

# **SOUTH INDIA PROJECTS LIMITED**

***THIRTY FOURTH ANNUAL REPORT  
2014- 2015***

**SOUTH INDIA PROJECTS LIMITED**

CIN: L45209WB1981PLC034342

**BOARD OF DIRECTORS**

<i>SHRI JAI PRAKASH TANTIA</i>	-	<i>DIRECTOR</i>
<i>SHRI AKASH TANTIA</i>	-	<i>DIRECTOR</i>
<i>SHRI PRADEEP CHHOTARIA</i>	-	<i>INDEPENDENT DIRECTOR</i>
<i>SHRI AMITABH KEJRIWAL</i>	-	<i>INDEPENDENT DIRECTOR</i>
<i>SHRI PREMJEET SINGH</i>	-	<i>INDEPENDENT DIRECTOR</i>
<i>SHRI SANJAY KUMAR MOHTA</i>	-	<i>INDEPENDENT DIRECTOR</i>
<i>SMT. NITA AGRWAL</i>	-	<i>INDEPENDENT WOMAN DIRECTOR</i>
<i>SHRI HIMANSHU MAHESWARI</i>	-	<i>COMPANY SECRETARY</i>

**AUDITORS**

**M/S. S. K. SONI & CO.**  
Chartered Accountants,  
36, Strand Road,  
Kolkata- 700 001

**REGISTERED OFFICE**

5 & 6, Fancy Lane, 8<sup>th</sup> Floor,  
Kolkata – 700 001  
Email- Id: [southindiaprojectslimited@gmail.com](mailto:southindiaprojectslimited@gmail.com)  
Website: [www.southindiaprojectslimited.in](http://www.southindiaprojectslimited.in)

**REGISTRAR AND SHARE TRANSFER AGENTS**  
**M/S. NICHE TECHNOLOGIES PRIVATE LIMITED,**  
71, B. R. B Basu Road, D-511, Bagree Market,  
Kolkata- 700 001

## **DIRECTORS` REPORT**

Dear Members,

The Board of Directors of South India Projects Limited are pleased to present the Thirty Fourth Annual Report for the Financial Year ended 31st March, 2015, together with the Auditors' Report and Audited Accounts for the Financial Year 2014- 2015.

### **FINANCIAL RESULTS :**

The summarized performance of the Company for the Financial Years 2014- 2015 and 2013- 2014 are as under:

	(Amount Rs. in lacs)	
	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Total Revenue	187.73	76.29
Profit /Loss before Finance Cost, Depreciation & Taxation	164.32	59.91
Less: Finance Cost	0.11	0.30
Less: Depreciation	0.00	1.71
Less: Provision for Taxation	34.65	15.78
Profit/(Loss) for the Year	129.56	42.12

### **FINANCIAL PERFORMANCE:**

During the year under review, your Company achieved revenue from operations of Rs. 186.92 Lacs as against Rs. 70.62 Lacs in the Previous Year and recorded Profit before Finance Cost, Depreciation and Taxation of Rs. 164.32 Lacs as against Rs. 59.91 Lacs in the Financial Year 2014- 2015. The financial year 2014-15 was a significant year for the Company in terms of growth in profitability, the net profit during the year has grown around by 207.60% over the previous financial year.

### **DIVIDEND & RESERVES:**

The Board of Directors of your Company has decided not to declare any Dividend during the Financial Year so as to retain the earnings for better working in the future. During the Financial Year under review, your Company transferred a sum of Rs. 79.25 lakhs to Special Reserve as per Section 45-IC of RBI Act, 1934 for the Financial Year ended 31.03.2008 to ended 31.03.2013 and for the Financial Year ended 31.03.2015, as the Company inadequately did not transferred the required surplus reserves figures to the aforementioned Special Reserve.

### **CHANGES IN SHARE CAPITAL:**

During the Financial Year 2014-15, the total issued and paid-up Capital of the Company has increased from Rs. 1,99,56,500/- to Rs. 3,03,33,880/- of face value of Rs. 10/- each pursuant to allotment 10,37,738 bonus shares of face value of Rs. 10/- each on 21.05.2014 at a ratio of 13:25 (i.e thirteen equity shares for every twenty five equity shares already held) to the members of the Company.

