

TOKYO FINANCE LIMITED

**BOARD REPORT**

To,  
The members,  
Tokyo Finance Limited

Your Directors have pleasure to present their Twenty Sixth Annual Report on the business and operations of the Company along with the Audited Financial Statements for the financial year ended on 31st March, 2020.

**Financial Results**

The Company's financial performances for the year under review along with previous year's figures are given hereunder:

	(Rs. In Lakhs)	
<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Revenue from operations	49.23	92.03
Profit for the year before Tax	64.03	118.96
Tax Expenses	16.65	4.67
<b>Net Profit after Tax</b>	<b>47.38</b>	<b>114.29</b>
Surplus carried over to Balance Sheet	47.38	114.29

**Review of Operations**

The Company recorded a gross turnover of Rs.49.23, decreased from Rs.92.03 lakhs of the previous Financial Year. The Company has stood at net Profit of Rs.47.38 lakhs against of Rs.114.29 lakhs of previous year.

**Dividend**

No Dividend was declared for the current financial year.

**Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**

There are no material changes affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

**Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

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

**Auditors and Auditors' Report****A. Statutory Auditors**

Pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Vinodchandra R Shah & Co, Chartered Accountant, (Firm Registration No. 115394W), were appointed as statutory auditors from the conclusion of the twenty-third Annual General Meeting (AGM) held on September 28, 2017 till the conclusion of the twenty-Eighth AGM of the Company in 2022, subject to the ratification of their appointment at every AGM, if required under law.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

**B. Secretarial Auditor**

The Board has appointed Mr. Virendra Bhatt, Practicing Company Secretary, (M. No.: 1157) as Secretarial Auditor according to the provision of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report for the financial year 2019-20 is attached herewith as Annexure –1 signed by Ms. I. Javeri, Associate of Mr. Virendra Bhatt.

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2020 contains certain qualifications

**Clarification provided by the board** – It was inadvertently escaped the compliance. The Company will take a note of the same in the future and the management of the Company assure you to comply all the provisions of the applicable law in true spirit in future and is under process of making all the default good.

**C. Internal Auditor**

Pursuant to Section 138 of the Companies Act 2013, every Listed Company is required to appoint an Internal Auditor or a firm of Internal Auditors. In line with this requirement, the Board of Directors has **appointed M/s P. H. Chincholkar & Co., Chartered Accounts**, as Internal Auditor of the Company for the financial year 2019-20.

He has submitted Internal Audit Report for the financial year 2019-20 to the Board. No major audit observations were observed during the Internal Audit.

**Extract of the annual return**

The details forming part of the extract of the Annual Return in Form MGT-9 is enclosed herewith as Annexure-2

**Conservation of energy, technology absorption and foreign exchange earnings and outgo**

Company is not in any activities which entail the energy and technology consumption and there was no Foreign Exchange earnings and outgo in the company during the financial year.

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**Directors**

**A. Changes in Directors and Key Managerial Personnel**

In accordance with the provisions of the Companies Act, 2013, Mr. Haresh V. Shah, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.

During the year, Mrs. Rekha Bagda, a member of Institute of Company Secretaries of India, was appointed as the Company Secretary and Compliance Officer of the Company with effect from February 3<sup>rd</sup>, 2020.

**B. Declaration by an Independent Director(s) and re- appointment**

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms & conditions for the appointment of Independent Directors are available on the website of the Company [www.tokyofinance.in](http://www.tokyofinance.in).

**C. Formal Annual Evaluation**

Schedule IV to the Companies Act, 2013, 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. Schedule IV of the Companies Act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board has carried out an annual performance evaluation of its own performance, that of its Committees and the Directors individually. None of the independent directors are due for re-appointment.

**D. Criteria for performance evaluation of Independent Directors and the Board**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are satisfactory for the position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

**E. Demise of Director**

The Board regrettably report the sad demise of Mr. Tassaddq Ali Khan, Director of the Company after prolonged illness. The Board further express their heartfelt condolences for his untimely death and wishes to put on record their sincere and deep appreciation for his invaluable guidance and contribution from time to time in building up the Company's growth. He was the non-executive Director on the Board.

