

# GARBI FINVEST LIMITED

## 35TH ANNUAL REPORT 2016-17



**Table of Contents.**

Sl. No.	Particulars	Page
1.	General Information	3
2.	Management Discussion & Analysis Report	4 – 6
3.	Notice of AGM	7 – 18
4.	Board Report	19 – 24
5.	Extract of Annual Return	25 – 33
6.	Corporate Governance Report	40 – 52
7.	Audit Report	55 – 61
8.	Financial Statements	62 – 73

---

**BOARD OF DIRECTORS:**

Rupesh Kumar Pandey  
Kripa Shankar Mahawar  
Sangita Kar

**COMPANY SECRETARY**

Richa Agarwalla

**STATUTORY AUDITOR**

J.B.S. & Company, Chartered Accountants  
60, Bentick Street 4<sup>th</sup> Floor, Kolkata 700 069

**INTERNAL AUDITOR**

Dipak Lal & Associates, Cost Accountants

**SECRETARIAL AUDITOR**

N Purohit & Associates, Company Secretaries

**BANKERS**

Axis Bank  
Oriental Bank of Commerce  
Dhanlaxmi Bank  
Federal Bank

**REGISTRAR & TRANSFER AGENT**

Niche Technologies Private Limited  
D 511 Bagree Market  
71 BRBB Road Kolkata 700001  
Phone: 033 2235 7270/ 7271  
Fax: 033 2215 6823  
E-mail: nichetechpl@nichetechpl.com



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

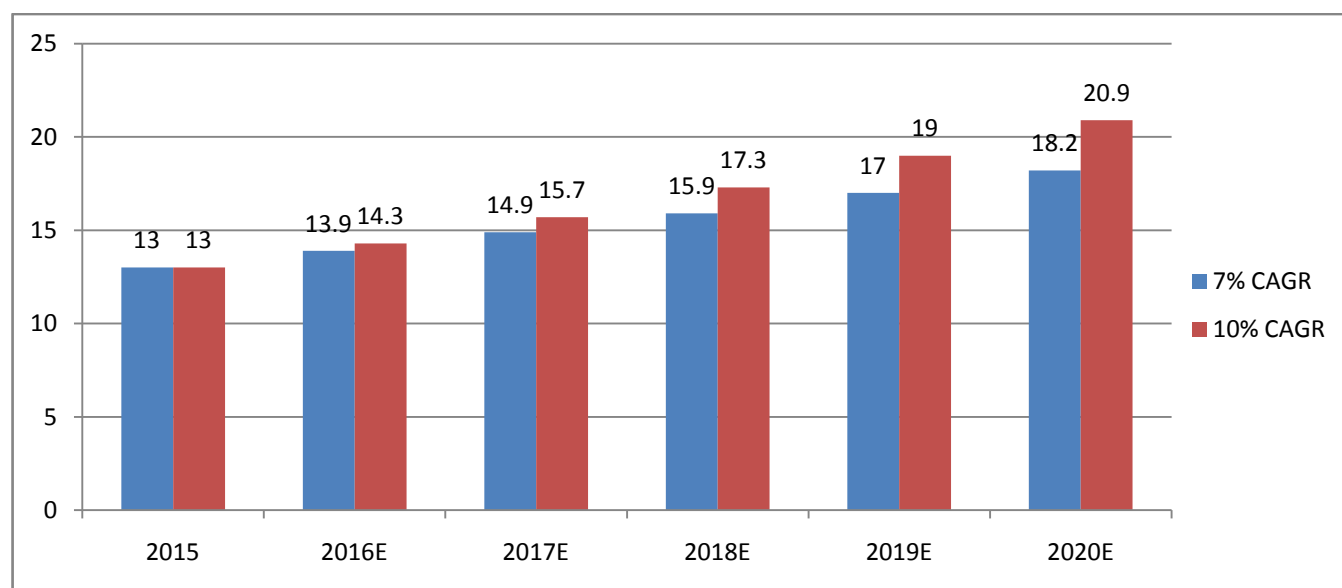
*Industry Structure and Development.*

“In all advanced economies, for example, sophisticated financial systems efficiently deliver a broad range of financial services and act as a critical pillar in contributing to macroeconomic stability and sustained economic growth and prosperity (World Bank, 2003)”

Non-Banking Financial Companies (NBFC) in India made a humble beginning way back in the 1960's to serve the need of the savour and investor whose financial requirements were not sufficient covered by the existing banking system in India. It was between 1980's and 1990's, NBFCs gained good ground and started to inveigle a huge number of investors owing to them customer friendly reputation. NBFCs are broadly classified into two categories based on whether they accept public deposits, i.e. NBFC-Deposit taking (NBFC-D) and NBFCs-Non-Deposit taking (NBFC-ND). Dr.Yogesh Maheshwari (2013) in his paper state that “Changing Monetary scenario have opened up opportunities for NBFCs to expand their global presence through self expansion strategic alliance etc. The Monetary reforms have brought Indian Monetary system closer to global standards”.