### **PUBLIC DEPOSITS:**

Your Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

### **DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES:**

Your Company do not have any Subsidiary Company, Joint Venture Or Associate Companies as on the date of the Balance Sheet.

### **LISTING:**

The Company received the listing approval from the BSE Limited vide their Notice No. 20150119-19 dated 19th January, 2015 for the enlistment of entire equity and paid-up share capital of 30,33,388 equity shares of the face value of Rs. 10/- each of the Company on the BSE Limited. Thus, the equity shares of the Company are presently listed on both The Calcutta Stock Exchange Ltd. ["CSE"] and BSE Limited ["BSE"] and the listing fees for the Financial Year 2015- 2016 have already been paid to the CSE and for the BSE it is yet to be paid.

### **STATE OF THE COMPANY'S AFFAIRS AND FUTURE OUTLOOK:**

The Company is solely concentrating in the Non- Banking Financial Company segment and there has been no change in the business of the Company during the financial year ended 31st March, 2015.

### **INDUSTRY SCENARIO:**

NBFCs play a vital role in the financial sector of our economy along with other financial institutions. Over the years, due to their strategic management practices and refined operational techniques coupled with lower costs of delivery, lower restrictions on customers etc., have led to it being an alternate choice and at times the first choice for several customers, who need financing. While the RBI has made regulations stringent for the NBFCs, it has also recognized the utility of the NBFCs and thereby made them eligible to set up Banks and also act as an extension of Banks, where the Banks cannot reach. Due to the increase in finance space by NBFCs, the RBI's surveillance has increased. Through its various regulatory measures NBFCs are brought under stricter supervisory regime of RBI. While several steps are being taken to increase the role that the NBFCs play, norms are being strengthened to ensure that there is a strong, transparent and robust non banking financial sector.

### **MATERIAL CHANGES AND COMMITMENTS:**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report except for the below-mentioned information therein:

- **Open Offer for acquisition of equity shares of the Company:** Mr. Joseph Sudheer Reddy Thumma and Mr. Jagan Mohan Reddy Thumma (the "Acquirers") have entered into Share Purchase Agreement dated 08.04.2015 with the Present Promoters/ Promoter Group of the Company to acquire in aggregate 12,29,346 equity shares of Rs. 10/- each representing 40.53% of the total equity and voting share capital of the Company at a price of Rs. 25/- per fully paid-up equity share, requiring them to make an Open Offer for 26.00% of the equity and voting share capital of the Company in compliance with SEBI (Substantial Acquisition

of Shares and Takeover) Regulations, 2011. However, the Open Offer is subject to RBI, SEBI and other Statutory approvals and hence the approval have not yet been received.

**DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, no case of sexual harassment was reported.

**CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Since your Company does not fall under the threshold laid down in section 135 of the Companies Act, 2013, the provision of section 134(3)(o) of the Companies Act, 2013 is not applicable and no disclosure is required by the Board.

**GENERAL RESULTS:**

During the year under review the funds of the Company were deployed in the Stock Market and other fixed interest bearing instruments which have been reflected in the Accounts.

**CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**Pursuant to the allotment of 10,37,738 bonus shares on 21.05.2014, the Corporate Governance is applicable to the Company w.e.f Financial Year 2014-15. Accordingly, your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. Further, the SEBI vide circular no. CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014 has prescribed certain requirement for paid up share capital and its net-worth as compliance for clause 49 of the listing agreement. Since the paid up share capital of your Company and its net-worth was below the prescribed limit w.e.f. 01.10.2014; the compliance of clause 49 of the listing agreement is not mandatory on the Company in the financial year 2014-2015. Accordingly, a separate section on Management Discussion and Analysis on Corporate Governance, a Report on the composition of the Committee for Corporate Governance (as applicable for the part of the year) are annexed to this report as Annexure A & Annexure B. The Company has adopted Code of Conduct, which is applicable to the Board members and senior management, in accordance with the recently enacted statutory changes as applicable to the Company w.e.f Financial Year 2014-15.

