

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 28th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2018.

### SUMMARISED FINANCIAL RESULTS:

Amt. in lakhs

Particulars	2017-18	2016-17
Total Income	1669.86	586.01
Total Expenditure	567.23	273.74
Profit Before Depreciation interest and Tax	1102.63	312.27
Less: Depreciation	29.48	7.07
Less :Interest	666.82	165.15
Tax	109.87	41.01
Net Profit/(Loss) After Tax	296.47	99.04

### YEARLY REVIEW:

The Company is registered with National Housing Bank and governed by NHB norms. The Net NPA of the Company as on 31st March, 2018 is 2.09%. The Company has disbursed 1852 loan proposals during this year amounting to Rs. 151.14 Crs. The total portfolio as on 31st March, 2018 stands at Rs. 177.93 Crs.

### TRANSFER TO RESERVES:

The Company has transferred Rs. 94,32,173 to Special Reserves under Sec 36(1)(viii) of Income Tax Act, 1961 for the financial year 31st March, 2018 as per Audited financial statements.

### SHARE CAPITAL:

The Authorized Share Capital of the Company is Rs. 25,00,00,000 (Rupees Twenty – Five Crores only) divided into 2,50,00,000 shares of Rs. 10/- each

The Paid up share Capital of the Company is Rs. 14,28,17,550 (Rupees Fourteen Crores Twenty-Eight Lakhs Seventeen Thousand Five Hundred and fifty only) divided into 1,42,81,755 equity shares of face value of Rs. 10/- each.

### DIVIDEND:

The Board of Directors recommend dividend at the rate of Rs. 0.20 per equity share (FV of Rs. 10 each) for the year ended 31st March, 2018. The dividend on shares is subject to the approval of the shareholders at the Annual General Meeting scheduled on 31st August, 2018. The total dividend (including Dividend Distribution Tax) payout works out to 11.60% of the net profit for the results.

### DEPOSITS:

As on 31st March, 2018, the Company held no deposit in any form from anyone. There were no deposits held by the Company as on 31st March, 2018, which were overdue or unclaimed by the depositors. For the present, the Board of Directors has resolved not to accept any deposit from public.

### MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(3) read with Schedule Part V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, is presented in a separate Annexure -I forming part of the Annual Report.

### CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the year.

### MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

During the year under review, there was a material change in accounting policy which is affecting the financial position of the Company. Ancillary cost incurred on borrowing is amortised over tenure of the Loan as opposed to being expensed upfront per earlier year policy. Ancillary cost of INR 186.87 lakhs incurred on borrowing is amortised over tenure of Loan. Year to date amortisation is Rs. 21.56 lakhs.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As on 31st March, 2018 the Board of Directors of the Company comprised of 8 Directors. The Board consists of two Independent Directors, one Woman Independent Director, three Non Executive Director (including two Nominee Directors) and two Executive Directors.

Following are the changes that took place in the year 2017-18

SR NO.	NAME OF DIRECTOR/KMP	DESIGNATION	APPOINTMENT/ RESIGNATION/CHANGE IN DESIGNATION	DATE OF EVENT
1.	Vasudevan Ramaswami	ADDITIONAL INDEPENDENT DIRECTOR	Resignation	21/04/2017
2.	Harshita Jagwani	ADDITIONAL WOMAN INDEPENDENT DIRECTOR	Appointment	26/04/2017
3.	Divya Jain	CS (KMP)	Resignation	02/07/2017
4.	Bharat Gangani	CS (KMP)	Appointment	11/07/2017
5.	Govinder Singh	ADDITIONAL INDEPENDENT DIRECTOR	Appointment	11/07/2017
6.	Krunal Shah	CFO (KMP)	Resignation	28/07/2017
7.	Pandurang Kadam	CFO (KMP)	Appointment	28/07/2017
8.	Harshita Jagwani	WOMAN INDEPENDENT DIRECTOR	Change in Designation	17/08/2017
9.	Govinder Singh	INDEPENDENT DIRECTOR	Change in Designation	17/08/2017
10.	Bharat Gangani	CS (KMP)	Resignation	13/11/2017
11.	Radhika Tibrewala	CS (KMP)	Appointment	05/01/2018
12.	Radhika Tibrewala	CS (KMP)	Resignation	28/02/2018