It can be said without an iota of doubt that NBFCs have scripted a great success story. Their contribution to the economy has grown substantially from 8.4% in 2006 to more than 14% in March 2015. In terms of financial assets, NBFCs have registered a robust growth, i.e. a compound annual growth rate (CAGR) of 19% over the past few years, consisting of 13% of the total credit and estimated to reach nearly 18% by 2018-19. The success of NBFCs can be clearly attributed to their superior product lines, lower cost, broader and effective reach, robust risk management capabilities to check and control bad debts, and proper comprehension of their customer segments. Not only they have displayed success in their conventional citadel (passenger and commercial vehicle finance) but they have also managed to build significant assets under management (AUM) in the personal loan and housing finance sector which have been the bread and butter for retail banks. Moving ahead, the latent credit demand of an emerging India will permit NBFCs to bridge the gap, particularly where traditional banks have been cagey to serve. Additionally, improving macroeconomic conditions, higher credit penetration, enhanced consumption and disruptive digital trends will allow NBFCs credit to rise at a robust rate of 7-10% in the coming years.

Figure 1. Credit Growth at NBFCs as a % of total credit



Source: PWC

#### ***Opportunities and Threats and Risks and Concerns.***

The biggest opportunity for NBFCs arises from vast gap that exist between demand and supply of finance. The Company continues to explore the possibilities of expansion and will make necessary investments when attractive opportunities arise. The Indian financial sector has growth potential. There is a significant growth opportunity for the Company in changing economic scenario. The overall growth is expected to firm up on policies supporting investment, but is expected to remain below trend. The Company is making its best efforts to realize maximum from its customers. Market conditions, in particular the performance of equity markets, contribute substantially to the Company's growth. With the rise of middle class in India which has reached a certain stage of discernible economic development, there is a growing demand for property ownership, small-scale investment, and saving for retirement and a growing need for housing finance, contractual savings, insurance services, pension plans management and asset management. These varied requirements cannot be met by the banking system alone as commercial banks in India are not functioning as a full-fledged 'universal banking'. This is being met by opening non-banking financial subsidiaries by practically all the major banks in India. These subsidiaries are in the form of merchant banks, mutual funds, insurance companies, primary dealers and other NBFCs. Thus, NBFIs play a crucial role in broadening access to financial services, enhancing competition and diversification of the financial sector (RBI, 2005).

The threat for the NBFCs come from increased competition from Banking industry, which is in a position to lend at competitive rate due to availability of huge funds at a cheaper cost. The Company expects stable interest rate in the year to come and is confident of meeting the challenges. The management continuously assesses the risks and monitors the business and risk management policies to minimize the risk. The major risk

which the Company is presently exposed to is decline in spread due to frequent changes in lending rate. The continuous effort and actions are taken to reduce the cost of funds.

***Internal Control and their Adequacy.***

The company has an adequate system of internal controls commensurate with the size and nature of business. The company is complying with all the mandatory requirements of Corporate Governance as laid down in the Listing Agreement. This has improved the management of the affairs of the company and strengthened transparency and accountability. The Audit Committee reviews the internal control system and look into the observations of the statutory auditor very closely.

***Discussions on Financial performance.***

The financial performance of the Company for the year has been discussed in the Director's Report and Cash Flow Statement annexed with the Annual Accounts.

***Developments in Human Resources.***

The Company has potential appraisal systems for identifying and developing talent of Employees. The Company is confident of attracting, developing and nurturing the best talent in the industry in view of the company's inherent strengths gained over the years. As in the past, the Company has enjoyed cordial relations with the employees at all levels.

***Cautionary Statement.***

Statements in the Management Discussion and Analysis describing the company's present position, objectives, expectations or predictions may be "forward looking" statements within the meaning of applicable laws and regulations.

**For and on behalf of the Board**

**Date: 30.05.2017**  
**Place: Kolkata**

**Sd/-**  
**Rupesh Kumar Pandey**  
**Managing Director**  
**DIN: 00150561**

**Sd/-**  
**Kripa Shankar Mahawar**  
**Director**  
**DIN: 01158668**

**NOTICE**

**NOTICE** is hereby given that 35<sup>th</sup> Annual General Meeting of the members of the company will be held on Saturday, the 23<sup>rd</sup> day of September, 2017 at 11:00 AM at the registered office of the company situated at 08, Rayfreda, 2nd Floor, Opp. H.P.Petrol Pump, Andheri (East) Mumbai Maharashtra 400093 to transact with or without modification(s), as may be permissible, the following businesses.

