

# **CORPORATE MERCHANT BANKERS LIMITED**

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## **24<sup>TH</sup> ANNUAL REPORT 2017-2018**

### **REGISTERED OFFICE:**

**UG-24, VISHWADEEP TOWER, DISTRICT CENTRE, JANAK PURI,  
NEW DELHI – 110 058**

## BOARD OF DIRECTORS

MR. VENKATESHWAR PARNE REDDY	NON-EXECUTIVE NON INDEPENDENT DIRECTOR
MR. SATYANARAYANA KADURI	EXECUTIVE DIRECTOR
MR. RAMESH CHAND JAIN	INDEPENDENT DIRECTOR
MS. VANDANA GUPTA	INDEPENDENT DIRECTOR
MR. NAUBAHAR SINGH	INDEPENDENT DIRECTOR
MR. MADHAGIRI KUMAR VIJAY	NON-EXECUTIVE NON INDEPENDENT DIRECTOR

## KEY MANAGERIAL PERSONNELS (KMPS)

MR. SATYANARAYANA KADURI	CHIEF EXECUTIVE OFFICER
MR. SURESH KUMAR CIDDAM	CHIEF FINANCIAL OFFICER
MS. LAVEENA PANJWANI	COMPANY SECREARY & COMPLIANCE OFFICER (Appointed on Aug 01, 2018)

## AUDITORS

MR. MULRAJ D GALA CHARTERED ACCOUNTANT	STATUTORY AUDITORS
M/S VCSR & ASSOCIATES PRACTICING COMPANY SECRETARIES	SECRETARIAL AUDITORS
M/S ARR & CO.	INTERNAL AUDITORS

## REGISTRAR & SHARE TRANSFER AGENT

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED

## BANKERS

ICICI BANK LIMITED

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# **DIRECTOR'S REPORT**

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## **F.Y 2017-18**

## DIRECTORS' REPORT

To the Members,

We are pleased to present the 24<sup>th</sup> Annual Report on our business and operations for the year ended March 31, 2018, of Corporate Merchant Bankers Limited ("Company") along with the audited consolidated and standalone financial statements for the year ended March 31, 2018.

### 1. BACKGROUND

Company was incorporated under Companies Act, 1956 on August, 26 1994. The Company is a Non Deposit Accepting Non-Banking Finance Company ("NBFC"), holding "Certificate of Registration no.: 14.00060 from the Reserve Bank of India ("RBI") dated February 24, 1998. Equity Shares of the Company are listed on BSE Limited (BSE) and Metropolitan Stock Exchange of India Limited (MSEI) (formerly known as MCX Stock Exchange Limited)

### 2. FINANCIAL SUMMARY/HIGH LIGHTS/PERFORMANCE OF THE COMPANY (STANDALONE/CONSOLIDATED)

The Company's financial results are as under:

			(Amount in Rs.)	
Description	Standalone		Consolidated	
	Year ended March 31			
	2018	2017	2018	2017
Total revenue	19,85,655	19,46,975	19,85,655	19,46,975
Expenses:				
Employee Benefit Expenses	5,87,300	3,37,500	5,87,300	3,37,500
Other Expenses	7,46,477	9,45,249	7,46,477	9,56,749
Preliminary Expenses	5,72,500	5,72,500	5,72,500	5,82,500
Profit before tax	79,378	91,726	79,378	70,226
Tax Expenses:				
Less: Current tax	23,119	31,022	23,119	31,022
Add: Deferred tax	0	0	0	0
Profit after tax	56,259	60,704	56,259	39,204
Earnings Per Share (EPS)				
Basic	0.02	0.02	0.02	0.01
Diluted	0.02	0.02	0.02	0.01

### 3. BUSINESS PERFORMANCE

The Company is a Non-Banking Financial Company registered with the Reserve Bank of India. There has been no change in the business of the Company, during the year under review.

The consolidated revenue of the Company for the year ended March 31, 2018 stood at 19,86,655/- as against Rs. 19,46,975/- for the previous year. The consolidated Net Profit for the financial year ended March 31, 2018 stood at Rs. 56,259/- as against the previous year's Net Profit of Rs.39,204/-. The Reserves and Surplus as of March 31, 2018 stood at Rs.6,59,182/- as against Rs. 6,02,923/- of the period as of March 31, 2017. The above figures are extracted from the financial statements as per Indian Generally Accepted Accounting Principles (GAAP).

#### **4. STATE OF THE COMPANY'S AFFAIRS**

Your Company continues to take effective steps in broad-basing its range of activities as the company is a NBFC and the main business of the Company is to make investment and to give loans & advances. The performance of the Company during the period under review has been satisfactory.

#### **5. TRANSFER TO RESERVES**

As per provisions of Section 45-IC of Reserve Bank of India Act, 1934, the NBFC Company is required to transfer sum not less than twenty percent of its net profit every year. Therefore, the Company has transferred Rs. 11,252/-, being twenty percent of net profits for the financial year to the Statutory Reserve.

#### **6. DIVIDEND**

In view of need to conserve the resources of the company for the future growth, your Company's Directors do not recommend any dividend to the shareholders of the Company for the Financial Year 2017-18

#### **7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

In the opinion of the Board, there has been no 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.

#### **8. SUBSIDIARIES**

**Details of Subsidiary Companies, Joint Ventures and Associate Companies, and their financial position.**

Your Company has 1 (one) subsidiary company for the financial year ended on March 31, 2018. The information as required under the first proviso to sub-section (3) of Section 129 is given in Form AOC-1 in **Annexure I**.

