

EXPLICIT FINANCE LIMITED

25<sup>TH</sup>

ANNUAL REPORT

2018 – 2019

**BOARD OF DIRECTORS**

Mrs. Swati Gopal Dave  
 Mr. Avinash Bhargavram Mainkar  
 Mr. Gopal Bhagwatilal Dave  
 Mr. Jayesh Pyarelal Jain  
 Mrs. Lata Pramod Dave  
 Mr. Pushparaj Vilas Mayekar

**AUDITORS**

M/s S C Mehra & Associates LLP  
 Chartered Accountants

**REGISTRAR & TRANSFER AGENTS**

**Adroit Corporate Services Pvt. Ltd**  
 17-20, Jaferbhoy Industrial Estate,  
 Makwana Road, Marol Naka  
 Andheri (E), Mumbai – 400 059.

**REGISTERED OFFICE**

305, Sohan Commercial Plaza,  
 Opp, Shivsena Office, Vasai East  
 Thane-401 210.  
 Email Id:- [explicit\\_finance@rediffmail.com](mailto:explicit_finance@rediffmail.com)  
 CIN No. L65990MH1994PLC076788

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## **NOTICE**

NOTICE is hereby given that the Twenty Fifth (25<sup>th</sup>) Annual General Meeting of the Members of “EXPLICIT FINANCE LIMITED” will be held on Monday, 30<sup>th</sup> September, 2019 at 09.30 A.M. (IST) at 305, Sohan Commercial Plaza, Vasai (E ), Palghar - 401210 , to transact the following Business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statement of the Company for the year ended 31<sup>st</sup> March 2019 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Gopal Dave (DIN: 00334120), who retires by rotation in terms of section 152(6) of companies Act, 2013 and being eligible, offers himself for re-appointment.

**By Order of the Board**

Swati Dave  
Director  
DIN: 03299627

Mumbai, dated 14<sup>th</sup> August 2019

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy, in order to be effective, should be deposited, either in person or through post, at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/letter of authority, as applicable.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
3. Corporate Members intending to send their authorized representatives to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during the business hours on all days except Saturdays, Sundays and Public Holidays, between 11.00 a.m. to 1.00 p.m. upto the date of ensuing Annual General Meeting and will also be available at the Meeting.
5. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September 2019 to 30<sup>th</sup> September 2019 (both days inclusive)
6. Members are requested to send all communication relating to share (Physical and Electronic) to the Company's Registrar and Share Transfer Agent at **Adroit Corporate Services Private Limited**, 17-20, Jafferbhoy Industrial Estate, Makwana Road, Marol, Andheri (East), Mumbai – 400059, Tel No.: 91-22-42270400, Email: [info@adroitcorporate.com](mailto:info@adroitcorporate.com).
7. The Securities Exchange Board of India (SEBI) Vide its circular dated 20<sup>th</sup> April 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account details to the Company's Registrar and Transfer Agent ("RTA") i.e. M/s. Adroit Corporate Services Private Limited having its office at 17-20, Jafferbhoy Industrial Estate, Makwana Road, Marol, Andheri (East), Mumbai – 400 059 by sending a duly signed letter copy along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook/statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
8. SEBI has recently amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1<sup>st</sup> April, 2019. The shareholders who continue to hold shares and other types of securities of listed companies in physical form even after this date, will not be able to lodge the shares with company / its RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the listed companies / their RTAs.
9. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Company's Registrar and Share Transfer Agents for assistance in this regard.
10. Members holding shares in the electronic form are advised to inform any changes in address / bank mandate / Email ID directly to their respective Depository Participants. The Company will not act on any direct request from such members for change/ deletion in such bank details.
11. Nomination facility for shares is available for members. For members holding shares in physical form, the prescribed format can be obtained from the Company's Registrar and Share Transfer Agents, M/s. Adroit Corporate Services Private Limited. For members holding shares in electronic form, you are requested to approach your Depository Participant (DP) for the same.
12. 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.
13. Members desirous of obtaining any information concerning the Financial Statements and operations of the Company are requested to send their queries to the Chief Financial Officer or the Company Secretary of the Company at least seven days prior to the Meeting so that the required information can be made available at the Meeting.
14. Brief Profile and other required information about the Directors proposed to be appointed/reappointed, as required under Regulation 36 of SEBI (LODR) Regulation, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India as approved by the Central Government, is enclosed as Annexure to this Notice.
15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address with the RTA or with Depository Participant(s). Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only and member holding shares in Physical form are requested to register to RTA. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form upon request.
16. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

17. A Route Map Showing the direction to reach the venue of Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on General Meeting.

#### 18. Pursuant Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members, facility to cast their votes on all Resolutions set forth in the Notice of the Annual General Meeting ('AGM') using electronic voting system from a place other than the venue of the AGM ('remote e-voting'), provided by Central Depository Services Limited (CDSL) and the business may be transacted through such voting.