**DIRECTORS:**

At the ensuing Annual General Meeting, Shri Aakash Tantia, Director retire by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for reappointment.

During the Year, the Board of Directors appointed Mr. Sanjay Kumar Mohta and Mrs. Nita Agarwal as Independent Director of the Company on 05.02.2015 and 20.03.2015 respectively as an Additional Directors of the Company. In terms of Section 149 of the Companies Act, 2013 (to the extent notified) the Board proposes appointment of Mr. Sanjay Kumar Mohta and Mrs. Nita Agarwal who are Independent Directors as Non Rotational Directors for a period of five years at the ensuing Annual General Meeting.

A brief resume of Director(s) retiring by rotation seeking appointment/ re- appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and/or Membership/Chairmanship of Committees of Board, as stipulated under the then clause 49 of the Listing Agreement with the Stock Exchanges, shall be accompanied to the notice for the ensuing 34<sup>th</sup> Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 of the Companies Act, 2013 the Board of Directors here by state and confirm that:-

- ❖ In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ❖ The Directors had selected such accounting policies and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2015 and of the profit of the Company for the year ended 31.03.2015;
- ❖ 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;
- ❖ The Directors had prepared the annual accounts on a going concern basis;
- ❖ 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
- ❖ 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.

**DECLARATION BY INDEPENDENT DIRECTORS:**

Mr. Amitabh Kejriwal, Mr. Pradeep Chhotaria, Mr. Premjeet Singh, Mr. Sanjay Kumar Mohta and Mrs. Nita Agarwal are Independent Directors on the Board of your Company. These Non-Executive Independent Directors fulfill the conditions of Independence specified in Section 149(6) of the Companies Act, 2013 and Rules made thereunder and meet with the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A format letter of appointment to Independent Director as provided in Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the website of the Company viz. [www.southindiaprojectslimited.in](http://www.southindiaprojectslimited.in). Further, the Independent Directors of your Company, comprising of Mr. Amitabh Kejriwal, Mr. Pradeep Chhotaria and Mr. Premjeet Singh in the meeting held on 18.02.2015 has reviewed performance evaluation of Non-Independent Directors of the Company and other agendas in line with the requirement of Clause 49 of the Listing Agreement read with applicable provisions of Schedule IV of the Companies Act, 2013 were transacted thereat.

**STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS:**

In the last AGM held on 29.09.2014, M/s. S. K. Soni & Co., Chartered Accountants, have been appointed as the Statutory Auditors of the Company for a period of three years. Ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. Further, the report of the Statutory Auditors along with notes to Schedules is enclosed to this report. The Auditors' Report is self-explanatory and therefore does not call for any further comments.

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

The Company as per the section 177 of the Companies Act, 2013 and applicable clause of the Listing Agreement formulated the Vigil (Whistle Blower) Mechanism which aims to provide a channel to the Directors and employees to report to the management instances of unethical behavior, actual or unsuspected fraud or violation of the Company's code of conduct. The policy provides adequate safeguard against victimization of employees and Directors who avail of Whistle Blower/Vigil Mechanism and also provide for direct access to the Chairman of the Audit Committee etc.

**EXTRACT OF ANNUAL RETURN:**

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is enclosed as Annexure C.

**SECRETARIAL AUDIT:**

In terms of Section 204 of the Act and Rules made there under, M/s. RBM & Associates, represented by Radhaballav Mandal , Practicing Company Secretary, had been appointed Secretarial Auditor of the Company. The Secretarial Audit Report, enclosed as Annexure D is self-explanatory and does not call for any further comments.

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

Loans and advances balances are subject to confirmation by the respective parties and the details of guarantees and/or security in connection with loans to other body corporates or persons are given in notes to the Financial Statements.

**RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year ended 31st March, 2015 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted. Further, there are no materially significant related party transactions during the Financial Year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required, marked as "Annexure E".

