



# 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.

# Contents

Directors' Report	1
Management Discussion and Analysis	17
Report on Corporate Governance	20
Independent Auditors' Report	31
Financial Statements	38

# **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 <sup>\$</sup>
Mr. Hitendrabhai Rajnikant Shah	Independent Director	00014521	June 3, 2017	Resignation
Mrs. Jayshribahen Hitendra Shah	Independent Director	00014540	June 3, 2017	Resignation

<sup>3</sup>Appointed 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 <sup>@</sup>	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

<sup>#</sup> 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.

<sup>(a)</sup> 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 <sup>#</sup> Dharmil Shah <sup>#</sup> 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	<b>Total Indebtedness</b>
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 <sup>#</sup>	Independent Director	1	-	-	-	-
Mrs. Jayshri Shah <sup>#</sup>	Independent Director	1	-	-	-	-
Mr. Dharmil Shah	Independent Director	10	Yes	2	2	-
Mr. Karan Neale Desai <sup>#</sup>	Non-Executive Director	9	Yes	-	-	-

<sup>#</sup> 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;
	<ol><li>Scrutiny of inter-corporate loans and investments, if any;</li></ol>
	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 <sup>#</sup>	Independent Director	Member	1	1
Mrs. Jayshri Shah <sup>#</sup>	Independent Director	Member	1	1
Mr. Malay Rohitkumar Bhow	Whole Time Director	Member	6	6

<sup>#</sup>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 <sup>#</sup>	Independent Director	Member	1	1
Mrs. Jayshri Shah <sup>#</sup>	Independent Director	Member	1	1
Mr. Karan Neale Desai*	Non-Executive Director	Member	3	3

<sup>#</sup>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 <sup>#</sup>	Independent Director	Member	1	1
Mrs. Jayshri Shah <sup>#</sup>	Independent Director	Member	1	1
Mr. Malay Rohitkumar Bhow*	Whole Time Director	Member	3	3

<sup>#</sup>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 31<sup>st</sup> 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 <b>5,365,994</b>	- 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	-	-
<ul> <li>Total outstanding dues of creditors other than micro enterprises</li> </ul>			
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	<b>91,619,278</b> 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 <b>415,290,310</b>	5,827,803 - - 1,637,160 <u>65,717,940</u> <b>73,182,903</b>
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> <b>73,182,903</b> 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 <b>73,182,903</b> 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> <b>73,182,903</b> 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 <b>73,182,903</b> 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 <b>73,182,903</b> 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 <b>73,182,903</b> 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 <b>Eurrent Assets</b> (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 <sup>4</sup> 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> <b>391,972,004</b>				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> <b>3,726,036</b>				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		
<b>Unsecured, considered good</b> 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 <sup>#</sup>	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

<sup>#</sup>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	<b>46,149,631</b> 5,322,193	<b>278,700</b> 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 <b>548,842,005</b>	91,619,278 - - <b>91,619,278</b>
	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

<sup>@@</sup> 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.

<sup>##</sup> 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		-
	<ul> <li>iii) Other loans counting towards AFC activities</li> <li>a) Loans where assets have been repossessed</li> </ul>		
	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		

57

#### 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

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