

# GILADA FINANCE AND INVESTMENTS LIMITED

## ANNUAL REPORT 2019 - 2020

### AN OVERVIEW OF PROFITABLE GROWTH



# Board of Directors



**RAJGOPAL GILADA**  
*Managing Director*

**SAMPATKUMAR GILADA**  
*Director*



**BINDU GILADA**  
*Director*



**SANGEETA  
SAMPATKUMAR GILADA**  
*Chief Executive Officer*

**SRIKANTIAH  
SHIVASWAMY**  
*Independent Director*



**PALLAVI GILADA**  
*CFO*

**PRABHAKAR  
VENKOBARAO  
KOTAKOTE**  
*Independent Director*



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KEY MANAGERIAL PERSONS

Rajgopal Shankarlal Gilada  
*Managing Director*

Sangeeta Sampath  
Kumar Gilada  
*Chief Executive Officer*

Pallavi Vaibhav Gilada  
*Chief Financial Officer*

Rajan Iswariya  
Company Secretary  
& Compliance officer

# CORPORATE INFORMATION

## REGISTERED AND ADMIN OFFICE

#105, "R.R. Takt", 37 , Bhoopasandra  
Main Road, Bangalore -560094.  
Tel : 91-80-40620000. Email : [md@giladagroup.com](mailto:md@giladagroup.com)  
Website : [www.giladafinance.com](http://www.giladafinance.com)

## STATUTORY AUDITORS

M/s. Gnanoba & Bhat - *Chartered Accountants*  
No45 Annamalai Arcade, 1<sup>st</sup> Floor, 1<sup>st</sup>Cross,Wilson Garden,  
Hosur MainRoad, Bengaluru -560027

M/s. Bennur Nagaraja & Co (Present)  
No. 21, II Floor, Hospital Road  
Near Menaka Theatre, Bangalore - 560053

## REGISTRAR AND TRANSFER AGENTS

Can Bank Computer Services Ltd.  
No.218, J.P Royale, 1<sup>st</sup> Floor, 2<sup>nd</sup> Main, Sampige Road,  
(Near 14<sup>th</sup> Cross) ,Mallechwaram, Bangalore- 560003.  
Ph : 080-2349661/62/64/65 E-mail:[canbankrta@ccsl.co.in](mailto:canbankrta@ccsl.co.in)

To be a diversified  
Business group  
having focus  
on each business.



**Mission**

To put all our values  
and business  
acumen in all business  
activities in  
order to deliver growth  
to all our stakeholders.

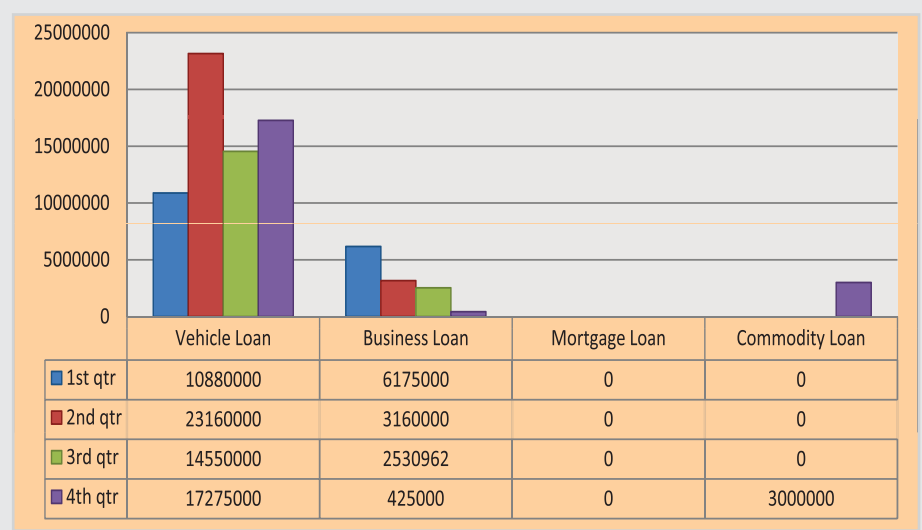
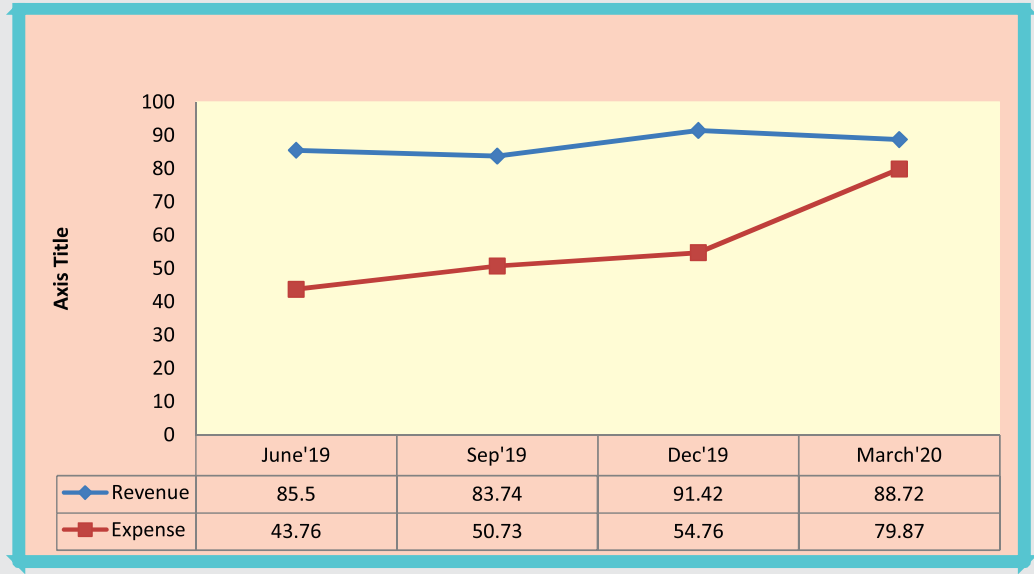


**VALUES**

- ⇒ Focus
- ⇒ Quality
- ⇒ Commitment
- ⇒ Initiative
- ⇒ Speed

# Financial Highlights During the Year 2019-20

REVENUE VS EXPENSE (In Lakhs)



# Segment Loans During 2019-20

PRODUCT VS SALES (IN Rs)

# OUR PRESENCE

## **Gilada Finance and Investments Limited**

Shop No.18 Chamber complex,  
Super Market,  
Kalaburgi

Shop No. 19, KHB Complex  
RTO Office, Naubad Road, Pratap Nagar,  
Bidar

3rd floor, B/376, 9th Cross, Phase 1,  
Peenya Industrial Estate  
Bengaluru

## NOTICE

To,

**The Shareholders,**

**NOTICE** is hereby given that the 26th Annual General Meeting (AGM) of the members of GILADA FINANCE AND INVESTMENTS LIMITED will be held on Monday, 07th December 2020 at 11:00 AM through electronic mode [Video Conferencing ("VC") or other audio visual means ("OAVM")], to transact the following business:

### **ORDINARY BUSINESS:**

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

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 including Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss for the period ended 31<sup>st</sup> March, 2020 and the Cash Flow Statement for the year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.

#### **Item No. 2 – Retirement by Rotation**

To appoint a director in place of Ms. Bindu Gilada (DIN: 00392976) who retires by rotation and, being eligible, offers herself for re-appointment.

#### **Item No. 3 – Appointment of Statutory Auditor**

To consider and, if thought fit, to pass the following resolution, with or without modification as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 139, 142 and other applicable provisions, if any of the Companies Act, 2013 ('the Act') and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof) and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s. BENNUR NAGARAJA & CO, Chartered Accountant (Proprietor Membership No. 024163) Bangalore, who have confirmed their eligibility in terms of the provisions of Section 141 of the Act and Rule 4 of Companies (Audit and Auditors) Rules, 2014 be and are hereby appointed as statutory auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Gnanoba & Bhat, Chartered Accountants (FRN.: 000939S), from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration as may be decided by the Board of Directors of the Company

By the order of the Board

**For GILADA FINANCE AND INVESTMENTS LIMITED**

Sd/-

**Iswariya Rajan**

(COMPANY SECRETARY & COMPLIANCE OFFICER)

M. No. : A52673

**Date: 06th November, 2020**

**Place: Bengaluru**

**INFORMATION ON DIRECTORS APPOINTED/ REAPPOINTED AT THIS ANNUAL GENERAL MEETING:**

ADDITIONAL INFORMATION IN TERMS OF REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF DIRECTORS BEING PROPOSED FOR APPOINTMENT/ RE-APPOINTMENT

<b>Name</b>	<b>Bindu Gilada</b>
DIN	00392976
Age	54 Years
Date of Appointment	02/03/2015
Qualification	B.A.
Expertise in Specific Functional Area	As Director of several companies, Ms. Bindu Gilada has rich experience in Human Resource Management, Governance and Compliance related matters.
Directorship and Partnership	<ol style="list-style-type: none"> <li>1. Rajvaibhav Enterprises Private Limited</li> <li>2. Vijayalakshmi Hydro Power Private Limited</li> <li>3. Shankarlal Gilada &amp; Sons Private Limited</li> <li>4. Gita Refractories Private Limited</li> </ol>
Chairman/ Membership of Committees in other Indian Public Limited Companies as on 31.03.2020 (i) Audit Committee (ii) Stakeholders Relationship Committee (iii) Nomination and Remuneration Committee	NIL
Number of shares held in the company	1,10,000 shares

**NOTES:**

The Statement as required under Section 102 of the Companies Act , 2013 ('the Act') is annexed to the Notice.

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act,2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.giladafinance.com](http://www.giladafinance.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The Meeting shall be deemed to be held at the Registered office of the Company at #105 R R Takt, 37 Bhoopasandra Main Road, Bangalore – 560094.
9. Since the AGM will be held through VC / OAVM, the route map to the venue is not annexed to this Notice.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:**

The remote e-voting period begins on 03<sup>rd</sup> December 2020 at 09:00 A.M. and ends on 06<sup>th</sup> December 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

**4. Your User ID details are given below :**

Manner of holding shares i.e. Demat (NSDL or CDSL) Your USER ID is or Physical

a) For members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID. For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For members who hold shares in demat account with CDSL	16 digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For members holding shares in physical form	EVEN number followed by Folio Number registered with the Company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

**5. Your password details are given below:**

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

**6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:**

- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted. Upon confirmation, the message "Vote cast successfully" will be displayed
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [sand.associates2016@gmail.com](mailto:sand.associates2016@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Mr.Thejas Narasimhamurthy at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@giladagroup.com](mailto:cs@giladagroup.com).

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@giladagroup.com](mailto:cs@giladagroup.com).

2. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [cs@giladagroup.com](mailto:cs@giladagroup.com).
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [cs@giladagroup.com](mailto:cs@giladagroup.com). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 3:**

In accordance with the provisions of Section 139 of the Companies Act, 2013 ('Act') read with Rule 6 of The Companies (Audit and Auditors) Rules, 2014, every Company shall appoint Statutory Auditors to hold office for one term of five years. The Act further makes it mandatory to rotate the statutory auditors after ten consecutive years, in case of a firm of auditors. Further with regard to rotation of Auditors, wherever necessary, the companies are required to comply with the provisions of Section 139(2) of the Act by the year 2017 i.e. within three years from the date of commencement of the 'Act'.

The members may note that M/s. Gnanoba & Bhat, Chartered Accountants (Firm Registration No. 000939S) have been the statutory auditors of the Company but due to their preoccupation into other activities they have tendered their resignation and the same has been accepted by the Board.

M/s Bennur Nagaraja & Co (Proprietor Membership No. 024163) Chartered Accountants Bangalore, have been identified for appointment as the Statutory Auditors of the Company. Being eligible for appointment under the provisions of the Companies Act, 2013, they have furnished their consent to act as the Statutory Auditors, in terms of the second proviso to Section 139 of the Act and also provided a certificate to the effect that their appointment, if made, shall be in accordance with the conditions laid down and that they satisfy the criteria provided under Section 141 of the Act. The Board of Directors, on the recommendation of the Audit Committee, at the board meeting held on 01st October, 2020 proposed the appointment of M/s. Bennur Nagaraja & Co as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

The Board recommends the resolution for approval by the Members of the Company. None of the Directors of the Company and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the aforesaid Ordinary Resolution.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

By the order of the Board

**For GILADA FINANCE AND INVESTMENTS LIMITED**

Sd/-

**Iswariya Rajan**

(COMPANY SECRETARY & COMPLIANCE OFFICER)

M. No. : A52673

**Date: 06th November, 2020**

**Place: Bengaluru**

## DIRECTORS' REPORT

To,

**The Members,**

Your Directors have pleasure in presenting their 26<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

### 1. FINANCIAL PERFORMANCE OF THE COMPANY

The Board's Report shall be prepared based on the standalone financial statements of the company.

Particulars	2019-20 (In Rs)	2018-19(In Rs)
Total Income	3,49,23,094	3,30,24,699
Total Expenditure	2,29,12,330	2,59,39,340
Profit Before Exceptional and Extraordinary Items and Tax	1,20,10,764	70,85,359
Exceptional Item	-	-
<b>Profit Before Tax</b>	<b>1,20,10,764</b>	<b>70,85,359</b>
Tax Expense:		
(i) Current Tax	33,44,249	21,82,883
(ii) Prior Year Tax	1,18,335	-
(iii) Deferred Tax	(7,93,700)	(14,16,057)
<b>Profit /(Loss) for the period</b>	<b>93,41,880</b>	<b>63,18,533</b>
Earnings per Equity Share:		
(i) Basic	2.66	1.80
(ii) Diluted	2.66	1.49

### 2. BUSINESS OVERVIEW:

Your Company's revenue from operations increased to Rs.3,49,23,094 in the year 2019-2020 from Rs.3,30,24,699 in the previous year at growth rate about 5.75%. Further, during the year under review your Company has earned a net profit after taxation of Rs.93,41,880/- as compared to Rs.63,18,533/- in the previous year.

Your Directors are confident of further improving the performance and growth of the Company in the ensuing years to face new challenges and competitive environment. Your Company will respond to the competitive challenges by enhancing customer focus, by building more efficient network, by ensuring adequate preparedness to take maximum advantage of the opportunities and aggressively pursuing them.

Taking into consideration the situation of Covid-19 and its long term effect for the current Financial year so far, the directives hoping to achieve business disbursements and profitability during the current financial year.

### 3. SHARE CAPITAL:

The paid up equity share capital of the company as on 31<sup>st</sup> March 2020 was consisting of Rs. 3,51,23,000/- consisting of 35,12,300 fully paid up equity shares of face value.

There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year under review. The Company has not issued shares with differential voting rights or sweat equity shares.

The Forfeiture of Share Warrants of Rs 1,23,75,000 has been transferred to Capital Reserve.

### 4. TRANSFER TO RESERVES:

Your Company has transferred a sum of Rs.18,68,376/- to Statutory Reserve as required under the Reserve Bank of India Act, 1934. The Company has not transferred any amount to General Reserve during the year under review.

**5. DIVIDEND:**

With the view to conserve resources, your Directors are unable to declare any dividend for the year under review.

**6. 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 i.e. AFTER 31<sup>ST</sup> MARCH, 2020 BEFORE DATE OF SIGNATURE OF DIRECTORS' REPORT:**

There have been no material changes and commitments that affect 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 except the Changes mentioned below.

Ms. Sangeetha Sampathkumar Gilada has been elevated to Chief Executive Officer of the Company w.e.f 30.07.2020 and Ms. Iswariya Rajan has been appointed as the Company Secretary and Compliance officer of the Company.

**7. CHANGE IN THE NATURE OF BUSINESS, IF ANY.**

There has been no change in the business of the Company during the year under review.

**8. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR ALONG WITH REASONS:**

The Company has no subsidiaries. Further during the year no joint ventures or associate companies were incorporated.