**PARTICULARS OF EMPLOYEES:**

During the year under review, None of the employees has received a remuneration exceeding the limit specified under Section 197 of the Companies Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 .

**PERFORMANCE EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, 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. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

**COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION**

In accordance with Section 178 of the Companies Act, 2015, the Board of Directors have adopted a Policy on Board Diversity, Director Attributes and the Remuneration. The Policy of Nomination and Remuneration Committee has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Remuneration Policy for Directors, Key Managerial Personnel and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust. The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and all other employees is reasonably sufficient to attract, retain and motivate them to successfully run the Company. The Details of Remuneration paid by the Company is given in MGT- 9 of the Annual Report.

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

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations

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

The Company is a Non Banking Financial Company and therefore information relating to Conservation of Energy and Technology Absorption are not applicable.

The Company has neither earned nor used any foreign exchange during the Financial Year under review.

**Prevention of Insider Trading:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors, Officers and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors, Officers and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board of Directors and the designated employees have confirmed compliance with the Code.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation of the contribution of employees at all levels. Your Directors also take this opportunity to thank the Company's Bankers, Shareholders and all others concerned for their valuable support and co-operation extended to the Company.

**For and on behalf of the Board**

## **ANNEXURE - A TO THE DIRECTORS' REPORT**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### ***INDUSTRY STRUCTURE AND DEVELOPMENTS:***

In FY 2014-15, the Indian economy emerged as one of the few large economies with a promising outlook on the back of controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and the boost to reforms among others. According to the IMF, India is set to become the world's fastest-growing major economy by 2016 ahead of China. India is expected to grow at 6.3 percent in 2015, and 6.5 percent in 2016 by when it is likely to cross China's projected growth rate, according to the IMF said its World Economic Outlook, January 2015. In January 2015, the government revised base year from FY 2004-05 to FY 2011-12. It unveiled a new statistical method to calculate the national income with a broader framework that turned up a pleasant surprise: GDP in FY 2013-14 grew 6.9 percent instead of the earlier 4.7 percent. The easing of interest rate cycle has begun with repo rate being reduced by 50 basis points in 2015 as steep fall in global crude oil prices aided in reducing inflation and shrinking the current account deficit. The current account deficit has narrowed consequent to the fall in trade deficit and increase in invisibles. However, even as the trade deficit has shrunk to 17 months low in February 2015, it was accompanied by deterioration in exports growth.

#### ***THE INDIAN NBFC SECTORAL PERFORMANCE REPORT:***

India started the year on a positive note with a significant improvement in market and business sentiment, following the general elections. Thereafter, the economy was supported by a fall in crude prices. According to the new series, the Indian economy grew by 7.5% in FY2015, compared to 6.9% in FY2014. The growth was fairly broad based, barring agriculture, mining, trade and transport. Inflation, as measured by Consumer Price Index (CPI), showed a substantial decline and was below 6% for the better part of the year. The disinflationary momentum was also evident in the WPI which averaged 2.1% in FY2014 and has remained in negative territory since November 2014. (Source: RBI's Annual Report 2013-14)

The NBFC sector has been gaining systemic importance in the recent years and the share of NBFC has steadily grown from 10.7 percent of banking assets in 2009 to 14.3 percent of banking assets in 2014. NBFCs typically have several advantages over banks due to their focus on niche segment, expertise in the specific asset classes, deeper penetration in the rural and unbanked markets. However, on the flip side, they depend to a large extent on bank borrowings, leading to high cost of borrowings and face competition from banks which have lower cost of funds. rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalization levels and conservative liquidity management continue to provide comfort to the credit profile of NBFCs in spite of the impact on profitability. The rising importance of NBFCs and their growing interconnectedness with banks as well as issues like risk management framework for the sector, regulatory gaps and arbitrages, compliance and governance issues have led to the RBI making certain regulatory changes. The 'Revised Regulatory Framework for NBFCs', released on November 10, 2014, broadly aims at strengthening the structural profile of NBFC sector, wherein focus is more on safeguarding of the depositors money and regulating NBFCs which have increased their asset-size over time and gained systemic importance.