Instructions and information relating to e-voting are as follows:

- i. The voting period begins on Friday 27<sup>th</sup> September, 2019 at 9.00 a.m. and ends on Sunday 29<sup>th</sup> September, 2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday 23<sup>rd</sup> September, 2019 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on Shareholders.
- v. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for Explicit Finance Limited . on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
19. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and who holds shares as on the cut-off date, may cast their votes as follows:
- a. For remote e-voting: The Shareholders can send in their request at [evoting@cdslindia.com](mailto:evoting@cdslindia.com) to obtain the login ID and password. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/ Password" or "Physical User Reset Password?" option available on [www.evotingindia.com](http://www.evotingindia.com) or contact CDSL at the following toll free no.: 1800-225-533.
  - b. For Ballot: The Shareholders can send an email at [explicit\\_finance@rediffmail.com](mailto:explicit_finance@rediffmail.com) for obtaining a duplicate Ballot form by mentioning their Folio No. / DP ID and Client ID. However, the duly completed Ballot Form should reach the Scrutinizer, not later than Sunday, 29<sup>th</sup> September 2019, by 5.00 p.m. Ballot Form received after the aforesaid date and time shall be treated as invalid.
20. The voting rights of shareholders shall be in proportion to their equity shares of the paid up equity share capital of the Company as on the cut-off date i.e. 23<sup>rd</sup> September 2019. A Person, whose name is recorded 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, voting through Ballot Form or voting at the Annual General Meeting. M/s Vishal Manseta, Company Secretaries has been appointed as the scrutinizer for providing facility to the members of the company to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
21. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, would first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting and Ballot voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make and submit, not later than 3 (three) working days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith..
22. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid.
23. The facility for voting, either through electronic voting or Ballot or polling paper shall also be made available at the Meeting and members attending the Meeting who have not already cast their vote by remote e-voting or by Ballot Form shall be able to exercise their rights at the Meeting.
24. Members who have cast their vote by remote e-voting or by Ballot Form prior to the Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
25. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.upsurgeinvestment.com](http://www.upsurgeinvestment.com) and on the website of CDSL immediately after the declaration of the Result by the Chairman or a person authorized by him in writing. The Results would be communicated to the BSE Limited The result of the voting, along with the Scrutinizer's Report shall also be displayed on the Notice Board of the Company at its Registered Office.

**By Order of the Board**

Swati Dave  
Director  
DIN:03299627

Mumbai, dated 14<sup>th</sup> August 2019

# ANNEXURE TO AGM NOTICE

The Statement of disclosures pursuant to Secretarial Standard-2 on General Meetings and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, is as under:

Name of the Director	Mr. Gopal Dave
DIN	00334120
Date of Birth	08/10/1963
Date of first appointment in the current designation	14/11/2017
Qualification	Hold a degree of ICAI
Brief Resume	Wider managerial experience
Experience (including expertise in specific functional area)/Brief Resume	<ul style="list-style-type: none"> <li>• He has more than 30 years of Senior Managerial and board level experience in the finance sector.</li> <li>• Mr. Gopal Dave has in-depth knowledge of both primary and secondary capital market</li> <li>• He has wide contacts and relations in the field of finance all over the country</li> </ul>
Directorships and Committee memberships held in other listing Companies as on 31.03.2019	Mr. Gopal Dave is not a Director on the board of any other Listed company.
Inter-se relationship between directors	Mr. Gopal Dave is Husband of Mrs. Swati Dave, who is Managing Director of the company.
No. of Meetings of the Board attended	4 out of 4 in the F.Y. 2018-19
Details of remuneration last drawn	NIL during the F.Y. 2018-19
Number of Shares held in the Company	103,000

## BOARD'S REPORT

To,  
The Members

Your Directors have pleasure in presenting their Twenty Fifth (25<sup>th</sup>) Annual Report on the business and operations of the company along with the Audited Financial accounts for the Financial Year ended 31<sup>st</sup> March, 2019.

### FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year Ended 31 <sup>st</sup> March 19	Year Ended 31 <sup>st</sup> March 18
Total Income	454.75	1219.86
Profit/(Loss) before Depreciation and Tax	(8.25)	(12.90)
Less: Depreciation	(0.23)	(0.77)
Profit before Tax	(8.48)	(13.67)
Less: Provision for Income Tax	-	-
Profit after Tax	(8.48)	(13.67)
Balance brought forward from previous years	(97.53)	(83.86)
Balance carried to Balance Sheet	(106.01)	(97.53)

### REVIEW OF OPERATION

During the financial year under review total income of the Company is Rs. 454.75 lacs as compared to last year's total income of Rs. 1219.86 lacs. Loss after tax decreased from Rs. 13.67 lacs in the previous year to Rs. 8.48 lacs (before other comprehensive income) during the year.