**9. RBI GUIDELINES:**

The Company fulfills all the norms and standards applicable to NBFCs as set out by Reserve Bank of India (RBI). Your Company is well capitalized and has a capital adequacy ratio as required by non-deposit accepting NBFCs as prescribed by RBI.

**10. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

- (i) Ms. Bindu Gilada (DIN: 00392976) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for reappointment.
- (ii) Mr. Srikantiah Shivaswamy (DIN:07925906) appointed as the Independent Director of the Company with effect from 09/10/2019.
- (iii) Mr. Ramnathan Annamalai (DIN: 02645247) resigned as the Independent Director of the Company with effect from 25<sup>th</sup> September, 2019. The Board places on record its appreciation for the services rendered by Mr. Ramnathan Annamalai during his tenure as a member of the Board and its Committees.
- (iv) Mr. Prasanth Banerjee resigned from the post of Chief Executive officer.
- (v) Ms. Sangeetha Sampathkumar Gilada has been elevated to Chief Executive Officer of the Company w.e.f 30.07.2020
- (vi) Ms. Pallavi Vaibhav Gilada has been appointed as Chief Financial officer of the Company w.e.f 30.07.2020.
- (vii) Ms. Iswariya Rajan has been appointed as the Company Secretary and Compliance officer of the Company w.e.f 02.09.2020.

**11. NUMBER OF BOARD & COMMITTEE MEETINGS:**

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year Seven (7) Board Meetings, Five (5) Audit Committee Meetings, four (4) Nomination and Remuneration Committee Meetings, one (1) Stakeholders Relationship Committee Meeting, and one (1) Independent Directors Meeting were convened and held, the details of which are furnished in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**12. BOARD EVALUATION:**

Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as .

- Board dynamics and relationship
- Information flows
- Decision making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness

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 committee 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 made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013. The evaluation all directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board has approved the evaluation results as collated by the nomination and remuneration committee.

### 13. DECLARATION BY AN INDEPENDENT DIRECTOR(S) AND RE - APPOINTMENT, IF ANY:

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6).

The Company has not re-appointed any Independent Director after completion of five years.

Mr. K. V. Prabhakar , an Independent Director has successfully qualified the Online Proficiency Self assessment test for Independent Director's Databank on April 14, 2020 as per IICA ( Indian Institute of Corporate Affairs) in compliance with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Mr. Srikantiah Shivaswamy, an Independent Director has successfully qualified the Online Proficiency Self assessment test for Independent Director's Databank on April 21, 2020 as per IICA ( Indian Institute of Corporate Affairs) in compliance with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### 14. REMUNERATION POLICY:

The ratio of remuneration of each director to the median of employees' remuneration as per section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of Board's report and shown below. There was no increase in the remuneration payable to the Executive Directors - Mr. Sampathkumar Shankarlal Gilada and Mr. Rajgopal Gilada during the year under review. The variable component of the salary of executive director is linked to the performance targets for the Company in terms of revenue and for other employees; the Company has a defined performance targets linked to the consolidated statement of Profit and Loss, in addition to their performance. The increments in the pay to the employees are in consonance to average Industry standards and requirement to recognize the critical talents. In order to ensure that remuneration reflects company performance, the performance pay to the employees is linked to the organization performance. There are no employees receiving remuneration in excess of the remuneration received by the Executive Directors. The ratio of the remuneration of the executive director to the median remuneration of the employees of the Company for the year ended 31<sup>st</sup> March, 2020 is given below.

Name of the Director	Remuneration paid during 2019-20	Ratio to Median Remuneration
Mr. Sampat Kumar Gilada, Executive Director	6,00,000	4
Mr. Rajgopal Gilada, Managing Director	12,00,000	8

### 15. AUDITORS:

The Statutory Auditor of your Company, M/s. Gnanoba & Bhat, Chartered Accountants Bangalore were appointed for a term of 5 (Five) consecutive years at the 24<sup>th</sup> Annual General Meeting (AGM) held on 29<sup>th</sup> September, 2018 to hold office till the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company to be held in the year 2023.

M/s. Gnanoba & Bhat, Chartered Accountants Bangalore has tendered their resignation with effect from 13.08.2019 and M/s. BENNUR NAGARAJA & CO, Chartered Accountant (Proprietor Membership No. 024163) Bangalore, who have confirmed their eligibility in terms of the provisions of Section 141 of the Act and Rule 4 of Companies (Audit and Auditors) Rules, 2014 be and are hereby appointed as statutory auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Gnanoba & Bhat, Chartered Accountants (FRN.: 000939S) to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration as may be decided by the Board of Directors of the Company.

The Auditors' Report for the financial year ended 31<sup>st</sup> March, 2020 on the financial statements of the Company is a part of this Annual Report.

The observations made in the Auditor's Report of M/s. Gnanoba & Bhat, Chartered Accountants, read together with relevant notes thereon, are self-explanatory and hence do not call for any comments. There is no qualification, reservation, adverse mark or disclaimer by the Statutory Auditors in their Report.

#### **16. DISCLOSURE ABOUT COST AUDIT:**

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Company is exempt from requirements of cost audit.

#### **17. SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company has appointed CS Varun Nashine, Practising Company Secretary (Membership No. 49574), to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report for the year 2019-20 as issued by him in the prescribed form MR-3 is annexed to this Report as Annexure III.

#### **18. INTERNAL FINANCIAL CONTROLS:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely disclosure of financial disclosures.

#### **19. VIGIL MECHANISM :**

In pursuance to the provisions of section 177(9) & (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.giladafinance.com](http://www.giladafinance.com) under investors/policy documents/Vigil Mechanism Policy link.

#### **20. RISK MANAGEMENT POLICY:**

A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

Your company has been rendering services with respect to lending of loans and advances. The Company has to manage various risks. These risks include Credit Risk, Liquidity Risk, Interest Rate Risk and Operation Risk. Being cognizant of this fact, the company has robust risk governance and has built an effective risk management framework. The company strongly believes that effective risk management can be a strategic differentiator and hence will remain focused on continuously strengthening its risk management systems.

The Risk Management Committee review and monitor these risk at periodical intervals. The company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensure that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risk. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles.

Operational risks arising from inadequate or failed internal process, people and systems or from external events are adequately addressed by the internal control systems and continuously reviewed and monitored by a dedicated team of people. Process improvements and quality control are on-going activities and built into the employee's training modules.

## 21. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **ANNEXURE I**.

## 22. DETAILS OF 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 Tribunal impacting the going concern status and company's operations in future.

## 23. DEPOSITS:

The details relating to deposits, covered under Chapter V of the Act and in term of the disclosure required under section 134(3) read with rule 8(5) of the Companies (Accounts) Rules, 2014, it is hereby stated that:

During the year, the company has not accepted from the public any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Accepting of Deposits) Rules, 2014. Further as the company has not accepted any deposits from the public, the Company is not required to comply with the directions issued by the Reserve Bank of India under Non-Banking Financial Companies (Reserve Bank) Directions, 1998 with respect to public deposits.

## 24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are furnished in the notes to the Financial Statements.

Loans/Investments/Guarantees made to firms and companies under the same management are within the limits prescribed under RBI Directions, 1998 to NBFC's and the limits prescribed under Sections 185 and 186 of the Companies Act, 2013.

## 25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013. All transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report vide **Annexure II (a)**. Further, the Company's policy on Related Party Transactions is attached as part of this report vide **Annexure II(b)** as required under the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

Your Directors draw attention of the members to Note 24 to the financial statements which sets out related party disclosures.

## 26. CERTIFICATE ON CORPORATE GOVERNANCE REPORT:

Pursuant to the SEBI Listing Regulations, 2015, a separate chapter titled Corporate Governance has been included in this Annual Report, along with the reports on Management Discussion and Analysis as **Annexure IV & V**.

All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2019-20. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report.

The Managing Director, CFO & CEO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

The Certificate from the Statutory Auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report as **Annexure VI**.

## 27. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms part of this Annual Report for the year ended 31<sup>st</sup> March, 2020, has been provided in **ANNEXURE- V** in this Annual Report.

**28. AUDIT COMMITTEE:**

The Details of Audit Committee has been furnished in the Corporate Governance Report.

**29. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In order to prevent sexual harassment of women at work place a new act, *The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013* has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

The Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

**30. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

<p><b>a) Conservation of energy</b></p> <p>(i) the steps taken or impact on conservation of energy.</p> <p>(ii) the steps taken by the company for utilizing alternate sources of energy</p> <p>(iii) the capital investment on energy conservation equipment's</p>	<p>Your company's operation do not involve any manufacturing or processing activities, the particulars regarding conservation of energy and technology absorption, are not applicable.</p>
<p><b>(b) Technology absorption</b></p> <p>(i) the efforts made towards technology absorption .</p> <p>(ii) the benefits derived like product improvement, cost reduction, product development or import substitution</p> <p>(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-</p> <p>(a) the details of technology imported</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p> <p>(iv) the expenditure incurred on Research and Development</p>	<p>Technology absorption is not applicable</p> <p>The Company has not incurred any expenditure on research and development during the year under review.</p>
<p><b>(c) Foreign exchange earnings and Outgo</b></p> <p>(a) Foreign Exchange Earnings:</p> <p>(b) Foreign Exchange Outgo:</p>	

**31. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The criteria for setting up Corporate Social Responsibility as prescribed by the notification issued by the Ministry of Corporate Affairs dated 27<sup>th</sup> February 2014 read with section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 are presently not applicable to the Company.

### **32. HUMAN RESOURCES:**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### **33. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors' Responsibility Statement referred to in Sub-clause (c) of Clause (3) of Sub-Section (5) of Section 134 of the Companies Act, 2013, shall state that:—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **34. PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 197 of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the information in respect of the employees of the Company will be provided upon request. In terms of section 136 of the Act, the report and accounts are being sent to the members and others entitled thereto, excluding the aforesaid information which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy, such member may write to the registered office address of the Company in this regard.

### **35. SECRETARIAL STANDARDS:**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

### **36. ACKNOWLEDGEMENTS:**

Your Directors wish to express a deep sense of gratitude for the continued support, co-operation and guidance received from the Central and State Government Departments, Reserve Bank of India, Registrar of Companies –Bangalore, Karnataka, Banks and customers during the year under review. The Directors wish to thank the Company's customers, vehicle manufacturers, vehicle dealers and shareholders for their continued support. The Directors also thank the employees of the Company for their contribution to the company's operations during the year under review.

For and on behalf of the Board of Directors

**GILADA FINANCE AND INVESTMENTS LIMITED**

**RAJGOPAL GILADA**  
MANAGING DIRECTOR  
DIN: 00307829

**SAMPATKUMAR GILADA**  
WHOLE TIME DIRECTOR  
DIN: 02144736

**Date: 06th November, 2020**

**Place: Bengaluru**

**ANNEXURE - I**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2020 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS:**

1. CIN	L65910KA1994PLC015981
2. Registration Date	26/07/1994
3. Name of the Company	GILADA FINANCE AND INVESTMENTS LIMITED
4. Category/Sub-category of the Company	Company Limited by Shares/Non-Government Company
5. Address of the Registered office & contact details	# 105 R RTakt, 37 Bhoopasandra Main Road, Sanjaynagar, Bangalore- 560094, Karnataka & Telephone : 080 - 4062 0000 Fax No. : 080 -4062 0008 Email : cs@giladagroup.com
6. Whether listed company	Listed
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Canbank Computer Services Limited, # 2018, J P Royale, 1st Floor, 2nd Main, Sampige Road (Near 14th Cross) Malleshwaram, Bangalore- 560 003, Karnataka Telephone No.: 080 – 43469661/ 62/ 64/ 65 Fax No. : 080 – 23469667 E-mail : canbankrta@ccsl.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Other Credit Granting – Financial Services	64920	99.72

**III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>	-	-	-	-	-	-	-	-	-
(1) <b>Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	1050900	-	1050900	29.92	1050900	-	1050900	29.92	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1013400	-	1013400	28.85	1013400	-	1013400	28.85	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>2064300</b>	<b>-</b>	<b>2064300</b>	<b>58.77</b>	<b>2064300</b>	<b>-</b>	<b>2064300</b>	<b>58.77</b>	<b>-</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	500	-	500	0.01	500	-	500	0.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>0.01</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>0.01</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	203673	6500	210173	5.98	203202	5000	208202	5.93	0.05
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	315152	368491	683643	19.46	311510	361591	673101	19.16	0.30
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	345747	185500	531247	15.13	358331	185500	543831	15.48	-0.35
c) Others (Hindu Undivided Families)	13783	-	13783	0.39	13782	-	13782	0.39	0.00
Non Resident Indians	8654	-	8654	0.25	8584	-	8584	0.39	0.14
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>887009</b>	<b>560491</b>	<b>1447500</b>	<b>41.21</b>	<b>895409</b>	<b>552091</b>	<b>1447500</b>	<b>41.21</b>	<b>0</b>
Total Public Shareholding (B)=(B)(1) + (B)(2)	<b>887509</b>	<b>560491</b>	<b>1448000</b>	<b>41.23</b>	<b>895909</b>	<b>552091</b>	<b>1448000</b>	<b>41.23</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>2951809</b>	<b>560491</b>	<b>3512300</b>	<b>100</b>	<b>2960209</b>	<b>552091</b>	<b>3512300</b>	<b>100</b>	<b>-</b>

**B) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sampath Gilada	5100	0.145	-	5100	0.15	-	-
2	Sangeeta S Gilada	143500	4.086	-	143500	4.09	-	-
3	Gowrajadevi Gilada	91000	2.591	-	91000	2.59	-	-
4	Shankarlal Gilada	170000	4.84	-	170000	4.84	-	-
5	Rajashree Gilada	262900	7.485	-	262900	7.49	-	-
6	Bindu Gilada	110000	3.132	-	110000	3.13	-	-
7	Sampath kumar Gilada	115600	3.291	-	115600	3.29	-	-
8	Rajgopal Gilada	152800	4.35	-	152800	4.35	-	-
9	Shankarlal Gilada & Sons Pvt. Ltd	1013400	28.85	-	1013400	28.85	-	-
	<b>Total</b>	<b>2064300</b>	<b>58.77</b>	<b>-</b>	<b>2064300</b>	<b>58.77</b>	<b>-</b>	

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Shareholding at the beginning of the year		Cumulative shareholding during the year		
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
	At the beginning of the year	20,64,300	58.774	20,64,300	58.774
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NA	NA	NA	NA
	At the End of the year	20,64,300	58.774	20,64,300	58.774

**D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	20,64,300	58.774	20,64,300	58.774
MALU PLANTATION & RESORTS LIMITED	201000	5.72	201000	5.72
KAMLABAI M.SONI	62000	1.77	62000	1.77
GEETA D PATIL	52400	1.49	52400	1.49
MADANLAL SONI	52300	1.49	52300	1.49
GOVIND JOSHI	52000	1.48	52000	1.48
UMADEVJI JOSHI	46756	1.33	46856	1.33
NAMRATA MALU	38305	1.09	40355	1.15
HANUMANDAS JOSHI	35700	1.02	35700	1.02
BHARAT H SHAH	35640	1.01	35640	1.01
BHURAT KUSUM	35500	1.01	35500	1.01
<b>TOTAL</b>	<b>612240</b>		<b>613751</b>	

**E) Shareholding of Directors and Key Managerial Personnel:**

Sr. No. Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	383500	10.92	383500	10.92
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NA	NA	NA	NA
At the End of the year	383500	10.92	383500	10.92

## V. Indebtness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans [ in Rs. ]	Deposits	Total Indebtedness [ in Rs. ]
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	29,91,500	-	29,91,500
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>29,91,500</b>	<b>-</b>	<b>29,91,500</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	40,93,005	-	-	40,93,005
<b>Net Chang</b>	<b>40,93,005</b>	<b>-</b>	<b>-</b>	<b>40,93,005</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	40,93,005	29,91,500	-	70,84,505
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>40,93,005</b>	<b>29,91,500</b>	<b>-</b>	<b>70,84,505</b>

## XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Rajgopal Gilada	Sampat kumar Gilada	
1	Gross salary	12,00,000	6,00,000	18,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
5	<b>Others, please specify</b>	-	-	-
	<b>Total (A)</b>	<b>12,00,000</b>	<b>6,00,000</b>	<b>18,00,000</b>
	<b>Ceiling as per the Act</b>	REMUNERATION WITHIN LIMITS PRESCRIBED BY THE ACT		

**B. Remuneration to other directors: Nil**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO Prashant Banerjee	CS Monica Gandhi	CFO Sangeetha Gilada	Total
1	Gross salary	25,00,000	2,88,181	5,68,000	33,56,181
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission - as % of profit	-	-	-	
5	<b>Others, please specify</b>	-	-	-	
	<b>Total (A)</b>	<b>25,00,000</b>	<b>2,88,181</b>	<b>5,68,000</b>	<b>33,56,181</b>

**XII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made ,if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**FORM NO. MR - 3**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st March 2020

To,

The Members,

**Gilada Finance And Investments Limited**

# 105, R R Takt 37 Boopasandra Main Road

Bangalore Ka 560094 In

Dear Sirs,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gilada Finance And Investments Limited (hereinafter called the company) CIN No (L65910KA1994PLC015981). The Company is a listed Public Limited Company incorporated under the Companies Act 1956. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- (i) The Companies Act, 2013 (the Act) and the rules made there under.
- (ii) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and Section 118(10) of the Companies Act, 2013.
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (v) The following regulations and Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
  - (e) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder with regard to maintenance of minimum public shareholding and compliance under clause 35 of the Listing Agreement.
  - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - (g) The Listing Agreement entered into by the Company with BSE Limited under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (v) The Non Banking Financial Company (NBFC) norms and standards as identified by Reserve Bank of India Act, 1934 as applicable to the Company.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020, and report that:

- ◆ the company has maintained statutory registers and documents and had done necessary entries therein.

