C |
| | | | | | Investments in Equity Instruments- Quoted |
| 16,519,822 | 7,467,850 | | | | Others |
| 16,519,822 | 7,467,850 | _ | | | Total |
| larch 31, 2017 | As At Ma | rch 31, 2018 | As At Ma | Face | |
| Amount (Rs. | Quantity | Amount (Rs.) | Quantity | Value | |
| 14,894,051 | 426,942 | 6,844,186 | 196,392 | 10 | Electrotherm India Limited |
| 1,301,771 | 26,045 | 464,904 | 26,045 | 10 | Anar Industries |
| 324,000 | 7,200 | 158,760 | 7,200 | 10 | Roselabs Finance |
| 16,519,822 | - | 7,467,850 | _ | | Total |
| Amount (Rs. | _ | Amount (Rs.) | | | Aggregate value of quoted investments |
| 16,519,822 | | 8,469,958 | | | Cost of acquisition |
| 10,519,622 | | | | | |
| 75,675,462 | | 25,791,298 | | | Market value |

| | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
|---|---|---|
| 16 TRADE RECEIVABLES | | |
| Unsecured, considered good Dues Outstanding for more than Six Months Other Receivables | - 3,839,030 | 80,000 - |
| Total | 3,839,030 | 80,000 |
| | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 17 CASH AND BANK BALANCES | | |
| Cash and cash equivalents i) Balances with scheduled banks in: - Current accounts ii) Cheques on hand iii) Cash on hand iv) Foreign Currency on Hand | 14,351,647 10,448,832 211,859 44,969 | 1,754,302 - 82,251 - |
| Total | 25,057,307 | 1,836,553 |
| | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 18 SHORT-TERM LOANS AND ADVANCES | | |
| Secured, considered good Loans to Others | 46,186,784 | - |
| Unsecured, considered good Loans to Others Prepaid Expenses Advances to Vendors | 44,000,000 650,525 107,849 | |
| Total | 90,945,158 | - |
| | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
| 19 OTHER CURRENT ASSETS | | |
| Secured, considered good Interest Receivable | 5,546,738 | - |
| Unsecured, considered good Interest Receivable Other Receivables | 690,205 5,407 | - |
| Total | 6,242,350 | <u> </u> |

| | | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|----|---|--|--|
| 20 | REVENUE FROM OPERATIONS | | |
| | Interest income on: | | |
| | Loan Portfolio | 27,780,206 | 2,035,781 |
| | Fixed Deposits with Bank | 408,558 | - |
| | Other financial services | | |
| | Income from Processing Fees and Application Fees | 9,266,780 | - |
| | Fee Based Income | 36,018,000 | |
| | Profit on Sale of Stock for Trade (net) | - | 10,177,306 |
| | Miscellaneous Income | 114,090 | 312,300 |
| | Total | 73,587,634 | 12,525,387 |
| | | Year ended | Year ended |
| | | March 31, 2018 | March 31, 2017 |
| 21 | OTHER INCOME | Amount (Rs.) | Amount (Rs.) |
| | | | |
| | Liabilities No Longer Required Written Back | 2,734,581 | - |
| | Dividend Income | 75,000 | - |
| | Profit on Sale of Current Investments (net) Miscellaneous Income | 42,520,058 | 19,753 8,750 |
| | wiscenaneous income | - | 8,750 |
| | Total | 45,329,639 | 28,503 |
| | | Year ended | Year ended |
| | | March 31, 2018 | March 31, 2017 |
| 22 | PURCHASE OF STOCK IN TRADE | Amount (Rs.) | Amount (Rs.) |
| | | | |
| | Purchase of Shares | - | 2,787,500 |
| | Direct Expenses | - | 83,568 |
| | Total | | 2,871,068 |
| | | Year ended | Year ended |
| | | March 31, 2018 | March 31, 2017 |
| ~~ | | Amount (Rs.) | Amount (Rs.) |
| 23 | CHANGES IN INVENTORIES | | |
| | Closing Stock of Shares | - | (1,625,771) |
| | Opening Stock of Shares | - | 8,968,130 |
| | Total | <u> </u> | 7,342,359 |
| | | | |
| | | Year ended March 31, 2018 | Year ended March 31, 2017 |
| | | Amount (Rs.) | Amount (Rs.) |
| 24 | EMPLOYEE BENEFITS EXPENSE | | |
| | Salaries, Other Allowances and Bonus | 21,849,457 | 1,005,050 |
| | Gratuity Expenses (Refer Note 37) | 411,171 | - |
| | Contribution to Provident and Other Funds (Refer Note 37) | 267,997 | - |
| | Staff Welfare Expenses | 157,543 | - |
| | Total | 22,686,168 | 1,005,050 |
| | | | |

