

2016

BHILWARA TEX-FIN LIMITED

ANNUAL REPORT

BHILWARA TEX-FIN LIMITED

BOARD OF DIRECTORS

	:	DIN
Mr. Satish Kumar Sharma	:	00536970
Mr. Sanjay Hasija	:	00090672
Mr. Samai Singh	:	00235036
Mrs. Seema Kumari	:	07158452

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Himmat Singh Bedla	:	Chief Executive Officer
Mr. Sukomal Bhunya	:	Chief Financial Officer
Ms. Mansi Prakash	:	Company Secretary

AUDIT COMMITTEE

Mr. Sanjay Hasija
Mr. Satish Kumar Sharma
Mrs. Seema Kumari

NOMINATION AND REMUNERATION COMMITTEE

Mr. Sanjay Hasija
Mr. Samai Singh
Mrs. Seema Kumari

STAKEHOLDER RELATIONSHIP COMMITTEE

Mr. Sanjay Hasija
Mr. Satish Kumar Sharma
Mrs. Seema Kumari

STATUTORY AUDITOR

M/s. Nagar Goel & Chawla,
Chartered Accountants
New Delhi

SECRETARIAL AUDITORS

M/s Naveen Garg & Associates
Company Secretaries
New Delhi

INTERNAL AUDITORS

M/s. Divyank Khullar & Associates
Chartered Accountants
New Delhi

SHARE TRANSFER AGENT

Indus Portfolio Private Limited

CONTENTS	
Particulars	Page No.
Notice	1
Directors Report	6
Auditors Report	38
Balance Sheet	43
Profit and Loss	44
Cash Flow	45
Notes	46

BHILWARA TEX-FIN LIMITED

129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi - 110035
CIN: L74899DL1994PLC128577

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of M/s Bhilwara Tex-Fin Limited will be held on Friday, 30th day of September, 2016 at 10.30 a.m. at the Farm House of M/s Kapil Constructions Private Limited, Anandgram (Near Rajokari), Church Road Extension, Mata Amritanandmayi Math, Abdul Gaffar Khan Marg, New Delhi-110 070 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Annual Financial Statements of the Company for the financial year ended 31st March, 2016, including the audited Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss for the financial year ended on that date and the reports of the Board of the Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Satish Kumar Sharma**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration:
To ratify the appointment of auditor of the Company, to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the Annual General Meeting (AGM) held on 30th September, 2014, the appointment of M/s Nagar Goel & Chawla, Chartered Accountants, New Delhi, (bearing ICAI Registration No.009933N) as the auditors of the Company to hold office till the conclusion of the 23rd AGM of the Company to be held for the financial year ending on 31st March 2017, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year 2016-17 as may be agreed upon between the auditors and the Board of Directors."

By order and on behalf of the Board
Bhilwara Tex-Fin Limited

Place: New Delhi
Date: 11th August, 2016

(**Satish Kumar Sharma**)
Director
(DIN: 00536970)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy, in order to be effective, must be deposited at the company's registered office, duly completed and signed, not less than forty-eight hours before the meeting. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10 (Ten) percent of the total share capital of the Company. Provided that a member holding more than 10 (Ten) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member.
3. Proxies submitted on behalf of the companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable.
4. The proxy form and attendance slip are annexed herewith.
5. Members/ proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the AGM.
6. The relevant details as required under regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of persons seeking appointment / re-appointment as Directors under item No. 2 of the Notice are also annexed herewith.
7. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Bank Holidays between 11.00 a.m. and 1.00 p.m. up to the date of the AGM.

BHILWARA TEX-FIN LIMITED

8. The Register of Members and Transfer Books of the Company will be closed from Monday, 26th September, 2016 to Friday, 30th September, 2016, (both days inclusive) for the purpose of holding Annual General Meeting of the Company.
9. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agent - M/s Indus Portfolio Private Limited, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's Registrars and Transfer Agent.
10. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or the Company's Registrars and Transfer Agent for assistance in this regard.
11. SEBI & the Ministry of Corporate Affairs encourage paperless communication as a contribution to greener environment. Members holding shares in physical mode are requested to register their e-mail ID's with the Indus Portfolio Private Limited, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs) in case the same is still not registered. If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form and to DPs in respect of shares held in electronic form. Members who wish to register their email ID can download the 'Green Initiative' form from the Company's website i.e. www.bhilwaratexfin.com
12. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email IDs with their respective depository participants or with the share transfer agent of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to bharat.b@indusinvest.com mentioning your Folio/DP ID & Client ID.
13. Pursuant to Section 72 of the Companies Act, 2013, the members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/ demat form, the members may please contact their respective depository participant.
14. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or the Company's Registrars and Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
15. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
16. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
17. In compliance with the provisions of section 108 of the Company Act, 2013 and the Rules 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules 2015, and regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.
18. In terms of requirements of Secretarial Standard - 2 on "General Meeting" issued by the Institute of Company Secretaries of India and approved and notified by Central Government of India, a route MAP for the location of the aforesaid General meeting is annexed herewith.