- ◆ the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 (the Act) and the rules made thereunder and with the Memorandum and Articles of Association of the Company.
- ◆ the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - ◆ during the period under review Mr. Prashant Banerjee resigned from post of CEO with effect from 06/02/2020 and Ms. Monica G Gandhi resigned from the post of Company Secretary with effect from 13/08/2019, Mr. Basantkumar Girdhardas Mohota and Mr. A Ramanathan resigned from the Board with effect from 13/08/2019 and 25/09/2019 respectively, Mrs. Sangeeta Sampathkumar Gilada was as CFO of the Company with effect from 04/11/2019.
  - ◆ during the period under review casual vacancy of Company Secretary arose on 13/08/2019 due to the resignation of Ms. Monica G Gandhi was not filled within the prescribed time mentioned under section 203(4) of Companies Act, 2013.
- ◆ adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system found to exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- ◆ decision was carried through while the system permits the views of dissenting member views could be captured and recorded as part of the minutes.
- ◆ the Company has duly filed forms/returns required to be submitted with the Registrar of Companies. 6.1 The Company has not filed E-form MGT-15 within the prescribed time under section 121(2) read with Rule 2 of Companies (Management and Administration) Rules, 2014.
- ◆ the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- ◆ the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, being independent and compliance with the Code of Business Conduct and Ethics for Directors and Management Personnel;
- ◆ the Company has obtained all necessary approvals under the various provisions of the aforesaid Acts and rules made thereunder, to the extent applicable and the company has complied the applicable regulations of Listing Agreement entered into by the Company with BSE Limited under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except regulation 6 relating appointment of Compliance Officer.
- ◆ during the period under review the company pursuant to regulation 4 (3) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has forfeited upfront amount of Rs. 1,23,75,000.00 received against 9,00,000 warrants convertible into equivalent number of equity shares of Rs. 10 each at a price of Rs. 55 per warrant issued on preferential basis to promoters.
- ◆ during the period under review we found that disclosures on Company's website as required under the provisions of Companies Act, 2013 and Listing Agreement entered into by the Company with BSE Limited under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not updated and as per Management's explanations the non updation is due to some technical glitch and website of the company is under the process of updation

We further report that, based on the information provided on <http://www.bseindia.com> 3512300 equity shares of Gilada Finance & Investments Limited (Scrip Code: 538788) are listed with BSE Limited (Bombay Stock Exchange) and admitted to dealings on the Exchange in the list of 'T' Group Securities effective from November 19, 2014.

We further report that there were adequate systems and processes in the company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The company had deputed proper persons to ensure the timely compliances of laws applicable to the Company.

There were no other specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till May 31, 2020 across the India to contain the spread of the virus, Even after lifting lockdown restrictions situation have not become normal, this has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures. As a result of the above, the entire audit was carried out based on remote access of the data as provided the management. We have relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Place: Pune

Date: 11/09/2020

For **SAND & Associates**  
Practicing Company Secretaries

**(Varun Nashine)**

Partner

C.P. No. 17975 | M. No. 49574

Udin: A049574B000696871

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**Annexure 'A' to Secretarial Audit Report of  
GILADA FINANCE AND INVESTMENTS LIMITED dated 11th September, 2020**

To,

The Members,

**Gilada Finance And Investments Limited**

Corporate Identity Number: L65910KA1994PLC015981

Registered Office: # 105, R R Takt

37 Boopasandra Main Road, Bangalore -560094

The Secretarial Audit Report of even date is to be read alongwith this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on the audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and relied on the opinion of the Statutory Auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune

Date: 11/09/2020

For **SAND & Associates**  
Practicing Company Secretaries

**(Varun Nashine)**

Partner

C.P. No. 17975 | M. No. 49574

Udin: A049574B000696871

## ANNEXURE - IV

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED ON 31ST MARCH 2020

*Good Corporate Governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values.*

#### 1. Company's Philosophy:

Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. The Board of Directors ("Board") helps to ensure that we have appropriate governance in place, both to support our operations and protect our Members' interest. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. The Company is committed to the highest standards of Corporate Governance in all its activities and processes. We continue to believe that good corporate Governance is essential to achieve long-term corporate goals and to enhance stockholders value.

The requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") mandated by the Securities and Exchange Board of India ("SEBI") have been fully complied with. A report on compliance with the SEBI Listing Regulations as prescribed by SEBI is given below.

#### 2. Board of Directors:

The Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the Company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitization, analytics and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision making process.

The Company's day to day affairs are managed by the Managing Director, assisted by a competent management team, under the overall supervision of the Board. The Company has in place an appropriate risk management system covering various risks that the Company is exposed to, including fraud risks, which are discussed and reviewed by the Audit Committee and the Board every quarter.

The Board has been constituted in a manner as per Regulation 17 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 (the Act). The Board has an appropriate mix of executive / non-executive and independent directors, including a woman director to ensure proper governance and management. The Board comprises of five members, of which three are Non-Executive Directors. Not less than one-third of the total strength of the Board comprises of Independent Directors. The Company has two Independent Directors. None of the Directors on the Company's Board is a member on more than ten (10) Committees and Chairman of more than five (5) Committees across all the companies in which he is a Director. All the Directors have made necessary disclosure regarding committee positions occupied by them in other companies. The composition of the Board is in conformity with the listing requirements.

During the financial year 2019-20, the Company did not have any material pecuniary relationship or transactions with its Non- Executive Directors.

**Code of Conduct for Directors and Senior Management:** The Company has adopted the code of conduct for directors and Senior Management and the Company received the annual affirmations with regard to the adherence to the code of conduct for the financial year 2019-20.

#### 3. Board Meetings:

The Board meets at regular intervals to discuss and decide on policy of the Company / business and strategy apart from other Board business. The Board of Directors formulates the business strategies and operational policies concerning the Company's operations.

The Board periodically reviews the matters required to be placed before it and inter alia reviews and approves the quarterly financial statements, corporate strategies, business plan, annual budgets and capital expenditures. It monitors the overall performance and reviews other matters which require Board's attention. The Board also takes on record the declarations and confirmations made by the Chairman and Managing Director regarding compliances of all laws on a quarterly basis.

The Board of Directors duly met Seven(7) times respectively on 11th April 2019; 24th May 2019; 13th August, 2019; 30th September 2019, 09th October 2019, 14th November, 2019 and 6th February, 2020 in respect of which meetings proper notices were sent and the proceedings were properly recorded and signed in accordance with the provisions of the Companies Act, 2013 and rules made there under. The requisite information as enumerated in Annexure I to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board of Directors for discussion and consideration at Board Meetings.

The composition of the Board of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting and also the number of Directorships and Committee Memberships held by the Directors in other public companies are given below:

Name of Director (Designation)	Category	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorship in other companies *	No. of memberships in Committees of Directors in other companies
Mr. Rajgopal Gilada (Managing Director)	Professional & Executive Director	7	YES	11	NIL
Mr. Sampat Kumar Gilada (Director)	Professional & Executive Director	4	YES	12	NIL
Ms. Bindu Rajgopal Gilada	Non-Executive Woman Director	7	YES	4	NIL
**Mr. Basant kumar Mohota (Director)	Independent & Non- Executive Director	0	NO	1	NIL
Mr. K. V. Prabhakar (Director)	Independent & Non- Executive Director	7	YES	1	1
***Mr. A. Ramanathan (Director)	Independent Non- Executive Director	0	NO	10	NIL
Srikantiah Shivaswamy	Independent Non- Executive Director	1	NO	1	NIL

\* For the purpose of directorship / committee membership, all private companies and section 8 companies have been considered.

\*\* Ceased to be the Director of the Company w.e.f. 13<sup>th</sup> August, 2019

\*\*\* Ceased to be the Director of the Company w.e.f. 25<sup>th</sup> September, 2019

# Only chairmanship / membership of audit committee, credit committee and stakeholders relationship committee have been considered.

The Independent Directors of the Company provide an annual certificate of independence in accordance with section 149(7) of the Act, to the Company which is taken on record by the Board.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and that of the Articles of Association of the Company, Ms. Bindu Gilada will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers herself for re-appointment. Information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the details of the Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting is annexed to the Notice of the Annual General Meeting.

**4. Familiarization Programme for Independent Directors:**

Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires listed companies to familiarize the Independent Directors with the Company their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc., through various programmes. Accordingly the Company has a familiarization programme for independent directors with regard to their roles, rights, responsibilities in the Company; nature of the industry in which the Company operates, the business model of the Company, etc. and the same is available on the website of the Company.

**5. Separate Meeting of Independent Directors:**

During the year under review, in line with Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with provisions of the Companies Act, 2013, the independent directors had a separate meeting on 11<sup>th</sup> October 2019 without the presence of the management team and the non-independent directors of the Company.

**6. Committees of the Board:**

The Board has constituted various committees to support the Board in discharging its responsibilities. There are four committees constituted by the Board - Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee.

**(i) Audit Committee:**

The Company has an independent Audit Committee constituted in terms of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee exercises the powers and discharges the functions as stipulated Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 and rules made there under. The Members of the Audit Committee possess adequate knowledge of accounts, audit, finance, etc.

**Terms of Reference:**

The Committee acts as a link between the Board, the statutory auditors and the internal auditors. The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements, adequacy of internal financial control and risk management systems, findings of internal audits / investigations, whistle blower policy, monitoring the usage of funds from issue proceeds, to grant approvals for related party transactions which are in the ordinary course of business and on an arm's length basis, scrutiny of inter-corporate loans and investments, besides recommending the appointment / removal of the statutory auditors, the internal auditors and fixing their remuneration and review of the effectiveness of audit process, periodic review of statutory compliances and overseeing other matters specified for the review by Audit Committee under the Listing Agreement.

The Audit Committee also undertakes and reviews such other matters as may be delegated by the Board from time to time.

**Composition and Meeting:**

**As at 31<sup>st</sup> March, 2020, the Audit Committee Comprised of:**

Sl. No.	Name	Particulars	No. of meetings attended	Remarks
1.	Mr. Basantkumar Girdhardas Mohota **	Non-Executive Independent Director	3	Attended 3 Meetings during his tenure for the year 2019-20 as he resigned on 13.08.2019
2.	Mr. K. V. Prabhakar	Non-Executive	5	-
3.	Mr. Sampat Kumar Gilada	Independent Director Executive Promoter Director	5	-
4.	Mr. Srikantiah Shivaswamy ***	Non-Executive Independent Director	2	Attended only two meeting since he was appointed on 09.10.2019

The Committee met 5 times during the financial year 2019-20. There are no recommendations of the Audit Committee which have not been accepted by the Board.

\*\* Mr. Basantkumar Girdhardas Mohota resigned on 13/08/2019

\*\*\*Mr. Srikantiah Shivaswamy appointed on 09.10.2019

**(ii) Nomination and Remuneration Committee:**

**Terms of Reference**

The role of the committee is to determine the company's policy on specific remuneration packages for executive directors including periodic increments in salary.

The committee further considers and recommends persons who are qualified for board positions, evaluate directors performance prior to recommendation for re-appointments, persons who are qualified to be in senior management, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on board diversity. Decisions for selecting a director is based on the merit, qualification, competency and the Company's business requirements. The recommendations of the committee are placed before the Board for its approval.

### Composition and Meeting:

As at 31<sup>st</sup> March, 2020 the Nomination and Remuneration Committee Comprised of-

Sl. No.	Name	Particulars	No. of meetings attended	Remarks
1.	Mr. Basantkumar Girdhardas Mohota **	Non-Executive Independent Director	2	Attended 2 Meetings during his tenure for the year 2019-20 as he resigned on 13.08.2019
2.	Mr. K. V. Prabhakar	Non-Executive	4	-
3.	Mr. Rajgopal Gilada	Executive Promoter Director	4	-
4.	Mr. Srikantiah Shivaswamy ***	Non-Executive Independent Director	2	Attended only two meeting since he was appointed on 09.10.2019

\*\* Mr. Basantkumar Girdhardas Mohota resigned on 13/08/2019

\*\*\*Mr. Srikantiah Shivaswamy appointed on 09.10.2019

Majority of the members of this committee comprise of independent directors.

The nomination and remuneration committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee has formulated a charter in terms of the provisions of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter alia, deals with the personal traits, competencies, experience, background and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions /re-appointment of directors.

The nomination and remuneration committee is responsible for identifying persons who are qualified to be appointed in senior management. The committee has formulated the charter in terms of the provisions of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter alia, deals with the criteria for identifying persons who are qualified to be appointed in senior management. These attributes shall be considered for nominating candidates for senior management position.

The Committee met Four (4) times during the financial year 2019-2020.

### Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board.

The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc.

The Directors expressed their satisfaction with the evaluation process.

### Details of Remuneration paid to the Directors:

The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Companies Act, 2013.

#### a. Executive Directors:

All elements of remuneration package i.e. salary, benefits; bonuses etc paid to Executive Directors during the financial year 2019-20 are detailed herein below-

Name of Director	Salary	Perquisites & Allowances	Total
Mr. Sampat Kumar Gilada	6,00,000	-	6,00,000
Mr. Rajgopal Gilada	12,00,000	-	12,00,000

#### Notes:

- (i) No commission is payable to Executive Directors;
- (ii) No sitting fee is paid to Executive Directors for attending the meetings of the Board of Directors of the Company and committees thereof;
- (iii) There is no separate provision for payment of severance fees;
- (iv) The Company does not have any Stock Option Scheme.

#### B. Non-Executive Directors

The Non-executive directors are not paid any sitting fees for attending the meetings of the Board of Directors of the Company and committees thereof.

#### (iii) Stakeholders Relationship Committee:

##### Terms of Reference

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Shareholders and Investors Grievance Committee of the Company was renamed as the "Stakeholders Relationship Committee".