| NOT | ES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR EN | DED MARCH 31, 2018 (contd.) | |
|-----|---|--|--|
| | | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
| 25 | FINANCE COSTS | | |
| | INTEREST EXPENSE AND FINANCE CHARGES | | |
| | On Loans | 19,932,147 | 48,512 |
| | On Taxes | 79,273 | - |
| | Total | 20,011,420 | 48,512 |
| | | | |
| | | Year ended | Year ended |
| | | March 31, 2018 | March 31, 2017 |
| | | Amount (Rs.) | Amount (Rs.) |
| 26 | DEPRECIATION AND AMORTISATION EXPENSES | | |
| | Property, Plant and Equipment | 403,862 | 122,413 |
| | Intangible Assets | 34,377 | - |
| | Investment in Property | 100,235 | - |
| | Total | 538,474 | 122,413 |
| | | × | × |
| | | Year ended March 31, 2018 | Year ended |
| | | Amount (Rs.) | March 31, 2017 Amount (Rs.) |
| 27 | OTHER EXPENSES | | Amount (NS.) |
| 21 | | | |
| | Legal and Professional Fees | 8,795,252 | 630,130 |
| | Power and Fuel | 220,110 | - |
| | Rent and Hire Charges (Refer Note 35) | 4,398,590 | 84,000 |
| | Rates and Taxes | 58,853 | - |
| | Brokerage and Service Charges | 666,259 | - |
| | DSA Commission | 5,509,587 | - |
| | Repairs | 43,810 | - |
| | Travelling and Conveyance | 685,651 | - |
| | Insurance | 565 | - |
| | Loss on Foreign Exchange Transactions | 467 | - |
| | Printing and Stationery | 226,606 | 22,010 |
| | Diminution in value of investments | 1,002,108 | - |
| | GST Expenses | 1,184,658 | - |
| | Payments to the Auditor | | |
| | As auditor: | 00/ 500 | ~~~~~ |
| | - Audit fee [#] | 304,500 | 30,000 |
| | - Tax audit fee | 50,000 | - |
| | - Limited review | 300,000 | - |
| | - Others Services | - | - |
| | - Reimbursement of expense Miscellaneous Expenses | - 1,234,781 | - 37,998 |
| | | 1,204,701 | 57,390 |
| | Total | 24,681,797 | 804,138 |

[#]Audit fees includes payments to predecessor Auditor for the year ended March 31, 2018: Rs. 4,500 (March 31, 2017: Rs. 30,000)

| 28 | LOAN LOSSES AND PROVISIONS | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|----|-------------------------------------|--|--|
| | Provision for non-performing assets | 3,726,036 | - |
| | Provision for standard assets | 1,123,747 | 81,650 |
| | Total | 4,849,783 | 81,650 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

| 29 | EARNINGS PER SHARE | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|----|--|--|--|
| | Net Profit after tax as per Statement of Profit and Loss (A) (Rs.) | 40,827,438 | 72,303 |
| | Weighted average number of Equity Shares for calculating Basic Earning per Share (B)* | 7,757,800 | 7,757,800 |
| | Weighted average number of Equity Shares for calculating Diluted Earning per Share (C)* | 7,757,800 | 7,757,800 |
| | Basic Earnings per Share of face value of Rs. 10/- each (in Rs.) (A) / (B) | 5.26 | 0.01 |
| | Diluted Earnings per Share of face value of Rs. 10/- each (in Rs.) (A) / (C) | 5.26 | 0.01 |
| 30 | Contingent Liabilities and Commitments (to the extent not provided for) | | |
| | | As at | As at |
| | | March 31, 2018 | March 31, 2017 |
| | | Amount (Rs.) | Amount (Rs.) |
| | Contingent Liabilities | - | - |
| | Commitments | | |
| | a) Capital commitments | 2,730,000 | - |
| | (Estimated amount of contracts remaining to be executed on capital account and not provided for) | | |
| | b) Commitments related to loans sanctioned but undrawn | 6,551,249 | - |
| | Total | 9,281,249 | - |

- 31 During the year, the Company has obtained borrowings exceeding the limits prescribed under Section 180(1)(c) of the Companies Act, 2013 without obtaining prior approval of shareholders. The Company has subsequently taken approval of Shareholders under the said section in its Extra ordinary General Meeting dated May 29, 2018.
- 32 Information required to be disclosed in accordance with Micro, Small and Medium Enterprises Development Act, 2006 has been determined based on the parties identified on the basis of information available with the Company, which has been relied upon by the auditors. The outstanding balance on account of principal and interest as on 31 March 2018 remaining unpaid to any supplier registered as small and medium enterprises under "The Micro, Small and Medium Enterprises Development (MSMED) Act 2006" is Rs. Nil (Previous Year: Nil). The Company has not delayed in making payments to any of the parties registered as small and medium enterprises under MSMED, and there has been no interest accrued or paid in this regard.

