
KIDUJA

INDIA LIMITED

**34th Annual Report
2019-2020**

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economic Scenario

The global economy witnessed strong fall in the market opportunities due to breakdown of pandemic "COVID-19" leading to weak global trade, financial stability risks and significant adjustment challenges, along with financial market tensions that may continue to impede growth further which cast a shadow on business and consumer sentiment.

Indian Economic Scenario

The lack of private participation in fuelling a new investment cycle shifts the burden completely to government spending, which has a lower multiplier for the overall economy. The Reserve Bank of India (RBI) announced multiple rate cuts as well as infused liquidity through open market operations to ease the liquidity stress witnessed in the markets.

Industry Structure and Developments

Non-Banking Financial Companies (NBFCs) continue to play a critical role in the Indian economy. NBFCs are emerged as an alternative to mainstream banking. They are also emerging as an integral part of Indian Financial System and are contributing commendably towards Government's agenda of financial inclusion. NBFCs in India have recorded marked growth in recent years.

The success of NBFCs has been driven by factors like their ability to control risks, to adapt to changes and create demand in markets that are likely to remain unexplored by bigger players. Thus, the need for uniform practices and level playing field for NBFCs in India is crucial. NBFCs, in India, are today operating in a very dynamic scenario especially after the revised regulatory framework by the RBI launched with the objective of harmonizing working of NBFCs with banks and financial institutions and address regulatory gaps and arbitrage.

Non-Banking Financial Institutions (NBFIs) is a heterogeneous group of institutions that caters to a wide range of financial requirements and can broadly be divided into Financial Institutions (FIs) and Non-Bank Financial Companies (NBFCs). With the growing importance assigned to financial inclusion, NBFCs have been regarded as important financial intermediaries particular for the small scale and retail sectors. There are two broad categories of NBFCs based on whether they accept public deposit, namely deposit taking NBFCs (NBFC-D) and non-deposit taking NBFCs (NBFC-ND).

Company Information

Kiduja India Limited ("Kiduja") is a Non-Banking Finance Company "NBFC", registered with the Reserve Bank of India as a Non-systematically Important Non-deposit taking NBFC.

Segment Wise Performance

The Company's business activity falls within a single business segment i.e. Non-Banking Services. The performance of the business is as below:

(Rs. in Thousands)		
Particulars	2019-20	2018-19
Total Income	-	2,06,690.22
PBT & Exceptional Item	(4,269.19)	1,61,233.77
Exceptional Item	47,508.43	-
PBT	43,239.24	1,61,233.77
PAT	43,249.61	1,61,227.14
EPS (Before Exceptional Item)	(2.48)	94.01
EPS (After Exceptional Item)	25.22	94.01

Opportunities & Threats

NBFCs have been playing a very important role both from macroeconomic prospective and the structure of the Indian Financial System. NBFCs are perfect or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. They offer quick and efficient services without making one to go through the complex rigmarole of conventional banking formalities. However, to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavour to search for new products and services in order to survive in this even competitive financial market.

Outlook

As the pandemic has spread across the globe, the adverse impact of COVID-19 has overshadowed global macroeconomic outlook. Several multilateral agencies have projected recession for the global economy in the calendar year 2020 with the IMF (International Monetary Fund) warning of the worst global recession in almost a century. The RBI estimates real GDP growth of India to remain in negative territory in FY21. Rating agencies and economic think-tanks have significantly reduced India's growth projections for FY21 to -2% to -5% on the back of extended lockdown, factory shutdowns, supply chain disruptions, travel restrictions, reduced discretionary spending and recessionary outlook for the global economy. To avert steeper decline in economic growth, major countries have used a mix of monetary and fiscal tools to ensure liquidity and credit flow to their economies. In India, while the RBI has been doing the heavy lifting, various policy measures announced by the Government in its Economic Package are perceived to be more useful in the medium to long term. The nature of lockdown observed in India is amongst the strictest in the world, considering the domestic policy space to control its negative impact is limited. The consequent steeper decline in economic activities could adversely affect financial markets. The COVID-19 led disruptions have severely affected the fiscal arithmetic of both Union and State Governments. It is already reflected in the large additional borrowings envisaged by both Union and State Governments along with expenditure rationalisation measures including reduction in capital expenditure. Such steep rise in government market borrowings will have hardening bias on yields and put pressure on the cost of borrowings of companies and NBFCs.