The key changes introduced in the regulatory frameworks are NPA recognition to 90 days overdue from 180 days at present and increased provisioning on standard assets which can impact profitability. However, early adoption of these changes will facilitate disciplined approach in asset monitoring and will intensify collection effort in the early delinquency buckets to reduce NPAs thus minimizing the impact. The increase in disclosure requirement and corporate governance norms will increase transparency and the accountability of management and the Board and also improve investor awareness.

Due to subdued economic growth, the last two years have been a challenging period for the NBFCs with moderation in rate of asset growth and rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalization levels and conservative liquidity management continue to provide comfort to the credit profile of NBFCs in spite of the impact on profitability

#### ***COMPANY OVERVIEW:***

At South India Projects Limited ('SIPL' or 'the Company'), we strongly believe in building a strong financial community. Our ethos and promise of true financial inclusion in the country makes us one of India's prime NBFCs. We not only provide 'credit' to people but also 'confidence' who do not have access to organized financial services. We believe in providing loans not for consumption, but primarily for income generation. The economic slowdown had a significant bearing on the functioning and profitability of NBFCs in the medium term. But it has been estimated that in the long run there are vast opportunities for NBFCs. Hence, the Company is expecting to improve its performance and profitability in years to come.

#### ***BUSINESS OUTLOOK:***

During Financial Year 2015- 2016, your Company intends to grow its loan book, income and profits through the following initiatives:

1. Deepening reach in existing regions;
2. Continuing its key focus on under-penetrated markets and segments Strong asset growth supported by sound risk management framework;
3. Accessing low cost and diversified fund sources;
4. Optimising operating costs and efficiency through process changes;
5. Mobilising debt at attractive rates;
6. Transmitting cost efficiency and remaining competitive in pricing of products Improving recovery ratio and containing NPAs;
7. Leveraging technology to positively impact the working and customer experience.

#### ***STRENGTHS:***

At SIPL we provide financial services through simple processes and simple procedures in sanction and disbursement of credit as well as timely, friendly and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast appraisal and disbursements make the Company the preferred choice for many of its customers Customer Insight.

#### ***CHALLENGES:***



Newer regulatory updates pose a constant challenge for smooth operations of the Company. With constant updates governing the functional aspects of financial institutions, there lie unseen challenges in the coming years. Focus on a particular market segment might affect the Company’s portfolio & sustainability.

**OPPORTUNITIES:**

Business opportunities for finance companies are enormous as the new areas and segments are being explored. A larger segment of customers remain un-served by Banks and large sized Finance Companies. Your Company on its part is also well poised to seize new opportunities as they come. A rural middle income boom has led to rise in rural incomes. This has been fuelled by increased support prices and welfare schemes initiated by the government. Per capita Gross Domestic Product has grown faster in India’s rural areas than in its urban centers. New opportunities like home equity, personal finance, and a foray into factoring and bill payment for the rural hard-to-reach customer may take the Company to new scales of success.

**DEMOGRAPHIC PATTERN AND RISING RURAL PROSPERITY:**

India has one of the youngest populations in the world, and this means that there will be a large number of people seeking employment and livelihood. The aspirations in rural India are rising, and opportunities for those wanting to be entrepreneurs are increasing. Rural prosperity is also on the rise, fuelled by increased support prices and welfare schemes initiated by the government. Per capita Gross Domestic Product has grown faster in India’s rural areas than in its urban centre's.

**MAKE IN INDIA INITIATIVE:**

The Government’s “Make in India” initiative, which seeks to make India a manufacturing hub, will have a rub-off effect on the key sectors. It seeks to invite the world’s top companies to explore investment possibilities in India. The central objective of the initiative is to take the economy to a sustainable high growth path and follow a new model of urbanisation by the creation of various industrial corridors.