The Board has modified the scope of the Committee to align it with the revised Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is as follows:

- (i) To review the reports submitted by the Registrar and Share Transfer Agent of the Company at half yearly intervals.
- (ii) To interact periodically with the Registrar and Share Transfer Agent to ascertain and look into the quality of the Company's Shareholders/ Investors grievance redressal system and to review the report on the functioning of the said Investor grievances redressal system.
- (iii) To follow-up on the implementation of suggestions for improvement.
- (iv) To periodically report to the Board about serious concerns, if any.
- (v) To consider and resolve the grievances of the shareholders of the company.

The Committee approves transfer of shares, consolidation/sub-division of shares, issue of duplicate shares and other allied matters. The Committee also looks into the shareholders' grievances pertaining to share transfers, dematerialization of shares, issue of duplicate shares and all other matters concerning shareholders/investors and gives direction from time to time for effective settlement of investors' grievances.

### Composition and Meeting:

As at 31<sup>st</sup> March, 2020 the Stakeholders Relationship Committee Comprised of:

SL. No	Name	Particulars	No. of Meeting attended
1.	Mr. Srikantiah Shivaswamy	Non-Executive Independent Director	1
2.	Mr. K. V. Prabhakar	Non-Executive Independent Director	1
3.	Mr. Rajgopal Gilada	Executive Promoter Director	1

The Committee met once during the financial year 2019-20.

The minutes of the Committee Meetings are circulated to the Board, discussed and taken note of. The Company has been receiving various correspondences from the shareholders and the required information/ documents are promptly furnished to the shareholders. No complaints were received from the shareholders during the financial year 2019-2020

### 7. General Body Meeting:

- (i) Details of location, time and date of last three Annual General Meetings of the Company are provide below:

Year	Location	Date	Time
2016-17	Hotel Chalukya Complex, #44 <sup>th</sup> Race Course Road, Bangalore - 560001	23 <sup>rd</sup> September, 2017	11:00 A.M
2017-18	Hotel Kanishka, No.2, II Main Road, Gandhinagar, Bangalore- 560 009	29 <sup>th</sup> September, 2018	11:00 A.M
2018-19	Hotel Kanishka, No.2, II Main Road, Gandhinagar, Bangalore- 560 009	30 <sup>th</sup> September, 2019	11:00A.M

### 8. Code of Conduct:

The Board has laid down a "Code of Conduct" for all the Board Members and the senior management of the company and the code of conduct has been posted on the website of the company. Annual declaration confirming compliance of the code is obtained from every person covered by the code of conduct. A declaration to this effect signed by Mr. Rajgopal Gilada, Managing Director is attached to this report.

### 9. Auditors Certificate on Corporate Governance:

The auditors' certificate on compliance of corporate governance norms has been shown in **ANNEXURE-VI** to this Annual Report.

### 10. Vigil Mechanism:

As Required by the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Your Company has established a mechanism called '**Vigil Mechanism**' for directors and employees to report to the appropriate authorities of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the directors and employees to report their concerns directly to the Chairman of the Audit Committee of the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated to the employees. The employees can directly contact the Chairman of the Audit Committee on the email address as mentioned in the 'Vigil Mechanism Policy' uploaded on the website of the Company. The Company further affirms that during the year, no personnel have been denied access to the audit committee.

## 11. Disclosures:

### › Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no material transactions with related parties i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.

Suitable disclosures as required in compliance with accounting standards with related parties are disclosed in Note 26 of the financial statements in the annual report.

### › Compliance with Statutory / legal requirements:

There are no non-compliances by the company and no penalties, imposed on the Company by the Stock Exchanges, Securities and Exchange Board of India and other statutory authorities, on any matters relating to Capital Markets during the last three years.

### › Compliance with Accounting Standards:

Your Company confirms that it has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountant of India.

### › Compliance of mandatory requirements:

The Company has complied with all the mandatory requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 12. Means of Communication:

1	Half yearly report sent to each household of shareholders	Since the unaudited quarterly/ half- yearly results are published in the newspapers, the same were not sent to each household of shareholders.
2	Quarterly results sent to each household of shareholders	No, published in newspapers
3	In which newspaper the results are normally published in? and the Sanjevani (Kannada)	The Business Standard (English)
4	Any website, where results are displayed?	Yes
5	Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	Yes
6	Whether Management Discussion & Analysis is part of the Annual Report	Yes
7	Whether shareholders' information forms part of Annual Report	Yes

## 13. General Shareholders' Information:

### a. Annual General Meeting;

Financial Year	Venue	Date	Time
2019-20	VIDEO CONFERENCING	07.12.2020	11:00 AM

### b. Dividend Payment Date: Not applicable since no dividend has been declared.

### c. Date of Book Closure: The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 28<sup>th</sup> November, 2020 to Monday 07<sup>th</sup> December, 2020 (both days inclusive).

### d. Tentative Financial Calendar 2020-21:

Unaudited results for quarter ending 30 <sup>th</sup> June 2020	First week of August 2020
Unaudited results for quarter ending 30 <sup>th</sup> September 2020	Last week of October 2020

Unaudited results for quarter ending 31<sup>st</sup> December 2020

Last week of January 2021

Audited results for ending 31<sup>st</sup> March 2021

Last week of May 2021

Annual General Meeting for year ended 31.03.2021

August-September 2021

**e. Listing on Stock Exchange:**

Sl. No.	Name of Stock Exchange	Address of the Stock Exchange
1.	BSE Limited (Bombay Stock Exchange)	P.J. Tower, Dalal Street, Fort, Mumbai- 400 001

**f. Stock Code:**

Effective from November 19, 2014, the equity shares of Gilada Finance & Investments Limited (Scrip Code: 538788) are listed at BSE Limited (Bombay Stock Exchange) and admitted to dealings on the Exchange in the list of XT Group Securities.

**g. Registrar & Share Transfer Agent of the Company:**

**Canbank Computer Services Limited**

#218, J P Royale, 1st Floor, 2nd Main, Sampige Road (Near 14th Cross)

Malleswaram Bangalore - 560003

Ph: 080-23469661/62/64/65

E-mail id: [canbankrta@csl.co.in](mailto:canbankrta@csl.co.in)

**h. Share Transfer System:**

Physical Share Transfers lodged for transfer are processed and the share certificates are generally returned within a period of 15 days from the receipt if the documents are clear in all aspects. The authority for share transfers etc. is Stakeholders Relationship Committee which meets to consider and approve the transfer of shares.

**i. Shareholding pattern as on 31<sup>st</sup> March 2020:**

The distribution of shareholding as on 31.03.2020 is as under:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	No. of shares held in demat form	Total Shareholding as a percentage of total number of shares		No. of Shares underlying outstanding convertible securities		Shares pledged or otherwise encumbered	
					As a % of (A + B) (VI)	As a % of (A+B+C) (VII)	(VIII)	% holding (IX)	No of Shares (X)	As a % (XI)
<b>(A)</b>	<b>Promoter and Promoter Group</b>									
1	Indian									
(a)	Individuals/HUF	8	1050900	1050900	29.92	29.92	0	0	0	0
(b)	Central Government /State Governments)	0	0	0	0	0	0	0	0	0
<b>α</b>	Bodies Corporate	1	1013400	1013400	28.85	28.85	0	0	0	0
(d)	Financial Institutions/banks	0	0	0	0	0	0	0	0	0
(e)	Any Others (specify)									
	Person Acting Concert	0	0	0	0	0	0	0	0	0
	Directors & their relatives	0	0	0	0	0	0	0	0	0
	Partnership Firms	0	0	0	0	0	0	0	0	0
	Reserve Bank of India	0	0	0	0	0	0	0	0	0
	Employees Welfare Fund	0	0	0	0	0	0	0	0	0
	ESOP/ESOS	0	0	0	0	0	0	0	0	0
	Trusts	0	0	0	0	0	0	0	0	0
	Sub-Total(A)(I)	9	2064300	2064300	58.77	58.77	0	0	0	0

Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	No. of shares held in demat form	Total Shareholding as a percentage of total number of shares		No. of Shares underlying outstanding convertible securities		Shares pledged or otherwise encumbered	
					As a % of (A + B) (VI)	As a % of (A+B+C) (VII)	(VIII)	% holding (IX)	No of Shares (XI)	As a % (X)
2	Foreign									
(a)	Individual(Non-Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(e)	Any Others (specify)									
	Directors & their relatives	0	0	0	0	0	0	0	0	0
	Partnership Firms	0	0	0	0	0	0	0	0	0
	Employees Welfare Fund	0	0	0	0	0	0	0	0	0
	ESOP/ESOS	0	0	0	0	0	0	0	0	0
	Trusts	0	0	0	0	0	0	0	0	0
	Sub Total(A)(2)	0	0	0	0	0	0	0	0	0.
	Total Shareholding of Promoter and Promoter Group (A)=[A(1) + (A(2) ]	9	2064300	2064300	58.77	58.77	0	0	0	0
<b>(B)</b>	<b>Public Shareholdings</b>									
<b>(B)</b>	<b>Public Shareholdings</b>									
<b>1</b>	<b>Institutions</b>								NA	NA
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0	-	-
(b)	Financial Institutions/Banks	1	500	500	0.01	0.01	0	0	-	-
(c)	Central Government/ state Governments	0	0	0	0	0	0	0	-	-
(d)	Venture Capital Funds	0	0	0	0	0	0	0	-	-
(e)	Insurance Companies	0	0	0	0	0	0	0	-	-
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0	-	-
(g)	Foreign venture Capital	0	0	0	0	0	0	0	-	-
(h)	Qualified Foreign Investor	0	0	0	0	0	0	0	-	-
(i)	Any Others (specify)	0	0	0	0	0	0	0	-	-
	Foreign Financial Institutions	0	0	0	0	0	0	0	-	-
	TOTAL (FFI)	0	0	0	0	0	0	0	-	-
	Foreign Mutual Funds	0	0	0	0	0	0	0	-	-
	Foreign Financial Institutions/ Banks	0	0	0	0	0	0	0	-	-
	Stressed Assets	0	0	0	0	0	0	0	-	-
	Stabilization Fund	0	0	0	0	0	0	0	-	-
	State Finance Corporation	0	0	0	0	0	0	0	-	-
	Sub-Total (B)(1)	1	500	500	0.01	0.01	0	0	-	-

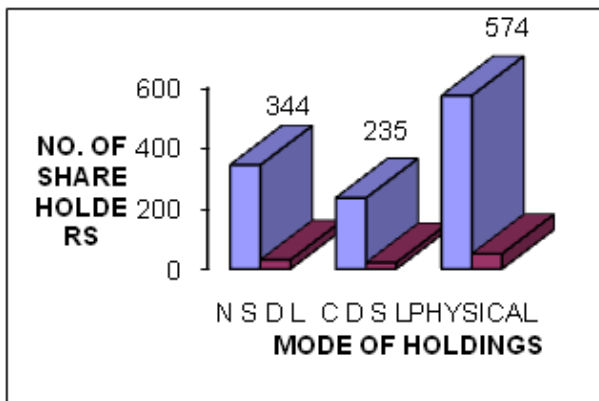
Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	No. of shares held in demat form	Total Shareholding as a percentage of total number of shares		No. of Shares underlying outstanding convertible securities		Shares pledged or otherwise encumbered	
					As a % of (A + B) (VI)	As a % of (A+B+C) (VII)	(VIII)	% holding (IX)	No of Shares (XI)	As a % (X)
<b>2</b>	<b>Non Institutions</b>									
(a)	Bodies Corporate	8	208202	208202	5.93	5.93	0	0	-	-
(b)	Individuals									
	i) Individual Share holders holding nominal share capital up to Rs. 2 lakh	1105	673101	311510	19.16	19.16	0	0	-	-
	ii) Individual Share-holders holding nominal share capital in excess of Rs. 2lakh	13	543831	358331	15.48	15.48	0	0	-	-
(c)	Qualified Foreign Investor	0	0	0	0	0	0	0	-	-
(d)	Any other (Specify)									
	Trust	0	0	0	0	0	0	0	-	-
	TOTAL (Trust)	0	0	0	0	0	0	0	-	-
	Director and their relatives	0	0	0	0	0	0	0	-	-
	Foreign Nationals	0	0	0	0	0	0	0	-	-
	Escrow Account	0	0	0	0	0	0	0	-	-
	Market maker	0	0	0	0	0	0	0	-	-
	Non-resident Indian	4	8584	8584	0.24	0.24	0	0	-	-
	O.C.Bs	0	0	0	0	0	0	0	-	-
	Societies	0	0	0	0	0	0	0	-	-
	Clearing members	0	0	0	0	0	0	0	-	-
	Shares in transit	0	0	0	0	0	0	0	-	-
	Hindi Undivided Family	13	13782	13782	0.39	0.39	0	0	-	-
	Foreign Corporate Bodies	0	0	0	0	0	0	0	-	-
	Partnership Firm	0	0	0	0	0	0	0	-	-
	Custodian of Enemy Property	0	0	0	0	0	0	0	-	-
	Foreign Collaborators	0	0	0	0	0	0	0	-	-
	ESOPs/ESOS/ESPS/ Employee Shareholders	0	0	0	0	0	0	0	-	-
	Sub-Total (B)(2)	1143	1447500	895409	41.21	41.21	0	0	-	-
	Total Public Shareholding B= (B)(1)+(B)(2)	1144	1448000	895909	41.23	41.23	0	0	-	-
	Sub-Total (A+B)	1153	3512300	2960209	100	100	-	0	-	-
(c)	Shares held by Custodian against Depository receipt have been issued									
1	Promoter and Promoter Group	0	0	0	0	0	0	0	-	-
2	Public	0	0	0	0	0	0	0	-	-
	<b>Grand Total (A+B+C)</b>	1153	3512300	2960209	100	100	-	0	-	-

**j. Dematerialization of shares and liquidity:**

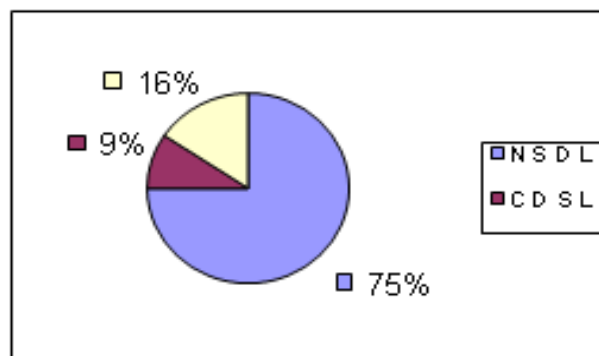
The trading in the Company's equity shares is permitted only in Demat form. The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Service Limited (CDSL) for maintaining and facilitating transaction of the Company's shares in electronic mode. The ISIN No. allotted to the Company's equity shares is INE918C01011.

The details of dematerialization of shares are as specified hereunder:

CATEGORY	No. OF HOLDERS	%
NSDL	344	29.84
CDSL	235	20.38
<b>DEMAT</b>	<b>579</b>	<b>50.22</b>
<b>PHYSICAL</b>	<b>574</b>	<b>49.78</b>
<b>TOTAL</b>	<b>1153</b>	<b>100.00</b>



CATEGORY	No. OF SHARES	%
NSDL	2632166	4.94
CDSL	328043	9.34
<b>DEMAT</b>	<b>2960209</b>	<b>4.28</b>
<b>PHYSICAL</b>	<b>552091</b>	<b>5.72</b>
<b>TOTAL</b>	<b>3512300</b>	<b>100.00</b>



The Company had submitted an application for listing of 3512300 equity shares under direct listing with BSE Limited (Bombay Stock Exchange). Based on the information provided on <http://www.bseindia.com> the equity shares of Gilada Finance & Investments Limited (Scrip Code: 538788) are listed and admitted to dealings on the Exchange in the list of XT Group Securities effective from November 19, 2014.

**K. Financial Year:**

The Financial Year of the Company is from **1<sup>st</sup> April to 31<sup>st</sup> March.**

**I. Outstanding GDRs:**

Not Applicable. There are no outstanding GDRs/ADRs as on 31.03.2020.

**m. Plant Locations:**

The Company has no Plants.