33 A. Expenditure in foreign currency (accrual basis)

| | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|---------------------|--|--|
| Travelling Expenses | 4,829 | - |

B. Earnings in foreign currency for the year ended March 31, 2018: Nil (March 31, 2017: Nil)

34 DERIVATIVES

The Company has no transactions / exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on March 31, 2018 (March 31, 2017: Nil).

35 LEASE

Disclosures for operating leases under Accounting Standard 19 - "Accounting for Leases"

The Company has taken two office premises (at Mumbai and Pune) under operating lease. Also the Company has taken IT equipment's on Hire. The lease payments recognised in the Statement of Profit and Loss are Rs. 4,398,590/- (March 31, 2017: Rs. 84,000/-). Both the agreements provide for cancellation by either party after the expiry of lock in period of 3 months and 12 months. The agreement of rent with Pune branch contains clause for escalation of 7% after the completion of every 12 months. There are no restrictions imposed by lease arrangements. Both the agreements are renewable on mutual consent.

The future minimum lease payments in respect of non-cancellable portion in the operating lease as at the Balance Sheet date are summarized below:

| | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|--|--|--|
| Minimum lease payments: Not later than one year | 449,400 | - |
| Later than one year but not later than five years Later than five years | - | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

36 SEGMENT REPORTING

The Company operates in a two reportable business segment i.e. Fund Based Activities and Advisory Services, which has similar risks and returns for the purpose of Accounting Standard 17 on "Segment Reporting" specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

| | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|---|--|--|
| Segment Revenue | | |
| Fund Based Activities | 37,569,634 | 12,525,387 |
| Advisory Services | 36,018,000 | - |
| Total | 73,587,634 | 12,525,387 |
| Less : Inter Segment Revenue | | - |
| Revenue from Operations | 73,587,634 | 12,525,387 |
| Segment Results | | |
| Profit before Tax from each segment : | | |
| Fund Based Activities | (27,017,906) | 250,197 |
| Advisory Services | 30,150,765 | - |
| Total | 3,132,859 | 250,197 |
| Add: Other Un-allocable Income net of Expenditure | 43,016,772 | 28,503 |
| Profit before Tax Less: Income taxes | 46,149,631 5,322,193 | 278,700 206,397 |
| Profit after Tax | 40,827,438 | 72,303 |
| Capital Employed Segment Assets Fund Based Activities Advisory Services Unallocated | 497,226,040 4,092,942 47,523,023 548,842,005 | 91,619,278 - - 91,619,278 |
| | 010,012,000 | 01,010,210 |
| Segment Liabilities | 110 005 010 | F 404 F00 |
| Fund Based Activities | 413,395,040 | 5,464,563 |
| Advisory Services Unallocated | 1,259,089 7,205,723 | - |
| Onanocaled | 421,859,852 | 5,464,563 |
| Capital Expenditure | 421,033,032 | 3,404,303 |
| Fund Based Activities | 4,476,930 | 264,500 |
| Advisory Services | 452,952 | |
| Depreciation and Amortisation | | 100 110 |
| Fund Based Activities | 342,946 | 122,413 |
| Advisory Services | 195,528 | - |
| Other non-cash expenditure | | |
| Fund Based Activities | 4,849,783 | 81,650 |
| Advisory Services | - | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

37 Employee Benefits

Disclosures as required as per Accounting Standard -15 – "Employee Benefits" are as under:

I) Defined Benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The plan is wholly unfunded. The present value of the obligation is determined based on an actuary valuation, using the Projected Unit Credit Method. Actuarial gain and losses arising on such valuation are recognised immediately in the Statement of Profit and Loss.