### BUSINESS REVIEW

Explicit Finance Limited ("The Company") is a non-banking financial company that fulfills aspirations of its Individual and Corporate clients by satisfying their financial needs. We are engaged in Secondary capital market activities and provide Loans to Individuals/Corporates.

### DIVIDEND

Due to carried forward losses and current year losses the Board does not recommend any dividend for the year ended 31<sup>st</sup> March, 2019.

### MANAGEMENT DISCUSSION ANALYSIS REPORT

The Management Discussion and Analysis forms an integral part of this Report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's various businesses, internal controls and their adequacy, risk management systems and other material developments during the financial year 2018-19.

#### A. INDUSTRY STRUCTURE & DEVELOPMENT

At the end of March, 2019 there were approximately 10,000 NBFCs registered with Reserve Bank of India (RBI), of which 89 deposit accepting NBFC. The primary activities of NBFCs are providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bills discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting. NBFCs have carved niche business areas for them within the financial sector space and are also popular for providing customized products. For instance, your Company providing finance for re-possessed vehicles at the doorstep of the customer. NBFCs bring the much-needed diversity to the financial sector. NBFCs play an important role to promote financial inclusion agenda of the government by catering to the financial needs of people belonging to weaker section of the society.

The crisis faced by a large prominent financial institution of the country in September led to drying-up bank lending, thereby forcing NBFCs to scout for alternate sources of funding. In February 2019, Reserve Bank of India (RBI) had eased risk weight norms to increase credit flow to NBFCs. The banks are now required to assign differential risk-weights to their exposures to NBFCs based on ratings assigned by credit rating agencies, as against the existing practice of a uniform risk weight of 100%. The move is aimed at not only freeing up capital for banks for further lending but also slash borrowing costs for well-rated NBFCs, which have been grappling with a systemic liquidity crisis triggered by a series of defaults by a large prominent financial institution and its subsidiaries.

In order to provide NBFCs with greater operational flexibility, the RBI has merged the categories of NBFCs classified as asset finance companies, investment companies and loan companies into a new category called NBFC - Investment and Credit Company ("NBFC-ICC").

#### B. OPPORTUNITIES & THREATS

##### Opportunities

- Demographic changes.
- Large untapped rural and urban markets.
- Use of digital solutions for business/collections.
- Partnerships with private financiers for enhancement of reach without significant investments
- Penetration into rural markets for financing
- On boarding customers on technology platform



**Threats**

- High cost of funds.
- Rising Non-performing Assets (NPAs).
- Restrictions on deposit taking NBFCs.
- Competition from other NBFCs and small banks.
- Growing number of Finance companies.
- Inadequate availability of bank finance and upsurge in borrowing cost
- External risks associated with liquidity stress, political uncertainties, fiscal slippage concerns, etc.

**C. RISKS AND CONCERNS**

- The cash crunch is in stark contrast to the banking sector, which has not faced significant liquidity pressure or deposit withdrawals, despite asset-quality and capital weaknesses.
- NBFC's liquidity is sensitive to market sentiment as their business models rely on short-term wholesale funding, which can dry up fast if market sentiment turns negative, it said. Fitch further said funding models of housing finance companies and loan companies, which have become increasingly reliant on short-term funding to fund longer-term assets, have been particularly affected by the liquidity squeeze.
- The sector pressures have led India's top NBFCs to explore other sources of funding and to start positioning themselves to tap the US dollar bond market.
- The funding squeeze has contributed to higher funding costs and a slowdown in loan growth for NBFC sector, Fitch said. NBFCs are an important channel for extending credit to the wider economy, given their wide distribution networks, which are often more extensive across rural India than those of banks
- The NBFC sector's role as a credit provider became outsized as the Indian banking system was forced to deal with its weak asset quality, Fitch added. Banks, particularly public-sector banks, were undercapitalized and had limited capacity to lend more. NBFCs now account for nearly 20 per cent of credit to the economy compared with about 15 per cent five years ago.
- During the year, Non- Banking Finance Companies (NBFCs) faced several challenges as banks curtailed lending to these institutions

**D. OUTLOOK**

- The International Monetary Fund (IMF) expects the global economy to slow down further in 2019 before stabilizing at 3.6% in 2020. This is mainly due to significant revisions in the eurozone, especially in Germany, where production difficulties in the auto sector and lower external demand will weigh on growth in 2019. In Italy too, sovereign and financial risks are hampering economic growth.
- Additionally, there is increasing uncertainty due to trade protectionism and Brexit. However, further monetary policy adaptation and policy-easing measures by China would account for a soft landing.
- India has a lot of un-banked and under-banked consumers and businesses. Hence there is a lot of potential for NBFCs, which can still be tapped. The NBFCs and Housing Finance Companies (HFCs) are being recognized as being vital for growth. Regardless of the recent panic, NBFCs are here to stay and play an important role in economic growth and financial inclusion. Given the crisis and despite concerns surrounding the sector, NBFCs with robust business models, strong liquidity mechanisms, governance and risk management standards are well positioned to take benefit of the market opportunity.