**RISING PER CAPITA INCOME:**

Increase in per capita income leads to creation of increasing wealth and positively impacts disposable incomes. This results in a significant investment multiplier effect on the Indian economy, further leading to increasing consumerism and wealth creation and positively impacting savings. Rising per capita income and stability in economic growth have played a role in increasing the pace of urbanization in the country. One of the notable factors behind the growth in the housing industry has been easy availability of finance. Availability of low interest rate finance has increased disbursement of loans among several financial players.

**THREATS:**

The major threat being faced by finance companies are regulatory changes, interest rates hiked by RBI, high inflation etc. The Company is also facing stiff competition from banks / financial institutions due to their ability to raise low cost funds which enables them to provide funds at much cheaper rate. Higher cost of funds might lead to reduced bottom line for the Company. Also, a lesser interest spread, or higher cost of lending might lead to customers turning away to cheaper source of funds. Asset quality deterioration may not only wipe the profits out of the Company but eat into its net worth. The Company must ensure it maintains minimal delinquency levels.

**WEAKNESS:**

The Company does not have strong network & link at remote areas of villages. The Company has significant business presence in the state of West Bengal only. The Company does not have all India based network and establishments to reach out to large segment of people in the country in both semi-urban and rural areas whereas more than 90% of the unorganized sector has no link with banks and 60% of the rural consumers do not have bank accounts.

**RISKS & CONCERNS:**

As a NBFC, your Company’s growth and profitability are dependent on the functioning of Capital Markets. The Company is exposed to several market risks like credit risk, liquidity risk and interest rate risk. The volatility of the capital markets in which your Company operates is also a major cause of concern to the Company. Risk is managed by using a set of credit norms and policies, as approved by the Board. SIPL has a structured and standardized process including customer selection criteria, comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

**INTERNAL CONTROL SYSTEM AND ADEQUACY:**

Internal control systems and procedures in the Company are commensurate with the size and the nature of Company’s business and are regularly reviewed and updated by incorporating changes in regulatory provisions in order to safeguard the assets and to ensure reliability of financial reporting.

**HUMAN RESOURCES:**

The Company continues to give priority to its human assets. The Company provides a fair and equitable work environment to all its employees. The Company is continuously working to create and nurture an atmosphere which is highly motivated and result oriented.

**FINANCIAL PERFORMANCE:**

During the year under review, your Company achieved revenue from operations of Rs. 186.92 Lacs as against Rs. 70.62 Lacs in the Previous Year and recorded Profit before Finance Cost, Depreciation and Taxation of Rs. 164.32 Lacs as against Rs. 59.91 Lacs in the Financial Year 2014- 2015. The financial year 2014-15 was a significant year for the Company in terms of growth in profitability, the net profit during the year has grown around by 207.60% over the previous financial year.

			For and on behalf of the Board	
Place: Kolkata	Sd/-	Sd/-	Sd/-	Sd/-
Date: 28 <sup>th</sup> May, 2015	Jai Prakash Tantia Director	Akash Tantia Director	Premjeet Singh Director	Amitabh Agarwal Director

# ANNEXURE - B TO THE DIRECTORS' REPORT

## REPORT ON CORPORATE GOVERNANCE:

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically. In accordance with requirement of the Listing Agreements with the Stock Exchanges on Corporate Governance, following 3 committees have become operational for the Financial Year 2014-2015 pursuant to the applicability of the Corporate Governance and Companies Act, 2013 on the Company:

### 1. BOARD OF DIRECTORS:

As on March 31, 2015, the Company's Board of Directors consisted of seven members. The Chairman of the Board is an Executive Promoter Director. In addition, the Board comprises of six other Directors, one of them being an Non-Executive Promoter Director and remaining five are Non - Executive Independent Directors. None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all companies in which they are Directors.

The Board meets regularly to review the strategic, operational and financial matters of the Company. The Board has also delegated its powers to the Committees. The Agenda of the meeting is circulated to all the Directors in advance and all material information is provided to facilitate meaningful and focused discussion at the meeting. The Board reviews the compliance of the applicable laws in the Board meeting. The Board is also given presentation covering the financial and other aspects of the Company before taking on record the quarterly/annual financial results of the Company. The requisite information as required is provided to the Board.