**F. Directors Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- a) In the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) They 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 the same period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a going concern basis;
- e) They have laid down internal financial controls in the company that are adequate and were operating effectively.
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

**G. COVID -19 impact on business outlook**

In the last month of FY 19-20, the Covid-19 of the pandemic developed rapidly into a global crisis, forcing government to enforce lock- down of all economic activity. For the Company, the focus immediately shifted to ensuring the health and wellbeing of all the employees, and on minimizing disruption to service of our all customers and clients. Policy Changes related to working from home and IT Infrastructure supports were rolled out overnight to help our employees shift to this new work paradigm. The company's focus on liquidity, supported by a strong balance sheet and acceleration on cost optimization initiatives, would help navigating any near-term challenges in the demand environment.

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**Meetings**

**A. Board Meeting**

During the year Board of Directors met 6 times to discuss various matters, presence of each director and there directorship and membership in other public company is provided below:

Name of Directors	Category	Attendance at		No. of Directorships in other Public Companies <sup>(1)</sup>	No. of Committee positions held in other Public Comapanies <sup>(2)</sup>	
		Board Meetings	Last AGM (27th Sept, 2019)		As Chairman	As Member
Mr. Velji L.Shah Chairman & Managing Director	Executive, Non-Independent	6	No	3	--	--
Mr. Haresh V. Shah DIN: 00008339	Executive, Non-Independent	6	Yes	3	--	1
Mr. Tassadduq Ali Khan DIN: 00008368	Non-Executive, Independent	6	Yes	1	2	1
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	6	Yes	1	1	2
Ms Jagruti Mayurbhai Sanghavi	Non-Executive, Independent	5	No	1	--	2

- (1) Excludes directorships in Private Limited Companies, Foreign Companies and Section 8 Companies.
- (2) This includes only Chairmanships /Memberships of the Audit Committee and Stakeholders Relationship Committee of all listed and unlisted public limited companies as per Regulation 26 of the SEBI Listing Regulations.

The draft of the minutes prepared by the Company is circulated among the Directors for their comment/suggestion and finally after incorporating their views, final minutes are recorded in the minute's books. Post meeting, important decisions taken are communicated to the concerned officials and departments for the effective implementation of the same.

**B. Independent Directors' Meeting**

As per the requirement of Schedule IV to the Companies Act, 2013, the Independent Directors of the Company met on 13th May, 2019, inter alia to:

- a. Review the performance of the non - Independent Directors and the Board of Directors as a whole;
- b. Review the performance of the Chairperson of the Company; taking into account the views of the Executive Directors.
- c. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Committees of Board**

Board has three committees to attend various matters provided by the law i.e. Audit Committee Nomination & Remuneration Committee & Stakeholder Relationship Committee. Except Stakeholder Relationship Committee other committees consists entirely of independent directors.

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and Activities
Audit Committee	<p>Mr. Tassadduq Ali Khan Chairperson (Viraj D. Vora has been appointed in place of Mr. T.A. Khan Due to his demise on 3<sup>rd</sup> July, 2020)</p> <p>Mr. Chimanlal Andarji Kachhi</p> <p>Mrs. Jagruti Mayurbhai Sanghavi</p>	<ul style="list-style-type: none"> <li>All recommendations made by the audit committee during the year were accepted by the Board.</li> <li>The Company has adopted the Whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company’s Code of Conduct and Ethics. In accordance with the requirements of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has formulated policies on related party transactions. The policies, including the Whistleblower Policy, are available on our website, <a href="http://www.tokyofinance.in">www.tokyofinance.in</a></li> </ul>
Nomination and Remuneration committee	<p>Mr. Tassadduq Ali Khan Chairperson (Viraj D. Vora has been appointed in place of Mr. T.A. Khan Due to his demise on 3<sup>rd</sup> July, 2020)</p> <p>Mr. Chimanlal Andarji Kachhi</p> <p>Mrs. Jagruti Mayurbhai Sanghavi</p>	<ul style="list-style-type: none"> <li>The committee oversees and administers executive compensation, operating under a written policy adopted by our Board of Directors.</li> <li>The committee has designed and continuously reviews the nomination and remuneration policy for our Directors and senior executives to align both short-term and long-term remuneration with business objectives and to link remuneration with the achievement of measurable performance goals. The nomination and remuneration policy is available on our website at <a href="http://www.tokyofinance.in">www.tokyofinance.in</a>.</li> </ul>
Stakeholders Relationship Committee	<p>Mr. Chimanlal Andarji Kachhi, Chairperson</p> <p>Mr. Tassadduq Ali Khan (Viraj D. Vora has been appointed in place of Mr. T.A. Khan Due to his demise on 3<sup>rd</sup> July, 2020)</p> <p>Mr. Haresh V. Shah</p>	<ul style="list-style-type: none"> <li>The committee reviews and ensures redressal of investor grievances.</li> </ul>