| | | Year ended March 31, 2018 Amount (Rs.) |
|----|--|---|
| Α. | Net liability /(assets) recognised in the Balance Sheet: | |
| | Present value of defined benefit obligation | 411,171 |
| | Fair value of plan assets | - |
| | Net liability/(assets) | 411,171 |
| В. | Expense recognised in the Statement of Profit and Loss for the year: | |
| | Current service cost | 411,171 |
| | Interest on obligation | _ |
| | Expected return on plan assets | - |
| | Net actuarial losses /(gains) | - |
| | Recognised Past Service Cost-Vested | - |
| | Total expense included in employee benefit expense (Refer Note No. 24) | 411,171 |
| | Actual return on Plan assets | - |
| C. | Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof: Opening defined benefit obligation Current Service Cost Interest Cost Actuarial losses /(gains) Past service cost Benefits paid Closing defined benefit obligation | ng - 411,171 - - - - 411,171 |
| | | , |
| D. | Major categories of plan assets as a percentage of total plan assets: | |
| | Qualifying insurance policy with LIC | NA |
| E. | Principal actuarial assumptions at the balance sheet date (expressed weighted averages): | as |
| | Discount rate @@ | 7.80% |
| | Expected return on plan assets | NA |
| | Annual increase in salary costs ## | 10.00% |
| | Rate of Employee Turnover | 10.00% |
| | Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) |
| | Mortality Rate After Employment | NÁ |
| | | |

^{@@} The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

^{##} The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

F. Disclosure as required under Para 120(n)

| Experience Adjustments: | |
|--|-----------|
| Present Value of the Defined Benefit Obligation | (411,171) |
| Fair Value of the Plan Assets at the end of the period | - |
| Surplus/ (Deficit) in the Plan | (411,171) |
| Experience adjustments on Plan Liabilities (Gain) / Loss | - |
| Experience adjustments on Plan Assets (Gain) / Loss | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

37 Employee Benefits (contd.)

II) Defined Contribution Plans :

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities.

| | Year ended March 31, 2018 Amount (Rs.) |
|---|--|
| Amount recognised as an expense and included in Note No. 24 of Statement of Profit and Loss | |
| Contribution to Provident Fund | 101,113 |
| Contribution to Employees" Pension Scheme 1995 | 166,884 |
| | 267,997 |

Note:

Since the provisions of The payment of Gratuity Act, 1972, The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Short term compensated absences are applicable to the Company from the financial year 2017-18, the disclosures as required under "Accounting Standard 15 - Employee Benefits" in respect of the same have not been presented for the financial year prior to 2017-18.

38 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015) as at March 31, 2018.

| | | Amount outstanding Amount (Rs.) | Amount Overdue |
|------|---|------------------------------------|-----------------------|
| | Liabilities Side | | |
| 38.1 | Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid: | | |
| | a) Debentures: Secured | | |
| | : Unsecured | - | - |
| | (other than falling within the meaning of public deposits*) | - | - |
| | b) Deferred Credits | | |
| | c) Term Loans | - | - |
| | d) Inter-corporate loans and borrowings | 401,503,508 | - |
| | e) Commercial Paper | - | - |
| | f) Public Deposits | - | - |
| | g) Other Loans | - | - |
| | | | |
| | Total | 401,503,508 | - |
| 38.2 | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid): | | |
| | (a) In the form of Unsecured debentures | - | - |
| | (b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | - | - |
| | (c) Other public deposits | - | - |
| | | | • • |
| | | | Amount outstanding |
| | | | Amount (Rs.) |
| | Assets Side | | Allount (105.) |
| 38.3 | Breakup of Loans and Advances including bills receivables (other than those included in (4 | below) : | |
| 00.0 | a) Secured | | 438,158,788 |
| | b) Unsecured | | 47,726,036 |
| | Please see Note 1 below | | |
| 38.4 | Breakup of Leased Assets and stock on hire and other assets counting towards AFC activi | ties | |
| | i) Lease assets including lease rentals under sundry debtors: | | |
| | a) Financial Lease | | - |
| | b) Operating Lease | | - |
| | ii) Stock on hire including hire charges under sundry debtors: | | |
| | a) Assets on hire | | - |
| | b) Repossed Assets | | - |
| | iii) Other loans counting towards AFC activities a) Loans where assets have been repossessed | | |
| | b) Loans other than (a) above - | | - |
| | ., | | |
| | | | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

Amount outstanding Amount (Rs.)

| Breakup of Investments: | Amount (I |
|----------------------------|-----------|
| Current Investments: | |
| 1. Quoted: | |
| i) Shares: (a) Equity | 7,467,8 |
| (b) Preference | |
| ii) Debentures and Bonds | |
| iii) Units of mutual funds | |
| iv) Government Securities | |
| v) Others | |
| 2. Unquoted: | |
| i) Shares: (a) Equity | |
| (b) Preference | |
| ii) Debentures and Bonds | |
| iii) Units of mutual funds | |
| iv) Government Securities | |
| v) Others | |
| Long Term investments: | |
| 1. Quoted: | |
| i) Shares: (a) Equity | |
| (b) Preference | |
| ii) Debentures and Bonds | |
| iii) Units of mutual funds | |
| iv) Government Securities | |
| v) Others | |
| 2. Unquoted: | |
| i) Shares: (a) Equity | |
| (b) Preference | |
| ii) Debentures and Bonds | |
| iii) Units of mutual funds | |
| iv) Government Securities | |
| v) Others | |