Risk and Concerns

The Company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risk and credit risks. Managing risk effectively also helps in achieving the desired outcome, while fixing responsibility and accountability. The Company especially focuses on improving sensitivity to assessment of risks and improving methods of computation of risk weights and capital charges. The risk assessment and mitigation procedure are reviewed by the Board periodically.

Internal Control System and Their Adequacy

The Company has an effective internal control system, commensurate with its size and nature to ensure smooth business operations, in order to provide reasonable assurance that all assets are safeguarded and protected from any kind of loss or misuse, transactions are authorized, recorded and reported properly and that all applicable statutes and corporate policies are duly complied with.

Discussion on Financial Performance with respect to Operational Performance

Total Profit after Tax for the financial year ended on 31st March, 2020 stood at Rs. 43,249.61 Thousands as against Rs. 1,61,227.14 Thousands for the financial year ended on 31st March, 2019. The EPS after exceptional item for the financial year ended on 31st March, 2020 stood at Rs.25.22 per share as against Rs.94.01 per share for the financial year ended on 31st March, 2019. The Management of the Company foresees the future opportunities in respect to the growth of the Company.

Human Resources

The Company believes that employees are the key to achievement of Company's objectives and strategies. The Company provides to the employees a fair and equitable work environment and support from their peers with a view to develop their capabilities leaving them with the freedom to act and to take responsibilities for the task assigned. We provide our employees outstanding career development opportunities and reward to the staff for their good performance and loyalty to the organization.

Industrial Relationsfront, including number of people employed

During the year under review, your company was engaged in the business of dealing in securities and other related activities and hence, the Company has not established any relationship with workers, but is having a cordial relationship with its employees. No employees were appointed during the FY 2019-20

Details of significant changes (i.e. change of 25% or more as compared to the Immediately previous financial year) in key financial ratios

- Debtors Turnover- N.A
- Inventory Turnover- N.A
- Interest Coverage Ratio - N.A
- Current Ratio - N.A
- Debt Equity Ratio - N.A
- Operating Profit Margin (%) - N.A
- Net Profit Margin (%) - N.A

Details of any change in Return on Net Worth as compared to the Immediately previous financial year along with a detailed explanation thereof

During the year under review, the net worth of your company was negative and as such it is not possible to compute the Return on Net Worth. However, for FY 2019-20 your company has earned profit of Rs.43,249.61 thousands and for the preceding FY 2018-19 your company has earned profit of Rs.1,61,227.14 thousands.

Cautionary Statement

Statement in Management Discussion and Analysis may be forward looking within the meaning of applicable securities laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. The Company assumes no responsibilities in respect of the forward-looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

BOARD'S REPORT

To,
The Members of
Kiduja India Limited,

Your Directors have pleasure in presenting the 34th Annual Report of Kiduja India Limited ("the Company") on the business and operations for the Financial Year ended 31st March 2020.

1. Business Overview / State of Company's affairs

During the year under review the Company have earned profit of Rs.43,249.61 thousands as against Rs.1,61,227.14 thousands for the financial year ended on 31st March, 2019.

The Company is confident of performing better in the future as compared to period under review.

2. Financial Performance

The Financial performance of the company for the financial year ended 31st March, 2020 is summarized below:

	(Rs. in Thousands)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations	-	2,06,688.80
Other Income	-	1.42
Total Revenue	-	2,06,690.22
Less: Expenses	4,269.19	45,456.45
Profit / (Loss) before Tax & Exceptional Item	(4,269.19)	1,61,233.77
Exceptional item	47,508.43	-
Profit / (Loss) before Tax	43,239.24	1,61,233.77
Less: Tax Expenses	(10.37)	6.63
Profit / (Loss) after tax	43,249.61	1,61,227.14
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	43,249.61	1,61,227.14

The Covid-19 crisis has caused a slowdown to the whole country, and there is no denying to say it has not impacted the business operation of the Company. Our business practices and strong enterprise risk management framework has helped in dealing with such an unprecedented crisis. Our approach has been to respond and not react to critical situations. In these testing times, focussing on business continuity plans, adopting "new ways of doing business" and to the "new normal" have been our priority along with nurturing relationship with our stakeholders by supporting them.

3. Adoption of Indian Accounting Standards

The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 from 01st April, 2019.

4. Dividend

The Directors do not recommend any dividend for the Financial Year ended on 31st March 2020.

5. Transfer to Reserves

The Company did not transfer any amount to reserves during the year under review.