**NUMBER OF MEETINGS OF THE BOARD:**

The Board met 8 times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

**INDEPENDENT DIRECTORS DECLARATION:**

The Company has received necessary declaration from each independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Independent Directors under section 149(6) of the Companies Act, 2013 declared that:

1. They are not promoters of the Company or its holding, subsidiary or associate Company;
2. They are not related to promoters or Directors in the Company, its holding, subsidiary or associate Company.
3. The Independent Directors have / had no pecuniary relationship with Company, its holding, subsidiary or associate Company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
4. None of the relatives of the Independent Director has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Independent Director, neither himself nor any of his relatives-
  - (i) holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) A firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
    - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten percent or more of the gross turnover of such firm;
  - (iii) Holds together with his relatives two percent or more of the total voting power of the Company; or
  - (iv) is a Chief Executive or Director, by whatever name called, of any Non Profit Organization that receives twenty-five percent or more of its receipts from the Company, any of its Promoters, Directors or its holding, Subsidiary or Associate Company or that holds two percent or more of the total voting power of the Company;
6. Independent Director possesses such qualifications as may be directed by the Board.
7. The Company & the Independent Directors shall abide by the provisions specified in Schedule IV of the Companies Act, 2013.

**BOARD EVALUATION:**

SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board Evaluation Framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. The Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors should be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

**PERFORMANCE OF THE BOARD AND COMMITTEES:**

During the year under review, the performance of the Board & Committees and Individual Director(s) based on the below parameters was satisfactory:

- (i) Some Directors had attended all the Board meetings while some Directors were occasionally absent with leave of absence.
- (ii) The remunerations paid to Executive Directors are strictly as per the Company and industry norms.
- (iii) The Independent Directors received sitting fees.
- (iv) The Independent Directors contributed significantly in the Board and committee deliberation and business and operations of the Company and subsidiaries based on their experience and knowledge and independent views.
- (v) The Credit Policy, Loan Policy and compliances were reviewed periodically;
- (vi) Risk Management Policy was implemented at all critical levels and monitored by the Internal Audit team who places report with the Board and Audit Committee.

**MEETING OF INDEPENDENT DIRECTORS:**

Pursuant to the provision of Section 149 (8) of the Companies Act, 2013 read with Schedule IV and Regulation 25 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Independent Directors of the Company held their meeting on 30th March, 2018 and reviewed the performance of Non-Independent Directors and the Board as a whole including the Chairperson of the Company, views expressed by the Executive Directors and Non-Executive Directors at various level, and evaluated/quantified the quality, quantity and timeliness of flow of information between the Company, Management and the Board and expressed satisfaction.

**POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The current policy is to have an appropriate mix of executive, non executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on 31st March, 2018, the Board consists of 8 members. Out of which one is the Managing Director and one is Whole Time Director.

The policy of the Company on Directors appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub section (3) of Section 178 of the Companies Act, 2013, are duly adopted. We affirm that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

**INDEPENDENT DIRECTOR INDUCTION AND TRAINING POLICY:**

The Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligation and Requirements) Regulations, 2015 mandates the Listed Companies to familiarize Independent Director with the Company inter alia; nature of the Industry in which Company operates, its business models, roles, rights and responsibilities of the Independent Director.

The Company provides suitable training to the Independent Director to familiarize them with the Company, their role, nature of the Industry in which the Company operates, business model of the Company etc

**COMMITTEES OF THE BOARD:**

Currently, the Board has five Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee, 4) Risk Management Committee, 5) Credit Committee

A detailed note on the Board and its Committees is provided under the Corporate Governance Report that forms part of this Annual Report.

**NOMINATION AND REMUNERATION COMMITTEE AND STAKEHOLDERS RELATIONSHIP COMMITTEE:**

Pursuant to the Section 178 of the Companies Act, 2013, the Company has set up a Nomination and Remuneration and Stakeholders Relationship Committee. A detailed note on the composition of the Committees is provided in the corporate governance report section of this Annual Report.