**n. Address for correspondence:**

Registered Office: #105 R R Takt, 37, Bhoopasandra Main Road, Sanjay nagar, Bangalore- 560094.

**Non-Mandatory Requirements:**

The Company has not adopted any of the non-mandatory requirements as enumerated in SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

**Green initiative in Corporate Governance:**

The Companies Act, 2013 and the underlying rules permit companies to send various documents including the financial statements through electronic mode to the shareholders. To support the green initiative and to receive all documents, notices, including annual reports and other communications of the company, investors are requested to register the e-mail ID with the Depository Participant, if the holding is in electronic mode. If shares are held in physical mode, the shareholders may give a positive consent in writing to RTA for receiving by electronic mode.

## **ANNEXURE-V MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **v INDUSTRY OVERVIEW:**

Over the last decade, India's non-banking financial companies (NBFCs) have assumed critical importance in the financial system. The total asset size of all NBFCs in India is more than \$370 billion and they provided close to 20 per cent of all credit in India till March 2018 versus 15 per cent three years ago. NBFCs play a huge role in the growth of this sector as the lending book of NBFCs has grown at around 18 per cent annually over the last five years. NBFCs are changing the business loan landscape in the country. Most NBFCs, leverage alternative and tech-driven credit appraisal methodologies to assess the credit worthiness of prospective borrowers.

Because of the IL&FS incident, the sector saw some hiccups in the form of a liquidity crunch when the failure of IL&FS unraveled. The failure of IL&FS to service its liabilities led to caution across the financial system about the strength of the sector. As funding became harder to come by, the total NBFC sanctions fell to INR 1.9 lakh crore this September compared to INR 2.9 lakh crore recorded in the same period last year, according to CRIF High Mark.

NBFCs' borrowing profile has changed significantly from capital market instruments to bank borrowings. Banks' lending to NBFCs registered a growth of 34.7 per cent from September 2018 to January 2020," Care Ratings said in a report. Banks' advances to NBFCs stood at Rs 7.37 lakh crore as of January 2020 compared to Rs 5.47 lakh crore in September 2018. The figures do not include funding made available to NBFCs by banks which amounted to Rs 1.70 lakh crore in 2018-19 alone.

The overall composition of NBFCs in bank credit improved from 5.5 per cent in July 2018 to 6.6 per cent in March 2019 and 7.4 per cent in January 2020, the report showed. NBFCs' borrowing from mutual funds, however, has seen a consistent decline for the last six quarters. Their borrowing from MFs through commercial papers (CPs) and corporate debt stood at Rs 1.69 lakh crore as at end-January 2020 from Rs 2.25 lakh crore in September 2018, the report showed.

### **v MACROECONOMIC ENVIRONMENT :**

In India, growth softened in 2019 as economic and regulatory uncertainty, together with concerns about the health of the non-banking financial sector, weighed on demand. The sluggish demand is attributed to the decline in consumption growth (tightening of credit terms and poor consumer sentiment), investment and exports. There was a strong hope of recovery in the last quarter of 2019-20. However, the COVID-19 pandemic made this recovery extremely difficult in the near to medium term. The GDP growth for 2019-20 touched 4.2% vis-à-vis 6.1% in 2018-19. The nation has been facing several structural stresses such as, sluggish private investment for more than six years, significant decline in savings rate for more than seven years and highest unemployment rate in the past 45 years and the pandemic has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements

Financial markets remained jittery in FY20 due to domestic economic slowdown, concerns on fiscal slippage and geopolitical tensions. Weaknesses in overall economic activity also put pressure on business growth of lenders including NBFCs. The spread of COVID-19 in March 2020, further heightened uncertainties for Q4FY20. However, triple A-rated, large-sized NBFCs were relatively better placed with liquidity, comprising liquid assets, undrawn lines from banks, and in some cases funding lines from group companies.

Even before the COVID-19 related slowdown, FY20 was a difficult year for the economy in general and more specifically the NBFC sector. NBFCs were impacted with a demand slowdown in core sectors, liquidity issues in the market, downgrades and solvency challenges and issues arising out of over-leveraging in certain geographical areas in the Micro Loans segment.

### **v NEW RISK MANAGEMENT FRAMEWORK**

RBI introduced a new liquidity risk management framework to holistically counter future risks in the sector.

Under the new framework, non-deposit taking NBFCs with asset size of more than INR 10,000 crore and all deposit taking NBFCs will have to maintain a liquidity coverage ratio (LCR) requirement of 50 per cent by December 1, 2020, and progressively increase it to 100 per cent by December 2024. Similarly, non-deposit taking NBFCs with asset size between INR 5,000 crore and INR 10,000 crore would be required to have a minimum LCR of 30 per cent by December 1, 2020.

The Reserve Bank of India announced in August that banks can have an exposure of up to 20 per cent of their Tier 1 capital to a single NBFC as compared to the 15 per cent limit earlier. This helped boost credit flow as bank funding to NBFCs grew by 30 per cent year on year. At the same time, the regulator also eased the priority sector lending norms by allowing banks to provide funds to NBFCs for on-lending to agriculture up to INR 10 lakh, MSMEs up to INR 20 lakh and housing up to INR 20 lakh per borrower to be classified as priority sector lending.

v **COVID-19 IMPACT ON THE NBFC SECTOR**

Retail financing industry, which was one of the key drivers of credit growth, will be impacted for at least two quarters, as the demand for housing assets, consumer goods and working capital financing will get hit due to general slowdown in economic activity. Uncertainty on the potential credit loss in portfolios will result in lower securitization deals thus impacting the fund-raising ability of NBFCs. NBFCs will have to strike the right balance between continuity of repayment of cash flows vis-à-vis extending the three-month moratorium to the eligible borrowers. The actual impact is still difficult to predict, and it will depend upon the time frame required to curb the pandemic and the various relief measures, which the government is expected to roll out. The NBFC/ HFC sector, which has managed to sustain amid a challenging funding scenario by taking various mitigating steps, will now have to weather the COVID-19 disruption. While the sector remains fairly well-capitalised, the trend in delinquencies in retail asset classes will be a key factor to monitor for the sector over the next few quarters, along with resource mobilisation capabilities.

v **OUTLOOK OF GILADA FINANCE AND INVESTMENTS LIMITED:**

Your Company is working with twin focus of increasing the book size as well as improving upon the asset quality. As your Company is into micro-SME & Vehicle Finance loans and Personal loans, the economic headwinds Augur well for the Company. The repayment capability of the company's borrowers, the micro-SME service as well as micro-SME manufacturing entities along with logistics sector, are likely to be affected and hence conservative lending would be the call of the day. The outlook of the company's growth will be moderate for the financial year 2020-21. The Company has tied up with a Fintech Platform for disbursement of Personal loans thus paving the way forward for expanding the business into Personal Segment.

All the above shall give the Company a decent growth for the year.

v **OPPORTUNITIES AND THREATS:**

In the present scenario, the financial landscape is riddled with high amount of NPAs for the banking sector, fear about high cost of funds, and competition from other NBFC's and Banks.

Basis the forewarnings, your company over the last two quarters has done disbursements post incorporating even stricter norms for analyzing the credit requirements and the repayment capabilities.

The following will be the opportunities for any NBFC Sector.

- Ø Demographic changes and under penetration.
- Ø Large untapped rural and urban markets.
- Ø Growth in commercial vehicles, passenger vehicles and tractors market.
- Ø Use of digital solutions for business/collections - In fact, digital transactions will play a larger role in the financial eco-system than hitherto witnessed.

v **SEGMENT-WISE PERFORMANCE:**

There is no separate reportable segment as per IND AS 108 on "Operating Segments" in respect of the Company.

v **RISKS AND CONCERNS:**

The customers' profile is an important aspect for the business of the Company. The Credit Bureaus have helped to a certain extent in identifying the risk associated with a customer and improving the asset quality of the Company thereby reducing credit risk. Additionally, as mentioned above the due diligence parameters of the borrowers have been made more stringent and industry specific exposures are also being regulated.

Dealers play a big role in directing customers to financiers. Our Company makes reasonable incentive payments to the dealers and our prompt services have rendered us a financier of choice for the dealers. Our Company has been financing vehicles only of selected manufacturers available in the market.

Any increase in interest rates may result in increasing cost of borrowings which in turn will adversely affect our profitability.

A Company's growth is directly linked to its strong and committed workforce. With the training and development activities, better incentive schemes, etc., the Company has been trying to control employee attrition. Despite increased competition, the Company has been able to retain its loyal work force, which contributes in a big way towards maintaining a positive culture, which in turn aids in ensuring that the negative effects of troublesome macro environment do not affect the overall growth plans of the Company.

Further, change in regulatory requirements for NBFCs from time to time, can have a bearing on the running of the Company. The overall economic slowdown and its impact on service sector is also a cause of concern.

The Company has put in place a Risk Management Policy to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In the opinion of the Board there exists no risks, which may threaten the existence of the Company.

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

Effective internal controls are necessary for building up an efficient organization. Our Company has adequate internal control systems in place to ensure accuracy, transparency and accountability in its operations.

The company has framed a compliance policy to effectively monitor and supervise the compliance function in accordance with the statutory requirements.

The company has appointed M/s. E and A Associates, Chartered Accountants, to conduct internal audit covering all areas of operations. The reports are placed before the audit committee of the Board. The audit committee reviews the performance of the audit and compliance functions.

Any internal control weaknesses, non-compliance with statutes and suggestions on improvements in existing practices form part of internal audit report. A quarterly report of the various compliances is also placed before the Audit Committee. The Audit Committee reviews the internal audit report and the compliance report and ensures that observations pointed out in these reports are addressed in a timely and structured manner by the Management. The internal audit report is reviewed by the Statutory Auditors while performing audit functions to confirm that there are no transactions conflicting with the interests of the Company and regulatory stipulations.

✓ **FINANCIAL PERFORMANCE**

During the financial year under review, your company has made substantial disbursements and was able to report positive returns. Detailed financial performance has been given in Director's Report.

✓ **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES:**

The Company being in the growth trajectory requires more manpower to carry on its operations. Our Company has always been able to attract and retain good talent. The majority of the recruitments during the year under review have been for executives at collection and sales levels. The Company has reasonable salary structure and attractive incentives to retain talent and help the employees to build a career in the Company. To maintain competency and to improve the analytical abilities of employees for gearing them to face challenges, proper training and development is imparted by the Company before the employee takes up any responsibility. The company continues to place high importance on its human resources and enjoys cordial relationships at all levels.

✓ **CAUTIONARY STATEMENT:**

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable laws and regulations. The actual result might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors which are beyond the control of the Company. The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

**ANNEXURE TO DIRECTORS' REPORT**

**ANNEXURE - II (A)**

**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

a) Name(s) of the related party and nature of relationship	NIL
(b) Nature of contracts/arrangements/ transactions	NIL
(c) Duration of the contracts / arrangements/transactions	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e) Justification for entering into such contracts or arrangements or transactions	NIL
(f) date(s) of approval by the Board	NIL
(g) Amount paid as advances, if any:	NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NIL

**2. Details of material contracts or arrangement or transactions at arm's length basis**

(a) Name(s) of the related party and nature of relationship	Details are provided Note 24 to the financial statements as at 31 <sup>st</sup> March, 2020.
(b) Nature of contracts/arrangements/ transactions	The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature. Details are provided Note 26 to the financial statements as at 31 <sup>st</sup> March, 2020.
(c) Duration of the contracts / arrangements / transactions	Based on the agreements /mutual business arrangements entered into from time to time.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Based on the agreements /mutual business arrangements entered into from time to time.
(e) Date(s) of approval by the Board, if any:	The related party transactions are at arm's length basis, accordingly necessary approvals have been obtained, wherever applicable.

For and on behalf of the Board of Directors  
**GILADA FINANCE AND INVESTMENTS LIMITED**

**RAJGOPAL GILADA**  
MANAGING DIRECTOR  
DIN: 00307829

**SAMPATKUMAR GILADA**  
WHOLE TIME DIRECTOR  
DIN: 02144736

**DATE: 6th November, 2020**

**PLACE: BANGALORE**

**ANNEXURE TO DIRECTORS' REPORT**

**ANNEXURE - II (B)**

**Policy on Related Party Transactions**

(As per Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Company shall enter into transactions with related parties only on arm's length basis, supported by agreement or formal letter. If the transaction is not on arm's length basis, then, necessary compliances under Companies Act, 2013 and / or Listing Agreement will be adhered to.

For the purpose of the above clause, transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

For and on behalf of the Board of Directors

**GILADA FINANCE AND INVESTMENTS LIMITED**

**RAJGOPAL GILADA**  
MANAGING DIRECTOR  
DIN: 00307829

**SAMPATKUMAR GILADA**  
WHOLE TIME DIRECTOR  
DIN: 02144736

**Date: 6th November, 2020**

**PLACE: BANGALORE**

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Gilada Finance & Investments Limited**  
**Report on the audit of the financial statements**  
**Opinion**

We have audited the financial statements of **Gilada Finance & Investments Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, the changes in equity and cash flows for the year ended as on that date.

### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities

under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key Audit Matters.

#### Transition to Ind AS accounting framework.

The Company has adopted Ind AS from 1<sup>st</sup> April 2019 with an effective date of 1<sup>st</sup> April 2018 for such transition. For periods up to and including the year ended 31 March 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2020, together with the comparative financial information for the previous year ended 31 March 2019 and the transition date Balance Sheet as at 1 April 2018 have been prepared under Ind AS.

#### How the matter was addressed in our audit

We performed the following key audit procedures:

- Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind-AS 101.
- Confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under Ind-AS 101.
- Evaluated management's transition date choices and exemptions for compliance under Ind-AS 101.
- Assessed the methodology implemented by management to give impact on the transition.
- Assessed the accuracy of the computations
- Assessed areas of significant estimates and management judgment in line with principles under Ind-AS.

## Emphasis of Matter

1. We draw attention to note no: 32 relating to impact of COVID – 19 pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates. This note also indicates that uncertainties exist and it is currently not possible to reasonably estimate the future impact. The measures taken to deal with these circumstances were explained by the management.
2. Company has not obtained actuarial valuation report for the reporting year to recognise gratuity liability which is in contravention with Ind AS – 19 “Employee Benefits”.

Our opinion is not modified in respect of this matter.

## Other Matters

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till May 31, 2020 across the India to contain the spread of the virus. Even after lifting lockdown restrictions situation have not become normal. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on “Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation” issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

## Information other than the financial statements and auditors’ report thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s Report, but does not include the standalone financial statements and our auditor’s report thereon.