BHILWARA TEX-FIN LIMITED

19. The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company / Depositories):

- i. Open the e-mail and also open PDF file namely "Bhilwara Tex-Fin e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder - Login.
- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of M/s Bhilwara Tex-Fin Limited. Now you are ready for e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to r.gulati64@gmail.com with a copy marked to evoting@nsdl.co.in.
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual-Shareholders, available at downloads section of www.evoting.nsdl.com.

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company / Depositories):

- i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions:

- i. The e-voting period commences on Monday, 26th September, 2016 (9.00 a.m. IST) and ends on Thursday, 29th September, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, 23rd September, 2016.
- iii. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, 23rd September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Company/ RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can

BHILWARA TEX-FIN LIMITED

- reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990
- iv. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper. A person may participate in the AGM even after exercising his/her vote through remote e-voting but shall not be allowed to vote again at the AGM
 - v. Mr. Rajesh Gulati, Practicing Chartered Accountant (Membership No. 89046), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
 - vi. The Facility for voting through ballot will also be made available at the AGM, and members attending the AGM who have not already cast their vote by remote e- voting will be able to exercise their right at the AGM. Shareholders who have not cast their vote electronically, by remote e-voting may only cast their vote at the AGM through ballot paper.
 - vii. The Chairman shall, at the AGM, at the end of discussions on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer's Report of the total votes cast in favour or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the results of the voting forthwith.
 - ix. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Rajesh Gulati, Practicing Chartered Accountant, (Membership No. 89046), at the Registered Office of the Company not later than Thursday, 29th September, 2016 (5.00 p.m. IST).
 - x. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to info@sainik.org or legal.secretarial@sainikmining.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Thursday, 29th September, 2016 (5.00 p.m. IST).
 - xi. Ballot Form received after this date will be treated as invalid.
 - xii. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
 - xiii. The results, along with the Scrutinizer's Report will be placed on the Company's website www.bhilwaratexfin.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared by the Chairman or any other person authorized by the Chairman, and communicated to the BSE Limited, where the shares of the Company are listed.

By order and on behalf of the Board
Bhilwara Tex-Fin Limited

Place: New Delhi
Date: 11th August, 2016

(Satish Kumar Sharma)
Director
(DIN: 00536970)

(Sanjay Hasija)
Director
(DIN: 00090672)

BHILWARA TEX-FIN LIMITED

ANNEXURE TO ITEMS 2 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming
Annual General Meeting
(in pursuance of regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015)

Brief Profile of Director being appointed / re-appointed

Name	Satish Kumar Sharma		
DIN	00536970		
Age	60 years		
Date of Appointment	01/04/2005		
Qualification	CAIIB, ACS, LL.B, SMP (IIM-C)		
Expertise in specific functional area	Mr. Satish Kumar Sharma is expertized in legal and regulatory matters secretarial matters. He holds a masters degree in economics and a bachelor's degree in law from Maharishi Dayanand University, Rohtak. He is a certified member of the Indian Institute of Bankers and an associate member of the Institute of Company Secretaries of India. He has approximately 37 years of work experience in banking, finance, capital market, legal matters, corporate restructuring, managing NBFCs, mergers & acquisitions and handling compliances for listed and unlisted companies.		
Directorships held in other public companies (excluding foreign companies and section 8 companies)	Pragati Vanijaya Limited SKS Fin-Man Consultants Private Limited S3H Reality Private Limited		
Memberships/ Chairmanships of committees of other Public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Committee	Chairman/ Member	Company
	Audit Committee	Chairman	Pragati Vanijaya Limited
	Stakeholder Relationship Committee	Member	Pragati Vanijaya Limited
Shareholding in the Company	Nil		
Relationship with any Director(s) of the Company	He is not related to any Director or Key Managerial Personnel of the Company.		

BHILWARA TEX-FIN LIMITED

DIRECTORS' REPORT

The Members,

BHILWARA TEX-FIN LIMITED

Your directors have pleasure in presenting their 22nd Annual Report together with the Audited Statement of Accounts for the year ended on 31st March 2016.

1. FINANCIAL RESULTS

(Amount in Rupees)

Particulars	Current Year 2015-16	Previous Year 2014-15
Total Income	7,54,31,149	4,38,60,865
Less: Total Expenditures	7,39,76,956	4,25,21,373
Net Profit before tax	14,54,193	13,39,492
Less: Tax Expenses		
- Excess income tax provision pertaining to earlier assessment years, now reserved	(7,173)	19,484
- Provision for Income Tax-Current	6,39,038	2 55,240
Profit after tax	8,22,328	10,64,768
Provision for transfer to Special Reserve Fund	1,64,466	2,12,954

In order to comply with the provisions of Reserve Bank of India Act, 1934 the Company has transferred Rs.1,64,466/- (Rupees One Lakh Sixty Four Thousand Four Hundred and Sixty Six only) to Special Reserve Funds and has also made provision of Rs.16,59,095/- (Rupees Sixteen Lacs Fifty Nine Thousand Ninety Five only) for standard assets during the year under review.