6. Holding, Subsidiary and Associate Company

During the year under review, the Company did not have any Holding, Subsidiary, Associate and Joint Venture Company and there were no companies which became or ceased to be the Company's Subsidiary, Joint Venture or Associate Company; accordingly, reporting on the highlights of performance of Subsidiaries, Associates and Joint Venture companies and their

contribution to the overall performance of the Company during the period under report, is not required to be made.

7. Revision of Financial Statements

There was no revision of the financial statements pertaining to previous financial years, during the year under review.

8. Deposits

The Company has not accepted any deposits within the directives issued by the Reserve Bank of India (RBI) and under Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March, 2020 and accordingly, no amounts on account of principal or interest on public deposits were outstanding as on 31st March, 2020.

9. Directors and Key Managerial Personnel

As on the date of report the Board of the Company comprises the below mentioned 4 (Four) Directors:

Sr. No.	Name	DIN	Designation
1	Mr. Ashish D Jaipuria *	00025537	Chairman and Managing Director
2	Ms. Archana A Jaipuria **	00025586	Non-Executive Woman Director
3	Mr. OmPrakash Agarwal #	00671355	Independent Director
4	Mr. Samir Sanghai#	02469690	Independent Director

During the year under review, Ms. Kirti D. Jaipuria (Din:00025564) resigned as Director of the Company with effect from close of the business hours on 02nd March, 2020. The Board placed on records its sincere appreciation of the valuable contribution made by her to the Company.

The tenure of Mr. OmPrakash Agarwal and Mr. Samir Sanghai as Independent Directors of the Company have expired on 31st March, 2020, accordingly, the Board of Directors at their Meeting held on 13th March, 2020 re-appointed Mr. OmPrakash Agarwal and Mr. Samir Sanghai as Independent Directors for a second term of 5 (five) years i.e. from 1st April, 2020 to 31st March, 2025 subject to the Shareholders approval in the ensuing Annual General Meeting.

* The tenure of Mr. Ashish D. Jaipuria as Chairman and Managing Director of the Company has expired and he is eligible to be re-appointment. Accordingly, the Board of Directors at their Meeting held on 30th June, 2020 re-appointed Mr. Ashish D. Jaipuria as Chairman and Managing Director of the Company for a term of 3 (three) years i.e. from 1st July, 2020 till 30th June, 2023 subject to the Shareholders approval in the ensuing Annual General Meeting.

** In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Ms. Archana Jaipuria, Director being longest in office, shall retire by rotation and being eligible has offered herself for reappointment at the ensuing Annual General Meeting of the Company.

A brief profile of Mr. Ashish D. Jaipuria, Ms. Archana Jaipuria and Mr. OmPrakash Agarwal and Mr. Samir Sanghai has been included in the notice convening the ensuing Annual General Meeting of the Company.

Based on the declarations and confirmations received in terms of the provisions of Section 164 of the Companies Act 2013 none of the Directors on the Board of your Company are disqualified from being appointed / continuing as Directors.

Pursuant to the provisions of Section 203 of Companies Act, 2013, Mr. Darshan Kumar Jain is Chief Financial Officer (Key Managerial Personnel) of the Company as on the date of this Report.

There was no change in the Key Managerial Personnels during the year under review.

10. Statement on Declaration given by Independent Directors

In terms of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 every individual who is being appointed as Independent Director or who intends to get appointed as an independent need to apply to the institute for inclusion of his name in the data bank.

In this regard, declarations were received from Mr. OmPrakash Agarwal and Mr. Samir Sanghai Independent Directors of the Company confirming that they meet the criteria of independence as specified in Section 149(6) and Section 149(7) of the Companies Act, 2013.

The Board of the Company also conclude its overall satisfaction on the integrity, expertise and experience of the independent Directors of the Company.

11. Annual Evaluation of the performance of the Board, Its Committees and of Individual Directors

The Board of Directors at their Meeting held on 30th June, 2020 carried out the annual evaluation of its own performance as well as the evaluation of the working of its Committees and individual Directors, including Chairman of the Board for the Financial Year 2019-20 and expressed its satisfaction as to their performance.