The Board’s Report is expected to be made available to us after the date of this Auditors’ Report. Our opinion on the standalone financial statements does not cover

the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read Board’s Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Management’s responsibility for the financial statements

The Company’s board of directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company’s financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, except for the matter described in "Emphasis Matter Paragraph", the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

- a. The Company does not have any pending litigations which would impact its financial position;
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**Place:** Bangalore

**Date :** 30-07-2020

**For GNANOBA & BHAT**

Chartered Accountants

Firm Regn No. 000939S

**K R GNANOBA**

Partner M. No. 023137

UDIN: 20023137AAAACE3430

## ANNEXURE-A TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- (i) In respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed Assets;
  - b) As explained to us, the fixed assets were physically verified during the year by the Management in line with an internal programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of verification is reasonable having regard to size of the Company and the nature of its assets;
  - c) The Company did not have immovable property as Fixed Assets during the year.
- (ii) The Company is a Non-Banking Finance Company and has not dealt with any goods and the company does not hold any inventory (Except Land) during the period under audit. Accordingly, the provisions of clause 3 (ii) of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.
- (iii) The Company has granted loans and advances to the Companies covered in the register maintained under section 189 of the Companies Act, 2013 *without execution of any written agreement*:
- a) According to the information and explanations given to us and based on our audit procedures conducted by us, we are of the opinion that the terms and conditions of loans granted by the company to the parties covered in the register maintained under section 189 of the Companies Act, 2013 are not prejudicial to the interest of the company.
  - b) The loans and advances given to parties covered in the register maintained under section 189 of the companies act are *without any stipulated terms/agreement of repayment of principal. Hence we are unable to comment on regularity of repayment of loans/interest.*
  - c) The loans and advance given to parties covered in the register maintained under section 189 of the Companies Act are *without any stipulated terms for repayment of principal/Interest, we are unable to comment on the overdue principal/Interest more than 90 days.*
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sec 185 & 186 of the Companies Act, with respect to loans and investments made.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified the maintenance of cost records to the company under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) According to the information and explanations given to us and on the basis of examination of the books and records as produced before us, in respect of statutory dues and other dues :
- a) The Company has been generally regular in depositing undisputed statutory dues, including Income Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax, Value Added Tax, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2020, for a period more than six months from the date they became due. *Company is due for registration under Provident Fund Act and is yet to be registered.*
  - b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute *except which is disclosed in note 31 of the financial statements.*
- (viii) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to a Financial Institutions or Banks. There are no outstanding dues to debenture holders during the year.
- (ix) The Company has not raised moneys by way of initial public offer, further public offer or any term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

- (x) To the best of our knowledge and belief, according to the information and explanations given to us by the Management and the records produced before us, no frauds were noticed or reported during the year.
- (xi) According to the information and explanation given to us, the managerial remuneration has been paid in accordance with the provisions of Section 197 read with Schedule-V to the Companies Act.
- (xii) In our opinion and according to the information and explanation provided, the company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transaction with related parties and the details of related party transaction have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiii) In our opinion and according to the information and explanation provided the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xiii) of the Order are not applicable.

**Place:** Bangalore

**Date :** 30-07-2020

**For GNANOBA & BHAT**

Chartered Accountants

Firm Regn No. 000939S

**K R GNANOBA**

Partner M. No. 023137

UDIN: 20023137AAAACE3430

**BALANCE SHEET AS AT MARCH 31, 2020**

Amounts in Rs.

	Note No.	31-Mar-20	31-Mar-19	1-Apr-18
<b>A ASSETS</b>				
<b>I Financial Assets</b>				
(a) Cash and Cash Equivalents	1	12,06,831	19,63,103	2,94,93,735
(b) Loans	2	14,38,12,054	12,97,56,809	8,88,53,206
(c) Investments	3	14,27,000	19,12,000	18,57,000
(d) Other Financial Assets	4	15,18,457	15,75,997	49,48,557
<b>Total Financial Assets</b>		<b>14,79,64,341</b>	<b>13,52,07,909</b>	<b>12,51,52,499</b>
<b>II Non-Financial Assets</b>				
(a) Inventories	5	3,85,00,000	3,85,00,000	3,85,00,000
(b) Current Tax Assets (Net)	6	1,84,915	24,28,120	11,05,522
(c) Deferred Tax Assets (Net)	7	10,13,300	2,19,600	000
(d) Property, Plant and Equipment	8	6,63,372	9,03,668	17,05,640
(e) Other Non-financial Assets	9	3,42,131	21,08,251	24,39,438
<b>Total Non-Financial Assets</b>		<b>4,07,03,718</b>	<b>4,41,59,639</b>	<b>4,37,50,600</b>
<b>Total Assets</b>		<b>18,86,68,060</b>	<b>17,93,67,549</b>	<b>16,89,03,098</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>I Financial liabilities</b>				
<b>(a) Payables</b>				
<b>i. Trade Payables</b>				
- Total outstanding dues of micro & small enterprises		-	-	-
- Total outstanding dues of creditors other than micro & small enterprises	10	15,00,493	7,27,886	8,58,351
<b>(b) Borrowings</b>	11	<b>70,84,505</b>	<b>77,77,360</b>	<b>29,91,500</b>
<b>(c) Other Financial Liabilities</b>	12	<b>-</b>	<b>100,000</b>	<b>-</b>
<b>Total Financial liabilities</b>		<b>85,84,997</b>	<b>86,05,246</b>	<b>38,49,851</b>
<b>II Non-Financial Liabilities</b>				
(a) Provisions	13	22,31,054	20,28,549	15,90,613
(b) Deferred Tax Liabilities (Net)	7	-	-	11,96,457
(c) Other Non-financial Liabilities	14	3,30,208	5,53,833	5,01,215
<b>Total Non-Financial Liabilities</b>		<b>25,61,262</b>	<b>25,82,382</b>	<b>32,88,285</b>
<b>III Equity</b>				
(a) Equity Share Capital	15	3,51,23,000	3,51,23,000	3,51,23,000
(b) Other Equity	16	14,23,98,800	12,06,81,921	11,42,66,963
(c) Money Received against Share Warrants	17	-	1,23,75,000	1,23,75,000
<b>Total Equity</b>		<b>17,75,21,800</b>	<b>16,81,79,921</b>	<b>16,17,64,963</b>
<b>Total Equity and Liabilities</b>		<b>18,86,68,060</b>	<b>17,93,67,549</b>	<b>16,89,03,098</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

**For Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**K R GNANOBA**  
Partner  
Mem. No. 023137

Place: Bengaluru  
Date: 30-07-2020

**Rajgopal Gilada**  
Managing Director  
DIN - 00307829

**Sangeeta Gilada**  
Chief Executive Officer

**Sampath Kumar Gilada**  
Whole Time Director  
DIN - 02144736

**Pallavi Gilada**  
Chief Financial Officer

**PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

Amounts in Rs.

	Note No.	31-Mar-20	31-Mar-19
<b>1 Revenue from operations</b>			
(a) Interest Income	18	3,22,15,517	3,00,83,328
(b) Processing Fee	19	20,92,602	28,20,925
<b>Total Revenue from operations</b>		<b>3,43,08,119</b>	<b>3,29,04,253</b>
<b>2 Other income</b>	20	6,14,975	1,20,446
<b>3 Total Income (1+2)</b>		<b>3,49,23,094</b>	<b>3,30,24,699</b>
<b>4 Expenses</b>			
(a) Employee benefits expenses	21	1,19,48,778	1,15,84,036
(b) Finance Cost	22	8,27,721	3,10,600
(c) Depreciation and amortisation Expenses	8	4,12,059	9,64,242
(d) Loan Loss Provisions and Write Off	23	34,74,058	77,92,993
(e) Other Expenses	24	62,49,714	52,87,469
<b>Total</b>		<b>2,29,12,330</b>	<b>2,59,39,340</b>
<b>5 Profit before exceptional items and tax (3-4)</b>		<b>1,20,10,764</b>	<b>70,85,359</b>
<b>6 Exceptional items gain / (loss) (net)</b>		-	-
<b>7 Profit before tax (5+6) No.</b>		<b>1,20,10,764</b>	<b>70,85,359</b>
<b>8 Tax expense</b>			
(a) Current Tax		33,44,249	21,82,883
(b) Prior Year Tax		1,18,335	-
(c) Deferred Tax		(7,93,700)	(14,16,057)
<b>9 Profit for the year (7-8)</b>		<b>93,41,880</b>	<b>63,18,533</b>
<b>10 Other Comprehensive Income</b>			
A) (i) Items that will not be reclassified to profit or loss			
A) (ii) Income tax relating to items that will not be reclassified to profit or loss			
B) (i) Items that may be reclassified to profit or loss		-	(96,425)
B) (ii) Income tax relating to items that may be reclassified to profit or loss		-	(96,425)
<b>11 Total Comprehensive Income for the period (9+10)</b>		<b>93,41,880</b>	<b>64,14,958</b>
<b>12 Earnings per share (of INR 10/- each)</b>	25		
- Basic		2.66	1.80
- Diluted		2.66	1.49

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

**For Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**K R GNANOBA**  
Partner  
Mem. No. 023137

**Rajgopal Gilada**  
Managing Director  
DIN - 00307829

**Sampath Kumar Gilada**  
Whole Time Director  
DIN - 02144736

Place: Bengaluru  
Date: 30-07-2020

**Sangeeta Gilada**  
Chief Executive Officer

**Pallavi Gilada**  
Chief Financial Officer

## CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

Amounts in Rs.

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before tax	1,20,10,764	70,85,359
<b>Adjustments for:</b>		
- Depreciation and amortisation	4,12,059	9,64,242
- Finance costs	8,27,721	3,10,600
- Provision for gratuity	-	3,12,391
- Investment written off	5,00,000	-
	17,39,780	15,87,233
<b>Operating profit / (loss) before working capital changes</b>	<b>1,37,50,543</b>	<b>86,72,592</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in financial assets other than cash and cash equivalents	(1,39,62,704)	(3,75,86,043)
(Increase)/decrease in non financial assets	17,66,120	3,31,187
(Increase)/decrease in financial liabilities	6,72,607	(30,465)
Increase/(decrease) in trade and non financial liabilities	(21,120)	2,74,588
<b>Net Change in working capital</b>	<b>(1,15,45,098)</b>	<b>(3,70,10,733)</b>
<b>Cash generated from operations</b>	<b>22,05,446</b>	<b>(2,83,38,141)</b>
Net income tax (paid) / refunds	<b>(12,69,379)</b>	<b>(35,05,481)</b>
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>9,36,067</b>	<b>(3,18,43,622)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets including capital advance	(1,71,763)	(1,62,270)
Interest received		
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,71,763)</b>	<b>(1,62,270)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from /(Repayment of) short-term borrowings	(6,92,855)	47,85,860
Finance cost	(8,27,721)	(3,10,600)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(15,20,576)</b>	<b>44,75,260</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(7,56,272)</b>	<b>(2,75,30,632)</b>
Cash and cash equivalents at the beginning of the year	19,63,103	2,94,93,735
<b>Cash and cash equivalents at the end of the year</b>	<b>12,06,831</b>	<b>19,63,103</b>

**CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020 (contd..)**

Amounts in Rs.

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 1)	12,06,831	19,63,103
Less: Bank balances not considered as Cash and cash equivalents as defined in IndAS 7 Statement of Cash Flow.	-	-
Net Cash and cash equivalents (as defined in IND AS 7 Statement of Cash Flows) included in Note 1	<b>12,06,831</b>	<b>19,63,103</b>
Add: Current investments considered as part of Cash and cash equivalents (as defined in Ind AS 7 Statement of Cash Flows)	-	-
Cash and cash equivalents at the end of the year *	<b>12,06,831</b>	<b>19,63,103</b>
* Comprises:		
(a) Cash on hand	88,091	1,50,458
(b) Balances with banks - in current accounts	11,18,740	18,12,645

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

**For Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**K R GNANOBA**  
Partner  
Mem. No. 023137

Place: Bengaluru  
Date: 30-07-2020

**Rajgopal Gilada**  
Managing Director  
DIN - 00307829

**Sangeeta Gilada**  
Chief Executive Officer

**Sampath Kumar Gilada**  
Whole Time Director  
DIN - 02144736

**Pallavi Gilada**  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND MARCH 31, 2019**

**A) Equity share capital**

<b>Particulars</b>	<b>Amount</b>
Balance as at April 1, 2018	3,51,23,000
Changes in equity share capital during the year	-
Balance as at March 31, 2019	3,51,23,000
Changes in equity share capital during the year	-
Balance as at March 31, 2020	3,51,23,000

**B) Other equity**

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	Statutory Reserve	Capital Reserve	Retained earnings		
<b>Balance as at April 1, 2018</b>	1,92,55,103	3,81,58,294	5,68,53,566	-	1,42,66,963
Profit/loss for the year			49,49,215		49,49,215
Transfer to statutory reserve	13,69,318				13,69,318
Other comprehensive income for the year (net of tax)				96,425	96,425
<b>Balance as at March 31, 2019</b>	2,06,24,421	3,81,58,294	6,18,02,781	96,425	2,06,81,921
Profit/loss for the year			74,73,504	-	74,73,504
Transfer to statutory reserve	18,68,376				18,68,376
Forfeiture of Share Warrants		1,23,75,000			1,23,75,000
Other comprehensive income for the year (net of tax)				-	-
<b>Balance as at March 31, 2020</b>	2,24,92,797	5,05,33,294	6,92,76,285	96,425	4,23,98,800

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

**For Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**K R GNANOBA**  
Partner  
Mem. No. 023137

Place: Bengaluru  
Date: 30-07-2020

**Rajgopal Gilada**  
Managing Director  
DIN - 00307829

**Sangeeta Gilada**  
Chief Executive Officer

**Sampath Kumar Gilada**  
Whole Time Director  
DIN - 02144736

**Pallavi Gilada**  
Chief Financial Officer

**Notes forming part of the financial statements**

**Cash and cash equivalents**

Amounts in Rs.

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
<b>1 Cash on hand</b>	88,091	1,50,458	1,90,658
Balance with banks:			
- In current account	11,18,740	18,12,645	2,93,03,077
<b>Total</b>	<b>12,06,831</b>	<b>19,63,103</b>	<b>2,94,93,735</b>
<b>2 Loans</b>			
Retail loan	11,89,29,575	10,81,98,872	7,17,61,562
Intercompany deposits to related parties	2,96,18,798	2,46,45,675	1,96,39,505
Total (Gross)	14,85,48,373	13,28,44,547	9,14,01,067
Less: Impairment loss allowance	(47,36,319)	(30,87,738)	(25,47,861)
<b>Total (Net)</b>	<b>14,38,12,054</b>	<b>12,97,56,809</b>	<b>8,88,53,206</b>
<b>3 Investments</b>			
Investment property (at Cost)			
- Land and residential building at vijayapura	13,37,000	13,37,000	13,07,000
Equity instruments of other entities (at Cost)			
- Mahesh Vidya Bhavan 5,000 (Previous period 5,000)			
Number of shares having face value of Rs.10 each	50,000	50,000	50,000
- Soumya Minerals (P) Ltd Nil (Previous period 50,000)			
Number of shares having face value of Rs.10 each	-	5,00,000	5,00,000
- Shares of Maheshwari Souhartha Credit Co - Operative Limited 4,000 (Previous period - 2500) Number of shares having face value of Rs.10 each,	40,000	25,000	-
<b>Total</b>	<b>14,27,000</b>	<b>19,12,000</b>	<b>18,57,000</b>
<b>4 Other Financial Assets</b>			
Interest accrued on loans	10,94,565	11,81,735	80,137
Seized vehicles pending for sale	80,000	80,000	24,33,040
Commission receivable	-	-	20,95,529
Other financial asset	25,560	-	25,897
Term Deposits with banks (remaining maturity period more than 3 months)	3,18,332	3,14,262	3,13,954
<b>Total</b>	<b>15,18,457</b>	<b>15,75,997</b>	<b>49,48,557</b>
<b>5 Inventories</b>			
Stock in Trade - Land at Gulbarga	3,85,00,000	3,85,00,000	3,85,00,000
<b>Total</b>	<b>3,85,00,000</b>	<b>3,85,00,000</b>	<b>3,85,00,000</b>
<b>6 Current Tax Assets</b>			
Advance tax (net of provision)	1,84,915	24,28,120	11,05,522
<b>Total</b>	<b>1,84,915</b>	<b>24,28,120</b>	<b>11,05,522</b>

Amounts in Rs.