Except as mentioned above, no amount was proposed to transfer to any reserve by the Company during the year under review.

2. OPERATIONS OF THE COMPANY

During the year under review, the Company was engaged in carrying on the business as Non - Banking Financial Company without accepting public deposit for which the Certificate of Registration has been obtained from the Department of Non-Banking Supervision, Reserve Bank of India, New Delhi. Your directors also intend to diversify its operation into another area / business in order to make the Company more profitable.

3. PERFORMANCE REVIEW

During the year under review, the Company's total income is Rs.7,54,31,149/- (Rupees Seven Crores Fifty Four Lacs Thirty One Thousand One Hundred Forty Nine only) as compared to Rs.4,38,60,865/- (Rupees Four Crores Thirty Eight Lacs Sixty Thousand Eight Hundred Sixty Five only) in the previous year and the Company earned a profit before tax of Rs.14,54,193/- (Rupees Fourteen Lacs Fifty Four Thousand One Hundred and Ninety Three only) as compared to Rs.13,39,492/- (Rupees Thirteen Lacs Thirty Nine Thousand Four Hundred and Ninety Two only) in the previous year.

4. DIVIDEND

Your directors do not recommend any dividend for payment to the shareholders/ members of the Company for the financial year ended on 31st March, 2016.

5. DIRECTORS OF THE COMPANY

Pursuant to the provisions of section 149 of the Act, Mr. Sanjay Hasija, Mr. Samai Singh and Ms. Seema Kumari were appointed as independent directors of the Company. They have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

BHILWARA TEX-FIN LIMITED

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Mr. Satish Kumar Sharma, Director of the Company retires by rotation and being eligible, has offered himself for re-appointment. Your Directors recommend his re-appointment as director of the Company.

As required under regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information on the particulars of the Directors proposed for appointment / re-appointment has been given in the Notice of the Annual General Meeting

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of directors, senior management and to fix their remuneration. The Nomination and Remuneration Policy is stated in the Corporate Governance Report.

Meetings

During the year under review Eight (8) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013.

6. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are - Mr. Himmat Singh Bedla, Chief Executive Officer, Mr. Sukomal Bhunya, Chief Financial Officer and Ms. Mansi Prakash, Company Secretary of the Company. During the year under review Mr. Rahul Jogi, Company Secretary of the Company tendered his resignation from the post of Company Secretary w.e.f. 30th November, 2015 and Mr. Munesh Kumar (Membership No. 39597) was appointed as Company Secretary w.e.f. 30th November, 2015. Further to this, on 31st March, 2016, Mr. Munesh Kumar resigned from the post of Company Secretary w.e.f. 31st March, 2016 and Ms. Mansi Prakash (Membership No. A34106) was appointed as Company Secretary of the Company w.e.f. 01st April, 2016.

7. DEMATERIALISATION OF SHARES

43.05% of the Company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2016 and balance 56.95% is in physical form. The Company's Registrars & Transfer Agent is M/s Indus Portfolio Private Limited, having their communication office at G-65, Bali Nagar, New Delhi - 110015.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

9. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 in the preparation of the Financial Statement for the financial year ended on 31st March, 2016 and state:

- i) That in the preparation of Annual Accounts for the financial year ended as at 31st March, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to the material departures.
- ii) That the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended as at 31st March, 2016 and of the profit and loss of the Company for the financial year ended on 31st March, 2016.

BHILWARA TEX-FIN LIMITED

- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud or other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a Going Concern basis.
- v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2015-16.

10. PUBLIC DEPOSITS

The Company has not invited or accepted any public deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made thereunder and section 45-I(bb) of the Reserve Bank of India Act, 1934 during the year under review. The Company does not hold any public deposit as on date and will not accept the same in future without the prior approval of Reserve Bank of India in writing.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans or finance & investment activities, is exempt from complying with the provisions of section 186 of the Companies Act, 2013. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal control geared towards achieving efficiency in its operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Testing of such Internal Control measures and systems forms a part of Internal Audit function. The Internal Auditors of the Company conduct audits of various departments based on an annual audit plan covering key areas of operations. Internal Audit reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board of Directors reviews the adequacy of internal controls. This has improved the management of the affairs of the Company and strengthened transparency and accountability. The Management ensures adherence to all internal control policies and procedures as well as compliance with regulatory guidelines. No significant audit observations and recommendations have been received from the Internal Auditors of the Company.

13. CORPORATE GOVERNANCE REPORT

The Company is committed to good Corporate Governance as the requirement of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance together with Auditor's Certificate on compliance of conditions of Corporate Governance is annexed herewith as "Annexure - A" and is forming integral part of this Report.

14. AUDITORS REPORT AND SECRETARIAL AUDIT REPORT

The auditors' report and secretarial auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as an annexure as Annexure - "B" which forms part of this report.