During the Financial Year under review, there were 10 (Ten) Board Meetings were held during the year ended 31st March, 2015. These were held on 08.04.2014; 21.05.2014; 30.05.2014; 25.07.2014; 13.08.2014; 12.11.2014; 19.12.2014; 05.02.2015; 18.02.2015 and 20.03.2015 and its details are as follows:

Name of Directors	No.of Board Meeting(s) attended
Mr. Jai Prakash Tantia	10/10
Mr. Akash Tantia	10/10
Mr. Pradeep Chhotaria	7/10
Mr. Amitabh Kejriwal	8/10
Mr. Premjeet Singh	10/10
Mr. Sanjay Mohta	2/10
Mrs. Nita Agarwal	1/10

*The Company has duly complied with the provisions related to Notice, Minutes and Meetings as prescribed under the Companies Act, 2013 and Rules made thereunder, if any.*

### 2. AUDIT COMMITTEE:

The Company has constituted the Audit Committee comprising two Non-Executive Independent Directors and an Executive Non-Independent Director. The Composition of the Audit Committee was in compliant with section 177 of the Companies Act, 2013 and the then applicable clause 49 of the Listing Agreement as follows:

S. No.	Members of the Audit Committee	Status whether Independent/ Non Independent	No. of Meetings attended
1.	Amitabh Kejriwal (Chairman)	Non-Executive Independent	4/4
2.	Premjeet Singh	Non-Executive Independent	4/4
3.	Jay Prakash Tantia	Executive Non-Independent	4/4

#### Role of Audit Committee:

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the Management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.



- Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  13. Discussion with internal auditors any significant findings and follow up there on.
  14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
  18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
  20. Mandatorily reviews the important information of the Company.
  21. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document. In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

### 3. NOMINATION AND REMUNERATION COMMITTEE:

The Company has constituted Nomination & Remuneration Committee comprising two Non-Executive Independent Directors and a Non-Executive Non-Independent Director in compliance with section 178 of the Companies Act, 2013 and other applicable provisions of the listing agreement. The object of remuneration committee is to recommend/ review the remuneration of Managing Directors/whole-time Directors. The remuneration policy of the Company is directed towards rewarding performance and attracting new talents/retaining them. While deciding the remuneration, the Committee shall take into account the financial position of the Company, trend in the Industry, Appointee's qualification, experience, past performance, past remuneration etc.

The Composition of the Nomination & Remuneration Committee was as follows:

S No.	Name of the Director	Status whether Independent/ Non Independent
1.	Amitabh Kejriwal (Chairman)	Non-Executive Independent
2.	Premjeet Singh	Non-Executive Independent
3.	Akash Tantia	Non- Executive Non-Independent

*During the year under review, no meeting of Nomination & Remuneration Committee held. Hence no details provided.*

### 4. STAKEHOLDERS RELKATIONSHIP COMMITTEE:

The Share Transfer And Investor Grievance Committee was renamed and reconstituted as the Stakeholders Relkationship Committee to redress investors complaints such as:

- Transfer/ transmission of Shares/ Debentures,
- Issue of duplicate Share Certificate,
- Review of shares dematerialised of investor's grievances,
- All other matter relating to Shares/ Debentures.

The Composition of the Committee is as follows:

S No.	Name of the Director	Status whether Independent/ Non Independent
1.	Pradeep Chhotaria (Chairman)	Non-Executive Independent
2.	Premjeet Singh	Non-Executive Independent
3.	Akash Tantia	Non- Executive Non-Independent

*During the year under review, since no investors grievances noted, no meeting of Stakeholders Relkationship Committee held. Hence no details provided.*

### 5. ANNUAL GENERAL MEETING:

The details of date, time and location of Annual General Meetings (AGM) and Extraordinary General Meeting (EGM) held in previous three years are as under:

AGM/EGM	Date	Time	Venue
<b>AGM:</b>			
2014- 2015	29.09.2014	11:00 a.m.	5 & 6 Fancy Lane, 8th Floor Kolkata - 700 001
2013- 2014	24.09.2013	11:30 a.m.	-Do-
2012- 2013	24.09.2012	10:00 a.m.	-Do-
<b>EGM:</b>			
2014- 2015	05.05.2014	11:00 a.m.	5 & 6 Fancy Lane, 8th Floor Kolkata - 700 001

6. POSTAL BALLOT:

No Resolution has been passed during last three Financial Years through Postal Ballot Rules. At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by Postal ballot. No Court-convened Meetings were held during the last three years.