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
<b>7 Deferred tax asset / (liability)</b>			
Tax effect on items constituting deferred tax liability / (asset):			
On difference between book balance and tax balance of fixed assets	1,86,400	1,61,900	-
Provision for doubtful debts	2,46,800	-	-
Provision for gratuity, other employee benefits	5,80,100	57,700	-1,196,457
<b>Deferred tax (asset) / liability (net)</b>	<b>10,13,300</b>	<b>2,19,600</b>	<b>-1,196,457</b>
<b>9 Other non financial assets</b>			
Staff Advances	90,877	47,626	-
Advance to suppliers	26,254	7,393	17,754
Balance with government authorities	000	000	35,897
Deposit with others	2,25,000	2,30,000	1,01,664
Preoperative expenditure	-	18,23,232	22,84,123
<b>Total</b>	<b>3,42,131</b>	<b>21,08,251</b>	<b>24,39,438</b>
<b>10 Trade Payables</b>			
- Total outstanding dues of micro & small enterprises	-	-	-
- Total outstanding dues of creditors other than micro & small enterprises	15,00,493	7,27,886	8,58,351
<b>Total</b>	<b>15,00,493</b>	<b>7,27,886</b>	<b>8,58,351</b>
<b>11 Borrowings</b>			
Loans Repayable on demand			
- Secured	40,93,005	47,85,860	-
- Unsecured	-	-	-
Loans from Related parties			
- Secured	-	-	-
- Unsecured	29,91,500	29,91,500	29,91,500
<b>Total</b>	<b>70,84,505</b>	<b>77,77,360</b>	<b>29,91,500</b>

**Note 11a :**

Loan from Maheshwari Souhartha Credit Co - Operative Limited :

- i. Security - Hypothecation of Book Debts
- ii. Loan amount - 40,00,000
- iii. Tenure of the Loan - Repayable with in 12 months
- iv. Rate of Interest - 15% Per Annum Monthly Rests

**Note 11b :**

Loan from Fin Stars Capital Limited :

- i. Security - Exclusive first charge over specified receivable of the company created out of the loan & Personal guarantee of Managing Director.
- ii. Loan Amount - 25,00,000
- iii. Tenure of the Loan - 12 Monthly EMI
- iv. Rate of Interest - 17% Per Annum.

Amounts in Rs.

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
<b>12 Other Financial Liabilities</b>			
Advance received for sale of property	-	100,000	-
<b>Total</b>	<b>-</b>	<b>100,000</b>	<b>-</b>
<b>13 Provisions</b>			
Provision for gratuity	18,06,579	18,06,579	15,90,613
Bonus Payable	4,24,475	2,21,970	-
<b>Total</b>	<b>22,31,054</b>	<b>20,28,549</b>	<b>15,90,613</b>
<b>14 Other Non-financial Liabilities</b>			
Statutory liabilities	72,166	2,32,991	2,43,173
Unclaimed dividend	2,58,042	2,58,042	2,58,042
Others	-	62,800	-
<b>Total</b>	<b>3,30,208</b>	<b>5,53,833</b>	<b>5,01,215</b>
<b>15 Equity share capital</b>			
<b>Authorised</b>			
60,00,000 Equity shares of INR 10/- each with voting rights (March 31st 2019 60,00,000 Equity shares of INR 10 each)	6,00,00,000	6,00,00,000	6,00,00,000
<b>Total</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>
<b>Issued, subscribed and fully paid-up</b>			
35,12,300 Equity shares of INR 10/- each with voting rights (March 31st 2019 35,12,300 Equity shares of INR 10 each)	3,51,23,000	3,51,23,000	3,51,23,000
<b>Total</b>	<b>3,51,23,000</b>	<b>3,51,23,000</b>	<b>3,51,23,000</b>

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31-Mar-20		31-Mar-19		1-Apr-18	
	No. of Shares	INR	No. of Shares	INR	No. of Shares	INR
Equity share of INR 10/- each						
Opening balance	35,12,300	3,51,23,000	35,12,300	3,51,23,000	35,12,300	3,51,23,000
Issued during the year	-	-	-	-	-	-
<b>Closing balance</b>	<b>35,12,300</b>	<b>3,51,23,000</b>	<b>35,12,300</b>	<b>3,51,23,000</b>	<b>35,12,300</b>	<b>3,51,23,000</b>

- (b) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of INR 10/- each:

The Company has only one class of equity shares, having a par value of INR 10/-. The holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

- (c) Details of equity shares held by each shareholder holding more than 5 % of shares:

Particulars	31-Mar-20		31-Mar-19		1-Apr-18	
	No. of Shares	% Of shares	No. of Shares	% Of shares	No. of Shares	% Of shares
Malu Plantation and Resorts Ltd	2,01,000	000	2,01,000	000	2,01,000	000
Smt.Rajashree Gilada Shankarlal	2,62,900	000	2,62,900	000	2,62,900	000
Gilada & Sons (P)Ltd	10,13,400	000	10,13,400	000	10,13,400	000

Amounts in Rs.

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
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#### 16 Other equity

##### Capital Reserve

Opening balance 3,81,58,294 3,81,58,294 3,81,58,294

Add : Additions during the year  
(Forfeiture of Share Warrants)

1,23,75,000 - -

##### Closing balance

**5,05,33,294 3,81,58,294 3,81,58,294**

##### Statutory Reserve

Opening balance 2,06,24,421 1,92,55,103 1,75,76,641

Add : Transfer from Profit & Loss Account

18,68,376 13,69,318 16,78,462

##### Closing balance

**2,24,92,797 2,06,24,421 1,92,55,103**

##### Surplus in statement of profit and loss

Opening balance 6,18,02,781 5,68,53,566 5,46,40,552

Add: Profit/(Loss) for the period

93,41,880 63,18,533 76,04,986

Less: Dividend Distribution Tax on Interim Dividend

- - (1,78,756)

Less: Interim Dividend

- - (8,93,075)

Less: Transferred to Statutory Reserve Fund (20%)

(18,68,376) (13,69,318) (16,78,462)

Less: Processing Fee as per EIR Method

- - (10,51,066)

Less: Gratuity Provision as per Actuarial Valuation Report

- - (15,90,613)

##### Closing balance

**6,92,76,285 6,18,02,781 5,68,53,566**

Items of other comprehensive income

Opening balance

96,425 - -

Add/(Less) : other comprehensive income for the year

- 96,425 -

Add / (Less): Tax impact on above

##### Closing balance

**96,425 96,425 -**

##### Total

**14,23,98,800 12,06,81,921 11,42,66,963**

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
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**16A Note on Share forfeiture**

As authorized by the shareholders of the Company in the Extra-Ordinary General meeting held in FY 2017-18, the Company issued 9,00,000 warrants convertible into an equivalent number of fully paid up equity shares of Rs. 10 each at a price of Rs. 55 per warrant, on preferential basis to promoters. These warrants were convertible in one or more tranches, at any time within a period of 18 months from the date of issue. However Promoters have not exercised their right for conversion of 9,00,000 warrants within the time stipulated under the preferential allotment guidelines. Accordingly, the aforesaid 9,00,000 warrants stood lapsed and upfront money (Rs. 1,23,75,000) received against these warrants were forfeited and credited to Capital Reserve Account.

**17 Money Received against Share Warrants**

Money Received against Share Warrants	-	1,23,75,000	1,23,75,000
<b>Total</b>	-	<b>1,23,75,000</b>	<b>1,23,75,000</b>

Amounts in Rs.

Particulars	31-Mar-20	31-Mar-19
-------------	-----------	-----------

**18 Interest Income**

Interest on Loans	32,193,974	30,064,454
Interest on term deposits with banks	21,543	18,874
<b>Total</b>	<b>32,215,517</b>	<b>30,083,328</b>

**19 Processing fees**

Service charges and other fees on loan transactions	1,513,057	1,657,171
Loan pre closure charges	579,545	1,163,754
<b>Total other operating revenue</b>	<b>2,092,602</b>	<b>2,820,925</b>

**20 Other income**

Rent income	4,210	30,425
Cheque Bounce Charges	76,657	33,352
Bad debts written off recovered	100,000	45,200
Profit on sale of Seized Vehicles	330,603	-
Others	103,505	11,469
<b>Total</b>	<b>614,975</b>	<b>120,446</b>

**21 Employee benefits expenses**

Salaries and wages	10,148,778	9,471,645
Director Remuneration	1,800,000	1,800,000
Gratuity	-	312,391
<b>Total</b>	<b>11,948,778</b>	<b>11,584,036</b>

**22 Finance costs**

Interest expense on:		
- Borrowings	713,834	215,566
- Processing fee	31,040	-
- Bank charges and commission	82,847	95,034
<b>Total</b>	<b>827,721</b>	<b>310,600</b>

**23 Loan loss written off**

Bad debts written off	1,825,477	6,848,876
Loss on sale of seized vehicle	-	404,240
Provision for doubtful debts	1,648,581	539,877
<b>Total</b>	<b>3,474,058</b>	<b>7,792,993</b>

Amounts in Rs.

Particulars	31-Mar-20	31-Mar-19
<b>24 Other expenses</b>		
Advertisement Expenses	125,080	108,548
Amortisation of Preoperative Expenditure	1,823,232	460,891
Brokerage & Commission expenses	22,500	221,000
Communication Expenses	175,832	164,457
Legal Charges	251,000	803,520
Power Charges	59,721	44,735
Printing & Stationery	128,167	101,285
Professional & Consultancy Charges	551,029	965,598
Investment Written off	500,000	-
Rent	417,400	353,400
Repairs and maintenance -		
Vehicles	183,029	86,308
Others	161,418	126,068
Rates & Taxes (excluding taxes on income)	485,737	432,214
Share Listing and Share Transfer Expenses	324,925	390,743
Travelling & Conveyance Expenses	243,747	315,644
Miscellaneous expenses	796,898	713,058
<b>Total</b>	<b>6,249,714</b>	<b>5,287,469</b>
<b>Note: Payments to auditors comprises (net of GST credit):</b>		
Statutory Audit Fee	100,000	100,000
Tax Audit Fee	25,000	25,000
<b>Total</b>	<b>125,000</b>	<b>125,000</b>
<b>25 Earnings Per share</b>		
Net Profit after Tax	93,41,880	63,18,533
Weighted average number of equity shares (Nos.)	35,12,300	35,12,300
Earnings/(Loss) per share (INR)	2.66	1.80
Nominal Value of Equity Shares (INR)	10	10

Note : 8

Property, plant and equipment

Amounts in Rs.

Sl No	Description	Gross Block			Depreciation			Net Block			
		As on 31.03.2019 the year	Additions during the year	Deletions during	As on 31.03.2020	Up to 31.03.2019	For the year the year	Deletions during	Up to 31.03.2020	As on 31.03.2020	As on 01.04.2019
1	Furniture & fixtures	16,18,197	-	-	16,18,197	13,96,342	78,319	-	14,74,661	1,43,536	2,21,854
2	Office equipment	10,43,881	18,211	-	10,62,092	8,77,633	99,963	-	9,77,597	84,495	1,66,248
3	Computers	14,46,426	-	-	14,46,426	13,84,840	47,739	-	14,32,579	13,847	61,586
4	Vehicles	5,16,357	1,53,552	-	6,69,909	4,58,201	53,213	-	5,11,414	1,58,495	58,156
	<b>Total</b>	<b>46,24,861</b>	<b>1,71,763</b>	<b>-</b>	<b>47,96,624</b>	<b>41,17,016</b>	<b>2,79,234</b>	<b>-</b>	<b>43,96,251</b>	<b>4,00,373</b>	<b>5,07,844</b>

Other Intangible assets

Amounts in Rs.

Sl No	Description	Gross Block			Amortisation			Net Block			
		As on 31.03.2019 the year	Additions during the year	Deletions during	As on 31.03.2020	Up to 31.03.2019	For the year the year	Deletions during	Up to 31.03.2020	As on 31.03.2020	As on 01.04.2019
1	Software licence	6,64,125	-	-	6,64,125	2,68,301	1,32,825	-	4,01,126	2,62,999	3,95,824
	Total	6,64,125	-	-	6,64,125	2,68,301	1,32,825	-	4,01,126	2,62,999	3,95,824
	Grand Total	52,88,986	1,71,763	-	54,60,749	43,85,318	4,12,059	-	47,97,377	6,63,372	9,03,668
	Previous Year	51,26,716	1,62,270	-	52,88,986	34,21,076	9,64,242	-	43,85,318	9,03,668	17,05,640

## 26 Related Party Disclosures

Party where the Control Exists	Name of Related Party
Key Managerial Personnel	
Managing Director	Rajgopal Gilada
Whole Time Director	Sampath Kumar Gilada
Chief Executive Officer	Prashant Benerjee (Up to 31 March 2020)
Chief Financial Officer	Sangeeta Gilada
Company Secretary	Monica Gandhi (Up to 13 August 2019)
Enterprises owned / significantly influenced by KMP	a. Gita Refractories Private Limited b. Rajvaibhav Enterprises Private Limited= c. Sahyadri Renewable Energy Private Limited d. Prestress Steel LLP

SL No	Related Party	Nature of Transaction	31-Mar-20	31-Mar-19
1	Raj Gopal Gilada	Remuneration	12,00,000	12,00,000
2	Sampath Kumar Gilada	Remuneration	6,00,000	6,00,000
3	Prashant Benerjee	Salary	24,99,996	24,99,996
4	Sangeeta Gilada	Salary	5,68,000	4,80,000
5	Monica Gandhi	Salary	2,88,181	4,24,319
6	Gita Refractories Private Limited	Unsecured loan given	2,21,94,958	2,91,66,100
		Repayment received	1,33,79,314	2,21,15,096
		Interest	13,13,998	12,98,225
7	Prestress Steel LLP	Unsecured loan given	1,70,57,295	2,92,50,000
		Repayment received	2,35,95,459	1,96,65,293
		Interest	13,81,644	20,41,243
8	Rajvaibhav Enterprises Private Limited	Interest received	6,30,000	12,00,000
		Interest	6,30,000	10,80,000
9	Sahyadri Renewable Energy Private Limited	Repayment received	000	1,51,45,849
		Interest	000	5,10,487

### Balances Outstanding at the end of the year

SI No	Related party	Nature	31-Mar-20	31-Mar-19
1	Raj Gopal Gilada	Payable	38,89,100	29,91,500
2	Sampath Kumar Gilada	Payable	000	47,500
3	Gita Refractories Private Limited	Receivable	1,83,53,492	82,23,849
4	Prestress Steel LLP	Receivable	62,65,306	1,14,21,826
5	Rajvaibhav Enterprises Private Limited	Receivable	50,00,000	50,00,000

## 27 Reconciliation of Movement in Borrowings to cashflows from financing activity

Borrowings	31-Mar-20	31-Mar-19
Opening Balance	77,04,723	29,91,500
Cash flows (Net)	-771,989	47,71,989
Amortisation of loan origination costs	-	-58,766
Closing Balance	69,32,734	77,04,723

## 28 Financial risk management objectives and policies

The Company's principal financial assets/liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial assets/liabilities is to finance and support Company's operations. The Company's principal financial assets include loans, other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020, March 31, 2019 and April 1 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt. The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions. The below assumption has been made in calculating the sensitivity analysis: The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020, March 31, 2019 and April 1 2018.

### b) Interest rate risk

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by management.

### c) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/Decrease in Basis points	Effect on Profit Before Tax
Year Ended 31 March 2020	100	11,63,677
Year Ended 31 March 2019	100	9,86,309

### d) Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

Particulars	31-Mar-20		
	Stage 1	Stage 2	Stage 3
Gross Carrying Value	12,89,98,161	1,10,57,576	72,19,615
Allowance for ECL	5,15,993	11,05,758	31,14,569
ECL Coverage Ratio	-	-	-

Particulars	31-Mar-19		
	Stage 1	Stage 2	Stage 3
Gross Carrying Value	11,95,29,187	83,48,806	69,40,335
Allowance for ECL	4,78,117	8,34,881	17,74,740
ECL Coverage Ratio	-	-	-

### 29 Loans written off

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### 30 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2020 and March 31, 2019 was as follows:

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Total equity attributable to the equity shareholders of the Company	12,69,88,507	11,76,46,627	11,12,31,669
As a percentage of total capital	001	001	001
Borrowings	70,84,505	77,77,360	29,91,500
As a percentage of total capital	-	-	-
Total capital (equity and borrowings)	13,40,73,011	12,54,23,987	11,42,23,169

### 31 Contingent Liabilities not provided for in the books

Particulars	31-Mar-20	31-Mar-19	1-Apr-18
Appeals filed by the company on income tax matters	25,22,033	4,71,011	4,71,011

### 32 Covid - 19

COVID-19, a global pandemic has spread across our country and created an unprecedented level of disruption. The Government of India declared a nation-wide lock down effective March 25, 2020 which was in force till May 31, 2020. Even after lifting lockdown restrictions situation have not become normal. These developments are likely to impact the Company's business operations. RBI announced the COVID-19 regulatory package following which the Company has offered the option of moratorium for instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. However the borrowers have not opted for moratorium as on 31st March 2020 and hence company is not required to make any additional provision for the year.