This exercise was carried out through a structured questionnaire prepared separately for Board, Committees and individual Directors. The questionnaire for Board evaluation was prepared taking into consideration various aspects of the Board's functioning such as adequacy of the composition and role of the Board, Board meeting and reporting process, effectiveness of strategies, risk management systems, external relationships, ethics and governance framework. Committee performance was evaluated on the basis of its composition, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of the Independent Directors, the performance of Non-Independent Directors, the Board as a whole and of the Chairman was evaluated, taking into account the views of Executive Director and Non-Executive Directors. Performance evaluation of both the Independent Directors was carried out by the entire Board, excluding the Independent Director being evaluated.

12. Significant and Material Orders passed by the Regulators or Courts or Tribunals

There were no significant material orders passed by the Regulators or Courts or tribunals which would impact the going concern status of the Company and its future operations.

13. Material Changes and Commitments affecting the financial position of the company

There were no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the Director's Report.

14. Change in Nature of Business, If any

During the year under review, there has not been any change in the nature of the business of the Company.

15. Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings & Outgo

• Conservation of Energy

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the Company has taken necessary steps in minimizing the usage of energy to the extent possible to reduce the cost of energy.

• Research & Development and Technology Absorption

Since the Company is operating in Service Sector, provisions of Research & Development and Technology Absorption are not applicable to the company.

• Foreign Exchange Earnings and Outgo

The Company has no foreign exchange earnings and outgo.

16. **Particulars of Employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

A statement giving particulars of employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as **Annexure A** appended hereto and forms part of this report.

17. **Extract of Annual Return**

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, Extract of the Annual Return in Form MGT-9 for the financial year ended 31st March, 2020 made under the provisions of Section 92(3) of the Act is attached as **Annexure B** which forms part of this Report.

18. **Board Meetings**

The Board generally meets 4-6 times during the year. All the meetings are conducted as per designed and structured agenda. All agenda items are backed by necessary supporting information and documents to enable the board to take informed decisions. Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda are sent in advance.

The Company held a minimum of one board meeting in every quarter with a gap not exceeding 120 days between two board meetings. During the year ended 31st March, 2020, 8 (Eight) Board Meetings were held, the details of which is as under:

Board Meetings held during the Year:

Sr. No.	Dates on which the Board Meetings were held	Total Strength of the Board	No of Directors Present
1	25 th April, 2019	5	4
2	30 th May, 2019	5	5
3	09 th August, 2019	5	4
4	12 th September, 2019	5	4
5	22 nd October, 2019	5	4
6	08 th November, 2019	5	5
7	14 th February, 2020	5	5
8	13 th March, 2020	4	4

Attendance of Directors at Board Meetings and Annual General Meeting:

Name of the Director	Attendance at the Board Meetings held on								AGM held on 12 th Sept, 2019
	25 th Apr, 2019	30 th May, 2019	09 th Aug, 2019	12 th Sept, 2019	22 nd Oct, 2019	08 th Nov, 2019	14 th Feb, 2020	13 th Mar, 2020	
Mr. Ashish D. Jaipuria	✓	✓	✓	✓	✓	✓	✓	✓	✓
*Ms. Kirti D. Jaipuria	Leave of Absence	✓	Leave of Absence	Leave of Absence	Leave of Absence	✓	✓	NA	✓
Ms. Archana Jaipuria	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. OmPrakash Agarwal	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Samir Sanghai	✓	✓	✓	✓	✓	✓	✓	✓	✓

* Ms. Kirti D. Jaipuria resigned as Director of the Company w.e.f. close of business hours on 02nd March, 2020

19. **Share Capital**

The Authorised Share Capital of the Company is Rs.17,500 thousands divided into 17,50,000 Equity Shares of Rs.10 each and the Subscribed and Paid up Share Capital of the Company is Rs.17,150 thousands divided into 1,715,000 Equity Shares of Rs.10 each.

During the year ended 31st March 2020, there has been no change in the share capital of the Company.

The Company has not allotted any shares, bonus shares, equity shares with differential rights nor granted stock options nor issued sweat equity during the financial year ended on 31st March 2020.

The Company does not have a Scheme of ESOP and accordingly, disclosure under Section 67(3) of the Companies Act, 2013 in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates is not required to be made.

Mr. Ashish D. Jaipuria, Managing Director of the Company holds 11,15,000 (65.01%) equity shares of the Company.

20. Particulars of contracts or arrangements with Related Parties

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, the transactions entered with related parties are in the ordinary course of business and on an arm's length pricing basis, the details of which are provided under Note 22 forming part of the audited financial statements for the year ended 31st March, 2020.