7. MEANS OF COMMUNICATION:

The quarterly/half yearly/ Annual Financial Results of the Company are announced within the stipulated period and are normally published in English and Bengali newspapers.

8. GENERAL SHAREHOLDERS MEETING:

a. ANNUAL GENERAL MEETING

Day, Date & Time : Friday, the 30<sup>th</sup> September, 2015 at 11:00 A.M.  
Venue : 5 & 6 Fancy Lane, 8th Floor Kolkata - 700 001  
(The Registered Office of the Company)

b. Book Closure Date : 24<sup>th</sup> September to 30<sup>th</sup> September, 2015.  
(both days inclusive.)

c. Dividend Payment Date : Not applicable since dividend not recommended/declared.

d. Financial Calender  
Year Ending : 31st March.  
Annual General Meeting : September, 2015.

e. Listing on Stock Exchanges : The equity shares of the Company are presently listed at both BSE Limited and The Calcutta Stock Exchange Ltd.

9. Stock Market Information:

-Stock Code & ISIN : Scrip Code- 29373 (CSE), 538891 (BSE),  
ISIN- INE613C01018

10. Market price :The equity shares of the Company were lastly traded on The Calcutta Stock Exchange Limited on 23.08.2001 at Rs. 2/- per share and for the high and low market price during each month during the F.Y. 2014- 2015 on BSE Limited (since listing, i.e., 21-01-2015) is as follows:

Month	Month`s High Price [In Rs.]	Month`s Low Price [In Rs.]
January, 2015	19.99	19.99
February, 2015	35.25	20
March, 2015	49.15	29.8

11. Registrar & Transfer Agents : Niche Technologies Private Limited  
71,B. R. B Basu Road, D-511, Bagree Market, Kolkata- 700 001  
Tel no: (033) 2235 7271/7270, Fax no: (033) 2215 6823  
E-mail: [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)

12. Share Transfer System: The power to transfer the shares is delegated to the aforementioned Registrar and Share Transfer Agent. Shares in the physical form with duly executed transfer deed can be sent to them for transfer and shares in the demat form can be sent through DP. If the documents are found correct and valid, the Shares are transferred, and if not found so, it is returned to the shareholder/D.P. within prescribed time.

13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH' 2015.

DISTRIBUTION OF EQUITY SHARES (AS ON: 31/03/2015)  
Distribution Of Holding (NO.OF SHARES)

Srl	NO. OF SHARES	No. of	% to	Total	% to	Shares	Total
				Holders	Total		
1.	1	-	500	519	88.4157	10,188	0.3359
2.	501	-	1,000	5	0.8518	3,800	0.1253
3.	1,001	-	5,000	10	1.7036	21,529	0.7097
4.	5,001	-	10,000	9	1.5332	66,570	2.1946
5.	10,001	-	50,000	32	5.4514	10,12,363	33.3740
6.	50,001	-	1,00,000	6	1.0221	3,72,681	12.2860
7.	1,00,001	-	And Above	6	1.0221	15,46,257	50.9746
Totals				587	100.0000	30,33,388	100.0000

a) Shareholding Pattern as on 31.03.2015:

Categories	No. of Shares	% of Shareholding
Promoters:	1229346	40.527
Institutional Public Shareholders:	Nil	-
Non- Institutional Public Shareholders:	Nil	-
- Bodies Corporate	139583	4.602
- Individuals	1500965	49.481
Any Other:		
- NRI	Nil	-
- Clearing Member	163494	5.390
Total	3033388	100.000