**TOKYO FINANCE LIMITED**

**Vigil Mechanism**

Your Company has a well-defined “Whistle Blower Policy” and has established Vigil Mechanism to provide for adequate safeguards against victimization and has also made provisions for direct access to the Chairman of Audit Committee in appropriate cases. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.tokyofinance.in](http://www.tokyofinance.in)

**Sexual Harassment of Women at Workplace**

The Company has adopted policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints. The Company has not received any complaint under this policy during the year 2019-20.

**Corporate Social Responsibility(CSR)**

Your company does not fall under the purview of Corporate Social Responsibility during the period under review, but your Company is keen to help the society whenever required.

**Related Party Transactions (RPT's)**

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business.

During the year, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

**Particulars of Loans, Guarantees or Investments**

Pursuant to Section 186(11) of the Companies Act, 2013, the provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security is not applicable to a non-banking financial company registered under Chapter III of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.

**Listing with Stock Exchange**

Company is listed with Bombay Stock Exchange Ltd. Stock Code of the company is 531644 and ISIN Number for NSDL/CDSL (Dematerialized shares) is INE546D01018. Company confirms that it has paid the Annual Listing Fees for the year 2019-20.

**Dematerialization of Shares**

86.41% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2020. The Company's Registrar is Linkintime india Pvt. Ltd., situated at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083. Phone No. 28515644/ 28515606. Website: [www.linkintime.co.in](http://www.linkintime.co.in), email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

The company has applied for de-listing from Ahmadabad stock exchange, as approved by the shareholder at the Annual general meeting held on 29th September, 2009 and awaiting for confirmation.

**Particular of Employees**

Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 Read With Rule 5(1) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- A. The information required pursuant to Section 197(12) of the Companies Act, 2013 read with rules made there under, as amended from time to time

The median remuneration of employees was Rs. 1645100/- in financial year 2019-20. There was 5.30% increase in MRE in financial year 2019-20.

Number of permanent employees on the rolls of Company was 8 employees as on 31.03.2020.

There was no change in aggregate remuneration of the non-managerial employees as well as remuneration to any of Whole Time Director or Managing Director during the year 2019-20.

- B. Information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016:

Velji L. Shah, Hiteshree Fichadia, Charmi Dedhia, Rekha Bagda, Nisha Chetan Shah, Satynarayan C Maurya, Amay Subhash Kochare, Kalpana Anant Ghate,

No employees during the financial year were covered under the provisions of Rule 5(2) (i), (ii) & (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

**Business Risk Management**

The main identified risks at the Company are commercial risks, legal & regulatory risk. Your Company has established a comprehensive risk management policy to ensure that risk to the Company's continued existence as a going concern and to its development are identified and addressed on timely basis. Risk management strategy as approved by the board of directors is implemented by the company management.

**Acknowledgement**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers. Your Directors are thankful to the shareholders for their continued support and confidence.

**For and on Behalf of the Board of Directors**

**Velji L. Shah**  
**Chairman & Managing Director**  
**DIN: 00007239**

**Place : Mumbai**

**Date : 03rd December, 2020**