The Key Features of the Policy of the said committee are as follows:

For Appointment of Independent Directors (ID):

- a. Any person who is between the age of 25 years and below 75 years eligible to become Independent Director(ID);
- b. He has to fulfill the requirements as per section 149 of the Companies Act, 2013 read with Regulation 25 of SEBI ( Listing Obligation and Disclosure Requirement ) Regulation 2015 ;
- c. Adhere to the code of conduct as per Schedule IV to the Companies Act, 2013;
- d. Strictly adhere to the Prohibition of Insider Trading Regulation of the SEBI and Prohibition of Insider Trading policy of the Company;
- e. Independent Director should have adequate knowledge and reasonably able to contribute to the growth of the Company and stakeholders;
- f. Independent Director should be able to devote time for the Board and other meetings of the Company;
- g. Entitled for sitting fees and reasonable conveyance to attend the meetings; and

The Stakeholders' Relationship Committee of the Board is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

Terms of Reference of the Stakeholders' Relationship Committee is as follows:

- a. To redress the complaints of the members and investors, related to transfer and transmission of securities, non receipt of annual reports, dividends and other securities related matter;
- b. To review the requests/complaints received by the Registrar and Share Transfer Agent from the Members relating to transfer, transmission, consolidation, replacement of share certificates, issue

of duplicate certificates and dematerialisation of securities certificates;

- c. To review the certificates and reports submitted by the Company to the Stock Exchanges under the SEBI Listing Regulations;
- d. To observe the quarterly status of the number of shares in physical as well as dematerialised form;
- e. To review the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share Transfer Agent;
- f. To monitor and resolve/redress the grievances of Security Holders i.e. Members, Fixed Depositors or Debenture Holders or Commercial Paper Investors or any other Investors of the security/ies issued by the Company;
- g. To recommend measures for overall improvement in the quality of investors services;
- h. To oversee and ensure the compliances under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016;
- i. Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (a) in the preparation of the accounts for the financial year ended 31st March, 2018; the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) appropriate accounting policies have been selected and applied consistently and judgments and estimates made 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 and loss of the Company for that period;
- (c) proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Act have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) internal financial controls to be followed by the Company had been laid down and such internal financial controls are adequate and were operating effectively; and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **RISK MANAGEMENT POLICY:**

1. The Company has developed Risk Management Policy mainly covering the following areas of concerns on the international currencies front, volatility of exchange rate is a not a matter of concern for the Company as we are only dealing in INR in all our transactions. No foreign exchange is involved in any of our transactions.
2. With the emergence of future Government policies covering the real estate and housing finance industry, concern for the industry has been substantially reduced. The exact impact of this will be assessed in due course of time.

3. Audit Committee of the Company monitors, on an ongoing basis, liquidity, interest rate and funding risks to which the Company is susceptible. Liquidity risk is caused by an asset-liability mismatch resulting from a difference in the maturity profile of the assets and liabilities.
4. A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. Certain credit norms and policies are being followed by your Company to manage credit risk.
5. Interest rate Risk is the risk that arises from fluctuating interest rates, Further to ensure that exposure on fluctuations in interest rates is kept within acceptable limits. Your Company follows prudent policy to mitigate the same.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

In terms of the provisions of Section 177(9) of the Companies Act, 2013, the Company has implemented a vigil mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, if any, in staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, and the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. It provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit committee in exceptional cases. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairperson of the Audit Committee.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to Board.

**M/s. K. A. Sinha & Co.** – Chartered Accountants is the Internal Auditor of the Company.

#### **STATUTORY AUDITORS:**

At the Annual General Meeting held on 17th August, 2017, **M/s. G.P. Kapadia & Co.**, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018.

As per Section 139 of the Companies Act, 2013, as the previous period of appointment of Statutory Auditor has expired; the appointment of the auditors for further period shall be done at this Annual General Meeting. Accordingly, the appointment of **M/s. G. P. Kapadia & Co.**, Chartered Accountants, as statutory auditors of the Company, is recommended to the shareholders.