38.6 Borrower groupwise classification of assets financed as in (3) and (4) above:

Please see Note 2 below

| | Amount net of Provision (Rs.) | | |
|--------------------------------|-------------------------------|------------|-------------|
| Category | Secured | Unsecured | Total |
| 1. Related Parties ** | | | |
| a) Subsidiaries | - | - | - |
| b) Companies in the same group | - | - | - |
| c) Other related parties | - | - | - |
| 2. Other than related parties | 437,063,391 | 43,890,000 | 480,953,391 |
| Total | 437,063,391 | 43,890,000 | 480,953,391 |

38.7 Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

| Category | Market Value/Break up or fair value or NAV Amount (Rs.) | Book Value (Net of Provisions) Amount (Rs.) |
|---------------------------------------|--|---|
| 1. Related Parties ** | | |
| a) Subsidiaries | - | - |
| b) Companies in the same group | - | - |
| c) Other related parties | - | - |
| 2. Other than related parties | 25,791,298 | 7,467,850 |
| Total | 25,791,298 | 7,467,850 |
| ** As per Accounting Standard of ICAI | | |

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

| 38.8 | Other information | Outstanding |
|-------|--|--------------|
| | | Amount (Rs.) |
| | i) Gross Non Performing Assets | |
| | a) Related Parties | - |
| | b) Other than related parties | 3,726,036 |
| | ii) Net Non Performing Assets | |
| | a) Related Parties | - |
| | b) Other than related parties | - |
| | iii) Assets acquired in satisfaction of debt | - |
| Notes | s: | |

1. Breakup of Loans and Advances does not include Interest Receivable on such loans.

2. Borrower groupwise classification of assets financed are shown net of Provision for Standard Assets and Non Performing Assets.

39 RELATED PARTY DISCLOSURES

| Related party disclosures as required by Accounting Standard (AS)18, "Related Party Disclosures". | |
|---|--|
| | |

| Related party where control exists: | Nil |
|--|---|
| Other related parties: | Nil |
| Key management personnel: | Mr. Malay Rohitkumar Bhow, Chairman and Whole Time Director |
| Relatives of key management personnel as per AS 18 | |
| with whom transactions have taken place: | Mr. Rohitkumar Bhow |

Details of the related party transactions during the year and balances outstanding end of the year :

| Nature of Transaction | Year ended March 31, 2018 Amount (Rs.) | Year ended March 31, 2017 Amount (Rs.) |
|--|--|--|
| Expenses | | |
| Remuneration - Mr. Malay Bhow | - | 500,000 |
| Receipts/Income | | |
| Interest Income - Mr. Rohitkumar Bhow | - | 52,800 |
| Loans and advances | | |
| Granted /taken during the year - Mr. Rohitkumar Bhow | - | 1,000,000 |
| Repaid during the year - Mr. Rohitkumar Bhow | - | 1,000,000 |
| Balances outstanding end of the year | Nil | Nil |

40 The Company has initiated steps to identify a suitable candidate for being appointed as Chief Financial Officer as described under Section 2(19) of the Companies Act, 2013.

41 PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

| As per our report of even date | For and on behalf of the Board of Directors of |
|--|--|
| For Haribhakti & Co. LLP | Dhanvarsha Finvest Limited |
| Chartered Accountants | CIN: L24231GJ1994PLC023528 |
| ICAI Firm Registration No. 103523W/W100048 | |

Sd/-Anup Mundhra Partner Membership No. 061083

Mumbai May 30, 2018 Sd/-Malay Bhow Chairman and Whole Time Director DIN: 02770605

Ahmedabad May 30, 2018 Sd/-Arunaben Shah Director DIN: 00014528

Sd/-Dhairyakumar Thakkar Company Secretary M.No. A31505

NOTES





Dhanvarsha Finvest Limited CIN: L24231GJ1994PLC023528

Registered Office: B Wing, 813/2, Mondeal Square, Opp. Karnavati Club, S.G. Highway, Ahmedabad -380015 (GJ) Phone: +91-79-40320311 Email: contact@dhanvarshafin.com Website: www.dhanvarshafinvest.com