21. Particulars of Investments, Loans and Guarantees under Section 186 of the Companies Act, 2013

As the Company is a Non-Banking Financial Company registered with the RBI, the provisions of Section 186 except sub-section (1) regarding particulars of the investment made shall not apply to the Company pursuant to Section 186(11) of the Companies Act, 2013.

The Company has not advanced any loans or given any guarantee or security which is covered under Section 186 of the Companies Act, 2013.

22. Internal Control Systems and their adequacy:

Your Company has proper and adequate systems, documented policies, defined authority matrix, and internal controls to ensure efficiency of operations, compliance with internal systems / policies and applicable laws.

All audit observations and follow up actions thereon are reported to the Audit Committee of the Board. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. The Board of Directors are of the view that your Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.

The internal control systems / policies of your Company are supplemented with regular reviews by the management and checks by internal auditors. The main function of the Internal Auditors is to provide to the Audit Committee and the Board of Directors, an objective assurance of the adequacy and effectiveness of the organization's risk management control and governance process. The Audit Committee periodically reviews various risks associated with the business of the Company and ensure that they have an integrated view of risks faced by the Company.

23. Adequacy of Internal Financial Controls related to financial statements

The Company has in place adequate Internal Financial Controls related to Financial Statements. The Company's Internal Financial Controls are commensurate with the size, nature and operations of the Company.

24. Transfer of amounts to Investor Education and Protection Fund

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2020.

25. Statutory Auditors

M/s. Bagaria & Co. LLP, Chartered Accountants, (Firm Registration No.113447W/W-100019) were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 05th September, 2017 for a period of 5 years, subject to ratification at every Annual General Meeting.

However, as per Companies (Amendment) Act, 2017, ratification by members at AGM has been omitted.

M/s. Bagaria & Co. LLP, Chartered Accountants have furnished a certificate of their eligibility and consent under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for the Financial Year 2020-21.

The Observations raised by Statutory Auditors in their Audit Report are as under:

The financial statements indicate that the Company's net worth has fully eroded and also the Company's current liabilities exceeded its total assets. These events or conditions, along with other matters as set forth in the said, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the management is confident of reversing the losses in the coming years with the committed financial support from the Promoters. Accordingly, the financial statements have been prepared on a going concern basis.

Management's reply:

The Report issued by the Statutory Auditors and Notes on Financial Statement referred to in the Auditor's Report and their Observations therein are self-explanatory and do not call for any further clarifications/comments.

26. Fraud Reporting

No frauds were reported by the Auditors in their Report on the Financial Statements of the Company under Section 143(12) of the Companies Act, 2013.

27. Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board has appointed M/s. Pradeep Purwar & Associates, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2019-20. Your Company has provided all assistance and information to the Secretarial Auditors for conducting their audit. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith and marked as **Annexure C** to this Report.

The Management's replies to the observations raised in the Secretarial Audit Report are as under:

Sr. No.	Observations	Management's Reply
1.(a)	Non Compliance under Section 203 of the Act with respect to the appointment of Company Secretary.	Considering the size and operations of the Company, the Company is unable to find a suitable candidate for appointment as Company Secretary.
(b)	Non Compliance under Section 91 of the Act with respect to publication of notice of book closure in the newspaper.	Publication of advertisement of notice of book closure in the newspaper was inadvertently missed out by the Company.
(c)	Non Compliance under Rule 20 Companies (Management and Administration) Rules, 2014 of the Act with respect to the publication of advertisement of Notice of AGM in the newspaper.	Publication of advertisement of Notice of AGM in the newspaper was inadvertently missed out by the Company.
(d)	Non-filing of e-Form INC- 22A (ACTIVE) as prescribed under Rule 25A of Companies (Incorporation) Rules, 2014 as amended.	The Company is unable to find a suitable candidate for appointment as Company Secretary and hence, e-form INC- 22A (ACTIVE) cannot be filed
2.	Non Compliance of regulations 6, 46 and 47 of SEBI (LODR) Regulations, 2015	The Company will ensure compliance with LODR Regulations in future.
3.	Net Owned Fund of the Company is reduced below INR 2 Crores	The accumulated losses have been reduced by Rs.43,249.61 thousand due to profit made during the current year.

28. Policies, Charters and Code of Conduct of the Company

During the year under review, the Company has reviewed and revised statutory policies, Charters and Code of Conduct as required in terms of provisions of Companies Act, 2013, RBI Act, 1934 and SEBI Act, 1992 and rules and regulations made thereunder as amended from time to time.