In this regard, the Company has received a Certificate from the Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**AUDITORS REPORT:**

The Auditors have not made any qualification to the financial statements. Their reports on relevant notes on accounts are self-explanatory and do not call for any comments under Section 134 of the Companies Act, 2013.

**SECRETARIAL AUDITORS AND THEIR REPORT:**

At the board meeting held on 20th July 2018 M/s. Vikrant Sutrave & Associates., practicing Company Secretary was appointed to conduct the Secretarial Audit of the Company for the financial year 2017-18 as required under Section 204 of the Companies Act, 2013 and Rules there under to fill the vacancy caused due to resignation of M/s. Ulhas Shetty & Co., Practicing Company Secretary. The Secretarial Audit Report for F.Y. 2017-18 is attached as Annexure-II to this Board's Report.

The Board has re-appointed M/s. Vikrant Sutrave & Associates., Practicing Company Secretary, as Secretarial Auditor of the Company for the financial year 2018-19.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS/REGULATORS:**

There are no orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

The relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as prescribed under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out herein below:

**a) Conservation of Energy**

Your Company being a Housing Finance Company, its activities are not energy intensive. However your Company has taken adequate measures for conservation of energy, wherever required.

**b) Technology Absorption**

Your Company being a Housing Finance Company, its activities do not require adoption of any technology. In another step towards strengthening its competitive edge, your Company is integrating the best technology practices in collaboration with leading IT service providers. Your Company is expanding technology landscape through advanced technology solutions. During the year, Company has purchased Omni fin Software to support Loan processing, management and record maintenance.

**c) Foreign Exchange**

During the year under review there were no Foreign Exchange Earnings & the Foreign Exchange outgo.

**RELATED PARTY TRANSACTIONS/CONTRACTS:**

The Company has Related Party Transaction Policy for the purpose of identification and monitoring of such transactions. All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis which is reviewed and updated on quarterly basis.

Pursuant to the Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as Annexure-III to this Board's Report.



The details of such related party transactions are available in the Notes to the Financial Statements section of the Annual Report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Loans, Guarantees and Investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

**HUMAN RESOURCES MANAGEMENT:**

We take this opportunity to thank employees at all levels for their dedicated service and contribution made towards the growth of the Company. The relationship with the employees of the Company has continued to be cordial.

To ensure good human resources management at the Company, we focus on all aspects of the employee lifecycle. During their tenure at the Company, employees are motivated through various skill-development, training, engagement and volunteering programs.

As per provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, managerial remuneration is fixed and it is shown at Annexure-IV to this Board's report.

**EXTRACT OF ANNUAL RETURNS:**

Pursuant to the Section 134 (3) (a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return is Form MGT-9 is Annexure-V.

**CORPORATE GOVERNANCE:**

A Report on Corporate Governance along with a Certificate from **M/s. Vikrant Sutrave & Associates**, (practicing Company Secretary) regarding compliance with the conditions of Corporate Governance as stipulated under Regulation 27 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 forms part of this Report as Annexure-VI to this Board's Report..

**DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place a Policy on Prevention against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Stakeholder Relationship (SRP) redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaint under this policy during the 2017-18.

**BANK AND FINANCIAL INSTITUTIONS:**

Directors are thankful to National Housing Bank and the bankers of the Company for their continued support to the Company.

**ACKNOWLEDGMENTS:**

Your Directors convey their sincere thanks to the Government, National Housing Bank, Banks, Shareholders and Customers for their continued support extended to the Company at all times. The Directors further express their deep appreciation to all employees for commendable teamwork, high degree of professionalism and enthusiastic effort displayed by them during the year.

**On behalf of the Board of Directors**

**Place: Mumbai  
Dated: 31.07.2018**

**Sd/-**

**Mahesh Narshibhai Pujara  
Managing Director  
(DIN: 01985578)**

**Sd/-**

**Harshita Jagwani  
Independent Director  
(DIN: 07797684)**