**E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal Control measures and systems are established to ensure the correctness of the transactions and safe guarding of the assets. Considering the size and nature of activities, the company has adequate internal control system covering both accounting and administrative control. In addition the internal audit is carried out periodically. The management ensuring an effective internal control system so that the financial statements and reports give a true and fair view and during the year under review no material or serious observation has been received from the Internal Auditors of the Company for inadequacy or ineffectiveness of such control.

**F. HUMAN RESOURCES**

The company always regards human resources as its most valuable asset and continuously evolves policies and process to attract and retain its substantial pool of managerial resources through friendly work environment that encourages initiatives by individuals and recognizes their performance.

**G. CAUTIONARY NOTE**

Certain Statements in the Management Discussion and Analysis describing the company's views about the industry, expectations, objectives, etc. may be understood 'forward looking statement' within the meaning of applicable laws and regulations. Factors like changes in Government regulations, tax laws and other factors such as industrial relations and economic developments etc. may further influence the company's operations or performance. Actual results may differ substantially or materially from those expressed or implied.

**RESERVES**

Due to current year and brought forward losses the company does not proposes to transfer funds to the statutory reserves.

**SHARE CAPITAL**

The Company had not issued any equity shares either with or without differential rights during the F.Y. 2018 - 2019 and hence, the disclosure requirements under Section 43 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014, are not applicable.

**DEPOSITIS**

The Company has neither accepted nor renewed any deposits from public or members during the year under review under Section 73 of the Companies Act, 2013 read with Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2019.

## **DIRECTORS**

In accordance with the provisions of section 152 of the Companies Act, 2013 and articles of association of the Company Mr. Gopal Dave, (DIN: 00334120) (Non Executive Non Independent) of the company, retires by rotation in the ensuring Annual General Meeting and being eligible has offered himself for re-appointment.

Brief resume of the director seeking appointment/re-appointment is given in the notice to the annual general meeting.

None of the Directors of your Company is disqualified under provisions of Section 164(2)(a) and (b) of the Companies Act, 2013.

## **CHANGES IN KEY MANAGERIAL PERSONNEL (KMP'S) DURING THE YEAR 2018-19**

There were no changes in Key Managerial Personnel category during the period under review.

## **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii. proper and sufficient care has been taken 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 and other irregularities;
- iv. proper annual accounts have been prepared on a going concern basis;
- v. internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **DECLARATION BY INDEPENDENT DIRECTOR**

All Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Act, stating that they meet the criteria of Independence as provided in section 149(6) of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

## **EVALUATION OF DIRECTORS, COMMITTEE AND BOARD**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board of Directors has carried out evaluation of the Board, its Committees and Individual Directors. The evaluation process has been explained in the Report on Corporate Governance, which forms part of this Board's Report.

Also, the Independent Directors, at their meeting reviewed the performance of the Board, its Chairman and Non-Executive Directors of the Company.

## **NUMBER OF BOARD MEETINGS HELD DURING THE PERIOD**

A notice of the Board Meeting is circulated well in advance with Agenda, including detailed explanation to be discussed, to enable the Board to take an informed decision.

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement/Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, 04 (Four) Board Meetings were held during the year ended 31<sup>st</sup> March 2019, the dates are 30<sup>th</sup> May 2018, 9<sup>th</sup> August 2018, 14<sup>th</sup> November 2018, 31<sup>st</sup> January, 2019. Detailed information on the Board Meetings with regard to attendance of each of the Directors thereat have been included in the Corporate Governance Report, which forms part of this Board Report.

Additionally, during the financial year ended 31<sup>st</sup> March 2019 a separate meeting of the Independent Directors was held on 23<sup>rd</sup> January 2019, in compliance with the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25(3) and 25(4) of the Listing Regulations

Post the Independent Directors Meeting, the collective feedback of each of the Independent Director was scaled and measured on defined ratings, thereby covering the performance of Board as a whole, performance of the non-independent directors and performance of the Chairman.

## **COMMITTEES OF THE BOARD**

The Board of Directors has constituted various committees in compliance with the provisions of the Companies Act, 2013 and Listing Regulations.

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholder Relationship Committee

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference/ role of the committees are taken by the Board of Directors. A detailed note on the Board and its Committees is provided under the Corporate Governance Section in this Annual Report.

## **NOMINATION & REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The appointment and Remuneration Policy is stated in the Corporate Governance Report of the Company that forms part of the Annual Report.