### 33 First Time Adoption of Ind AS - Reconciliation between Ind AS and IGAAP

This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

**Comparative Balance Sheet as at 31 March 2019 and 1 April 2018**

Particulars	31-Mar-19			1-Apr-18		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
<b>Financial Assets</b>						
(a) Cash and Cash Equivalents	19,63,103	–	19,63,103	2,94,93,735	–	2,94,93,735
(b) Loans	13,04,08,088	-6,51,278	12,97,56,809	8,99,04,272	-10,51,066	8,88,53,206
(c) Investments	19,12,000	–	19,12,000	18,57,000	–	18,57,000
(d) Other Financial Assets	15,75,997	–	15,75,997	49,48,557	–	49,48,557
<b>Non-Financial Assets</b>						
(a) Inventories	3,85,00,000	–	3,85,00,000	3,85,00,000	–	3,85,00,000
(b) Current Tax Assets (Net)	24,28,120	–	24,28,120	11,05,522	–	11,05,522
(c) Deferred Tax Assets (Net)	2,19,600	–	2,19,600	–	–	–
(d) Property, Plant and Equipment	9,03,668	–	9,03,668	17,05,640	–	17,05,640
(e) Other Non-financial Assets	21,08,251	–	21,08,251	24,39,438	–	24,39,438
<b>Total Assets</b>	<b>18,00,18,827</b>	<b>-6,51,278</b>	<b>17,93,67,549</b>	<b>16,99,54,164</b>	<b>-10,51,066</b>	<b>16,89,03,098</b>
<b>Financial liabilities</b>						
(a) Payables	7,27,886	–	7,27,886	8,58,351	–	8,58,351
(b) Borrowings	77,95,339	-17,979	77,77,360	29,91,500	–	29,91,500
(c) Other Financial Liabilities	100,000	–	100,000	–	–	–
<b>Non-Financial Liabilities</b>						
(a) Provisions	22,30,218	-2,01,669	20,28,549	–	15,90,613	15,90,613
(b) Deferred Tax Liabilities (Net)	–	–	–	11,96,457	–	11,96,457
(c) Other Non-financial Liabilities	5,53,833	–	5,53,833	5,01,215	–	5,01,215
<b>Equity</b>						
(a) Equity Share Capital	3,51,23,000	–	3,51,23,000	3,51,23,000	–	3,51,23,000
(b) Other Equity	12,11,13,551	-4,31,630	12,06,81,921	11,69,08,642	-2,641,679	11,42,66,963
(c) Money Received against Share Warrants	1,23,75,000	–	1,23,75,000	1,23,75,000	–	1,23,75,000
<b>Total Equity and Liabilities</b>	<b>18,00,18,827</b>	<b>-6,51,278</b>	<b>17,93,67,549</b>	<b>16,99,54,164</b>	<b>-10,51,066</b>	<b>16,89,03,098</b>

**Comparative Statement of Profit and Loss for the year ended 31 March 2019**

Revenue from operations	31-Mar-19		
	Previous GAAP	Adjustments	Ind AS
(a) Interest Income	3,05,52,941	-4,69,613	3,00,83,328
(b) Processing Fee	28,20,925	-	28,20,925
Total Revenue from operations	3,33,73,866	-4,69,613	3,29,04,253
Other income	1,20,446	-	1,20,446
<b>Total Income (1+2)</b>	<b>3,34,94,312</b>	<b>-4,69,613</b>	<b>3,30,24,699</b>
<b>Expenses</b>			
(a) Employee benefits expenses	1,16,89,280	-1,05,244	1,15,84,036
(b) Finance Cost	3,28,579	-17,979	3,10,600
(c) Depreciation and amortisation Expenses	9,64,242	-	9,64,242
(d) Loan Loss Provisions and Write Off	76,11,328	1,81,665	77,92,993
(e) Other Expenses	52,87,469	-	52,87,469
<b>Total</b>	<b>2,58,80,898</b>	<b>58,442</b>	<b>2,59,39,340</b>
<b>Profit Before Tax</b>	<b>76,13,414</b>	<b>-5,28,055</b>	<b>70,85,359</b>
Tax Expense			
Current tax	21,82,883	-	21,82,883
Deferred Tax	-14,16,057	-	-14,16,057
<b>Profit After Tax</b>	<b>68,46,588</b>	<b>-5,28,055</b>	<b>63,18,533</b>
Other Comprehensive Income			
A) (i) Items that will not be reclassified to profit or loss	-	-	-
A) (ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
B) (i) Items that may be reclassified to profit or loss	-	-96,425	-96,425
B) (ii) Income tax relating to items that may be reclassified to profit or loss	-	-	-
<b>Profit for the period after comprehensive income</b>	<b>68,46,588</b>	<b>-4,31,630</b>	<b>64,14,958</b>

**Reconciliation of equity as at 1 April 2018 and as at 31 March 2019 summarised in below table**

Particulars	31-Mar-19	1-Apr-18
Equity reported under previous GAAP	17,12,53,230	16,44,06,642
Impact of EIR based amortisation of loan receivables (net)	-15,20,679	-10,51,066
Remeasurement of defined benefit plan	-13,88,944	-15,90,613
Amortisation of finance costs	17,979	-
Impairment of financial assets	-181,665	-
Equity as per Ind AS	16,81,79,921	16,17,64,963

**Reconciliation of total comprehensive income for the year ended 31 March 2019 summarised in below table**

Particulars	31-Mar-19
<b>Profit after tax as reported under previous GAAP</b>	<b>68,46,588</b>
Adjustments	
Impact of EIR based amortisation of loan receivables (net)	(4,69,613)
Remeasurement of defined benefit plan	1,05,244
Amortisation of finance costs	17,979
Impairment of financial assets	(1,81,665)
<b>Profit after tax as per Ind AS for the year ended 31 March 2019</b>	<b>63,18,533</b>
Other comprehensive income	96,425
<b>Total comprehensive income as per Ind AS</b>	<b>64,14,958</b>

**Material adjustments on adoption of Ind AS are explained below:**

1. Interest income and expense measured using effective interest method
  - a. Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method.
  - b. Under Previous GAAP, the transaction costs related to borrowings were recognised upfront in the Statement of profit and loss/ securities premium. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the Statement of profit and loss.

2. Impairment Allowance for expected credit loss

Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction- Non Banking Financial Company - Non Systematically Important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

**34 Comparison of Loss allowance under Ind AS with Provisions required as per IRACP**

Asset Classification as per RBI Norms	Asset Classification as per Ind AS	Gross Carrying amount as per Ind AS	Loss Allowance as per Ind AS	Net Carrying Amount	Provision as per IRACP norms	Difference
Performing Assets	Stage - 1	12,89,98,161	5,15,993	12,84,82,168	5,15,993	-
Substandard Assets	Stage - 2	1,10,57,576	11,05,758	99,51,818	6,05,758	5,00,000
Doubtful Assets	Stage - 3	72,19,615	31,14,569	41,05,046	33,40,315	-225,746
Loss Assets Stage - 3	-	-	-	-	-	-
<b>Total</b>	<b>14,72,75,352</b>	<b>47,36,319</b>	<b>14,25,39,032</b>	<b>44,62,065</b>	<b>2,74,254</b>	

**35** Previous year figures have been regrouped and reclassified where necessary to conform to current year figures.

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

**For Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**K R GNANOBA**  
Partner  
Mem. No. 023137

**Rajgopal Gilada**  
Managing Director  
DIN - 00307829

**Sampath Kumar Gilada**  
Whole Time Director  
DIN - 02144736

Place: Bengaluru  
Date: 30-07-2020

**Sangeeta Gilada**  
Chief Executive Officer

**Pallavi Gilada**  
Chief Financial Officer

## **Note – 36 Significant Accounting Policies**

### **1. CORPORATE INFORMATION**

Gilada Finance & Investments Limited is a public Company incorporated in India under the provisions of the erstwhile Companies Act, 1956. Its shares are listed on National Stock Exchange. The Company is Non-banking Financial Company which is registered with Reserve Bank of India ('RBI'). The Company engaged in the business of lending and primarily deals in vehicle financing, small business loans and mortgage loans.

Company is registered as Non – Banking Financial Company (NBFC) and is adhering the regulatory and disclosure standards as applicable to NBFC – ND – NSIs.

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) for the first time. The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 33.

### **2. ACCOUNTING POLICIES**

#### **i. Basis of Preparation:**

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements up to and for the year ended 31st March 2019 were prepared under the historical cost convention on an accrual basis, to comply, in all material aspects, with all the applicable accounting principles in India, the applicable accounting standards notified u/s 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013.

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) for the first time. The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 33.

#### **ii. Basis of measurement:**

The financial statements have been prepared on the historical cost basis

#### **iii. Use of Estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standard.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Areas that involved a higher degree of estimate and judgment or complexity in determining the carrying amount of some assets and liabilities are mentioned below.

#### **a. Effective Interest Rate Method (EIR):**

The Company recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

**b. Impairment of Financial Assets:**

The measurement of impairment losses on loan assets and commitments, requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs

It is company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

**c. Provisions and other contingent liabilities:**

The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgments are constantly evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**iv. First time adoption of Ind AS – Exemptions (Mandatory/Optional)**

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2018 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as mentioned below:

**Deemed cost of Property, Plant and Equipment and Intangible Assets:** The Company has opted to measure property, plant and equipment and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

**v. Revenue Recognition:**

**a. Interest Income on Loans:**

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

**b. Fee and Commission Income:**

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due.

**c. Interest Income on Investments**

Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**vi. Property, Plant & Equipment:**

Property, Plant and Equipment are stated at cost of acquisition including incidental expenses, less accumulated depreciation and accumulated impairment loss, if any. All costs directly attributable to bringing the asset to the working condition for its intended use including financing costs are also capitalized.

Depreciation is provided on WDV Method on the basis of useful life under Schedule II to the Companies Act, 2013 are as under:

a. Office Equipment's	:	5
b. Computer and hardware	:	3
c. Furniture & Fixtures	:	10
d. Vehicles	:	10

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

**vii. Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 5 years which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

**viii. Financial Instruments:**

**a. Recognition and Initial Measurement:**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

**b. Classification and Subsequent measurement of financial assets:**

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

**Amortised cost:**

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

**FVOCI - debt instruments:**

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

**FVOCI - equity instruments:**

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

**Subsequent measurement of financial assets:**

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

**c. Financial liabilities and equity instruments:**

**Classification as debt or equity:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

**Financial liabilities:**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

**d. De-recognition:**

**Financial Assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial Liabilities:**

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

**e. Impairment of financial instruments:**

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (Refer note 28)

The Company recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

**ix. Finance Costs:**

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilised, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

**x. Cash & Cash Equivalents:**

Cash and Bank balances include Cash in hand, Bank Balances, Bank Deposits and corporate deposits.

**xi. Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**xii. Taxes on Income:**

Tax expenses comprise current tax, deferred taxes and prior period taxes. Current income tax at the amount expected to be paid to the tax authorities in accordance with Income Tax Act.

Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year. Deferred tax is measured based on current tax rates.

**xiii. Provisions & Contingencies:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. The company does not provide for a contingent liability but discloses its existence in the financial statement.

**xiv. Earnings per equity share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**xv. Employee Benefits**

**Provident Fund:** Company is due for registration under Provident Fund Act and is in the process of obtaining registration.

**Gratuity:** Provision for Gratuity is made as per the provisions of the Payment of Gratuity Act.

**xvi. Impairment of Assets:**

At the balance sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered an impairment loss and provides, if any.

For and on behalf of Board of Directors

**For Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**K R GNANOBA**  
Partner  
Mem. No. 023137

Place: Bengaluru  
Date: 30-07-2020

**Rajgopal Gilada**  
Managing Director  
DIN - 00307829

**Sangeeta Gilada**  
Chief Executive Officer

**Sampath Kumar Gilada**  
Whole Time Director  
DIN - 02144736

**Pallavi Gilada**  
Chief Financial Officer

**ANNEX - II**  
**Schedule to the Balance Sheet of a NBFC**

(Rs. in lakhs)

Particulars Liabilities side	Amount	Amount overdue
<b>(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued there on but not paid :</b>		
(a) Debentures: Secured	-	-
Unsecured (other than falling within the meaning of public deposits*)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits*	-	-
(g) Other Loans- OD facility from banks & Financial institution	70.85	-
* Please see Note 1 below		
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued there on but not paid):</b>		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a short fall in the value of security	-	-
(c) Other public deposits	-	-
* Please see Note 1 below		
<b>Assets side</b>	<b>Amount out standing</b>	
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>		
(a) Secured		1141.93
(b) Unsecured		296.19
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Asset on hire		
(b) Repossessed Assets		
(iii) Other loans counting towards AFC activities		
(a) Loans where asset have been repossessed		
(b) Loans other than (a) above		-

<b>(5) Break-up of Investments</b>			
<b>Current Investments</b>			
1. Quoted			
(i) Shares			
(a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
2. Unquoted			
(i) Shares			
(a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
<b>Long Term investments</b>			
1. Quoted			
(i) Share			
(a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
2. Unquoted			
(i) Shares			
(a) Equity			0.90
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(vi) Others (please specify)			-
<b>(6) Borrower group-wise classification of assets financed as in (3) and (4) above :</b> (Please see Note 2 below)			
Category	Amount net of provisions		Total
	Secured	Unsecured	
1. <b>Related Parties **</b>	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	296.19	296.19
(c) Other related parties	-	-	-
2. Other than related parties	1141.93	-	1071.09
<b>Total</b>			

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Please see note 3 below)**

<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of revisions)</b>
1. Related Parties**		
(a) Subsidiaries -	-	
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	0.90	0.90
<b>Total</b>		
** As per Accounting Standard of ICAI (Please see Note 3)		

**(8) Other information**

<b>Particulars</b>	<b>Amount</b>
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	182.77
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	135.41
(iii) Assets acquired in satisfaction of debt	-

**ANNEXURE - VI**  
**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

**To,**

**The Members,**

Gilada Finance and Investments Ltd  
# 105 R RTakt, 37 Bhoopasandra Main Road,  
Sanjaynagar, Bangalore- 560094,

We, Gnanoba & Bhat, Chartered Accountants (Firm's Registration No.: 000939S), as Statutory Auditors of GILADA FINANCE AND INVESTMENTS LIMITED ("The Company"), having its Registered office at # 105 R R Takt, 37 Bhoopasandra Main Road, Sanjaynagar, Bangalore- 560094, have examined the compliance of conditions of Corporate Governance by the Company for the financial years ended March 31, 2020 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchange(s).

We have been requested by the management of the Company to provide a certificate on Compliance of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For GNANOBA & BHAT**  
Chartered Accountants Firm's  
Registration No. 000939S

**Date: 05th November, 2020**  
**Place: Bangalore**

**GNANOBA K R**  
Partner  
M. No. 023137  
UDIN:20023137AAAAEP1646

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,**

**The Members of  
Gilada Finance And Investments Limited  
# 105, R R Takt 37 Boopasandra Main Road  
Bangalore KA 560094 IN**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Gilada Finance And Investments Limited having CIN L65910KA1994PLC015981 and having registered office at # 105, R R Takt 37 Boopasandra Main Road Bangalore KA 560094 IN (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place:Pune  
Date :09th October, 2020**

Signature  
**Name:Varun Nashine**  
(Partner)  
Membership No.: 49574  
CP No.:17975  
UDIN:A049574B000892570