**AS ORDINARY BUSINESS**

**Item No.1 – Adoption of Financial Statements**

To receive, consider and adopt the audited financial statements of the company for the financial year ended 31<sup>st</sup> March, 2017 together with the report of the Directors' and Auditors' thereon.

**Item No.2 – Appointment of director in place of retiring director**

To consider re-appointment of Mr. Kripa Shankar Mahawar (DIN: 001158668), who retires by rotation, and being eligible, offer himself for re-appointment.

**Item No.3 – Appointment of Statutory Auditor of the company**

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

**RESOLVED THAT** pursuant to the provisions of section 139 and 141 of the Companies Act, 2013 M/s S. Ramanand Aiyar & Co., Chartered Accountants (FRN: 000990N), be and are hereby appointed as Statutory Auditors of the Company for a term of 1 (one) year to hold office from the

conclusion of this Annual General Meeting until the conclusion of the 36th Annual General Meeting to be held in the year 2018 and in this regard the Board of Directors of the company be and are hereby authorized to fix their remuneration plus travelling and other out of pocket expenses incurred by them in connection with statutory audit and also such other remuneration, as may be decided to be paid by the Board of Directors or Committee of the Board of Directors, for performing duties other than those referred to herein above.

**AS SPECIAL BUSINESS.**

**Item No. 4 – Ratification of appointment of Mr. Rupesh Kumar Pandey as Managing Director of the company**

**"RESOLVED THAT** pursuant to the provisions of section 196 read with section 203(1) of the Companies Act, 2013 and subject to the conditions prescribed under section 197 read with Schedule V of the Companies Act, 2013, the approval of members of the company be and is hereby accorded for the appointment of Mr. Rupesh Kumar Pandey as Managing Director of the Company for a term of 5 (Five) years from April 28, 2017 to April 27, 2022 at such terms, conditions, remuneration etc. as prescribed in the appointment letter issued to him."

**Item No. 5 – Ratification of appointment of Mr. Hetal Vasant Hakani (DIN: 06878540) as Independent Director**

**"RESOLVED THAT** pursuant to the provisions of section 149(4), 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 (the act) and upon receiving the requisite declaration of non-



disqualification for being appointed as a Director as required under section 164(2) of the act and declaration of independence in accordance with the provisions of section 149(6) of the act, the appointment of Mr. Hetal Vasant Hakani (DIN:06878540) as Independent Director on the Board of the Company for such period, terms, conditions, remuneration etc. as decided by the Board."

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be valid and effective, must be delivered at the registered/ corporate office of the company not later than forty-eight hours before the commencement of the meeting.
3. Pursuant to provisions of section 105 of the Companies Act, 2013, read with the applicable rules thereon, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy, who shall not act as a proxy for any other member.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. Only bonafide members of the company whose names appear on the register of members/ proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The company reserves its

right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.

6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The register of member and share transfer register of the company will remain closed from September 18, 2017 to September 23, 2017 (both days inclusive).
8. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to M/s. Niche Technologies Pvt. Ltd. or the Secretarial Department of the company immediately.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the company. The Nomination Form SH-13 prescribed by the government can be obtained from M/s. Niche Technologies Pvt. Ltd. or the Secretarial Department of the company at its registered office.
10. Pursuant to section 101 and section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the company or with the depository. Members who have not registered their e-mail address with the company are requested to submit their request with their valid e-mail address to M/s. Niche Technologies Pvt. Ltd. Members holding shares in demat form are requested to register/ update their e-mail address with their Depository Participant(s) directly. Members of the company, who have registered their email address, are entitled to receive such communication in physical form upon request.



11. Explanatory Statement pursuant to section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting has been enclosed herewith.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the Company during business hours except on holidays, up to and including the date of the Annual General Meeting of the Company.
13. Details of Directors seeking appointment/ re-appointment at the Annual General Meeting of the company to be held on September 23, 2017 and are provided in **Annexure A** of this Notice.

**14. VOTING THROUGH ELECTRONIC MEANS.**

In compliance with provisions of section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who have cast their

vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

**The process and manner for remote e-voting are as under.**

- (i) The remote e-voting period commences on September 20, 2017 (10:00 AM) and ends on September 22, 2017 (05:00 PM). During this period members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 16, 2017 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) 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, excluding the special characters.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.

- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <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>
DOB	Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format
Bank Account Number (DBD)	Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio.

- Please Enter the DOB or Bank Account Number in order to Login.
- If both the details are not recorded with the depository or company then please enter the member-id / folio number in the Bank Account Number details field as mentioned in above instruction ( iv ).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) 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 to be also 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 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.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant Company Name i.e. **GARBI FINVEST LTD** on which you choose to vote.