#### **9. SHARE CAPITAL**

The paid up equity share capital as on March 31, 2018 was Rs. 3,30,00,000. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

#### **10. RISK MANAGEMENT POLICY**

Risk Management Policy identifies, communicate and manage risks across the organization. The policy also ensures that responsibilities have been appropriately delegated for risk management. Key Risk and mitigation measures are provided in the Management Discussion and Analysis annexed to the Annual Report.

## **11. INTERNAL FINANCIAL CONTROL SYSTEM**

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

## **12. VIGIL MECHANISM**

The Company believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Company is committed to develop a culture in which every employee feels free to raise concerns about any poor or unacceptable practice and misconduct. In order to maintain the standards has adopted lays down this Whistle Blower Policy to provide a framework to promote responsible and secure whistle blowing. The Board of Directors of your Company has adopted the Vigil Mechanism and Whistle Blower Policy in compliance of Companies Act, 2013.

## **13. HUMAN RESOURCES**

The Company seeks to nurture a mutually beneficial relationship with its employees. This relationship is characterized by the investment which the Company makes in its employees by providing challenging roles and assignments opportunities for personal growth, relevant and timely performance support, training and an enabling environment. The Company seeks to create a workplace which combines achievement orientation with care for employees. The Company lists 'people' as one of its stated core values.

Your Company takes the pride in the Commitment, Competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirements of the business.

## **14. COMPLIANCE**

The Company has complied and continues to comply with all the applicable regulations, circulars and guidelines issued by the Ministry of Corporate Affairs (MCA), Stock Exchange(s), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) etc.

The Company has complied with all applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, Listing Agreement executed with the Stock Exchanges, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules/regulations/guidelines issued from time to time.

## **15. DEPOSITS**

During the year under review, the Company has not accepted any deposits from the public under Section 73 of the Companies Act, 2013 and rules made thereunder. There is no unclaimed or unpaid deposit lying with the Company.

## **16. RBI GUIDELINES**

As a Non Deposit taking Non-Banking Finance Company, your Company always aims to operate in compliance with applicable RBI laws and regulations and employs its best efforts towards achieving the same.

## **17. CHANGES IN DIRECTORS & KEY MANAGERIAL PERSONNEL**

There had been no changes in the Directors.

### **RE-APPOINTMENT**

As per Article 34(1) of the Articles of Association of the Company, one third of the Directors are liable to retire by rotation at the Annual General Meeting of the Company. Mr. Satyanarayana Kaduri, Director is liable to retire by rotation.

## **18. EVALUATION OF DIRECTORS, BOARD AND COMMITTEES**

As required under the provisions of Section 134(3)(p), the Board has carried out an annual performance evaluation of its own performance, and the manner in which such performance evaluation was carried out is as under:

The performance evaluation framework is in place and has been circulated to all the directors to seek their response on the evaluation of the entire Board and independent directors. The Nomination and Remuneration & Compensation Committee has carried out evaluation of director's performance.

The criteria of evaluation is exercise of responsibilities in a bona fide manner in the interest of the Company, striving to attend meetings of the Board of Directors/ Committees of which he/she is a member/ general meetings, participating constructively and actively in the meetings of the Board /committees of the Board etc.

## **19. PARTICULAR OF EMPLOYEES AND RELATED DISCLOSURES**

The information required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- i) **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:**

<b>Directors</b>	<b>Ratio to median remuneration*</b>
Vandana Gupta	NIL
Ramesh Chand Jain	NIL
Venkateshwar Parne Reddy	NIL
Satyanarayana Kaduri	NIL
Naubahar Singh	NIL
Madhagiri Kumar Vijay	NIL



\*the expression "median" mean the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one.

- ii) **The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the Financial Year:**  
Nil
- iii) **The percentage increase in the median remuneration of employees in the financial year:** NIL
- iv) **the number of Permanent employees on the rolls of the company :** 3 (three)
- v) **average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** There was no remuneration paid to employees. Hence, the comparison between the two cannot be made.
- vi) **the key parameters for any variable component of remuneration availed by the directors:** Nil
- vii) **Affirmation that the remuneration is as per the remuneration policy of the company:**  
It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

**DISCLOSURE UNDER RULE 5 (2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OR MANAGERIAL PERSONNEL) RULES, 2014**

There is no directors/employees in the Company for which disclosure have to be made under the provisions of Rule 5 (2) & (3) of the Companies (Appointment and Remuneration or Managerial Personnel) Rules, 2014.

**A. Details of Top ten employees in terms of remuneration drawn:**

Name & Designation	Age	Remuneration	Nature of Employment	Qualification & Experience	Date of commencement of Employment	Last Employment	% of Equity Share held	Whether related to Director or Manager
Satyanarayana Kaduri (Chief executive Officer and Director)	38	NIL	Whole Time	B.Com, ICWA and 11 years appx.	02.02.2016 (AS Chief Executive Officer)	GRM Projects & Constructions Pvt. Ltd.	Nil	No
Suresh Kumar Ciddam (Chief Financial Officer)	43	NIL	Whole Time	M.Sc (IT) and 9 years appx.	02.02.2016	RAM Informatics Ltd.	Nil	No
Laveena Panjwani (Company Secretary)	27	1,80,000	Whole Time	Company Secretary and 3 year appx.	01.08.2018	Covidh Technologies Ltd	Nil	No

**B. Details of other employees under aforesaid Rules:**

Nil

**20. COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

The Company's policy on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub section (3) of Section 178 of the Companies Act, 2013, as is adopted by the Board.

The Company has adopted a comprehensive policy on Nomination and Remuneration of Directors on the Board. As per such policy, candidates proposed to be appointed as Directors on the Board shall be first reviewed by the Nomination and Remuneration Committee in its duly convened Meeting. The Nomination and Remuneration Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the Remuneration for the Directors, Key Managerial Personnel and other employees. The Nomination and Remuneration Committee shall ensure that—

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and