

STARTECK FINANCE LIMITED

34th ANNUAL REPORT

2018-2019

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sudarshan Somani

Mr. Gautam Panchal

Mrs. Lalitha Cheripalli

CHIEF FINANCIAL OFFICER

Mr. Anand Shroff (w.e.f. 30th May, 2019)

COMPANY SECRETARY

Ms. Sweta Gupta (w.e.f. 30th May, 2019)

Ms. Shreya Shetty (upto 30th May, 2019)

AUDITORS

Bagaria & Co., LLP

Chartered Accountants, Mumbai

BANKERS

Kotak Mahindra Bank Ltd.

Barclays Bank PLC

ICICI Bank Ltd.

REGISTERED OFFICE

5th Floor, Sunteck Centre, 37-40,
Subhash Road, Vile Parle (East), Mumbai-400057

CIN: L51900MH1985PLC037039

Tel: 91 22 4287 7800 Fax: 91 22 4287 7890

E-mail: cosec@starteckfinance.com

Website: www.starteckfinance.com

REGISTRAR & TRANSFER AGENTS

Adroit Corporate Services Private Limited
1st Floor, 17/20, Jafferbhoy Industrial Estate,
Makwana Road, Marol Naka, Andheri (East), Mumbai - 400059.

Tel. No. 022-4227 0400 Fax No. 022-2850 3748

E-mail: info@adroitcorporate.com

Website: www.adroitcorporate.com

CONTENTS

1.	Director's Report	01
2.	Report on Corporate Governance	19
3.	Management Discussion and Analysis Report	34
4.	Standalone Independent Auditor's Report.....	37
5.	Standalone Financial Statement.....	45
6.	Notes to Financial Statement.....	51
7.	Consolidated Independent Auditor's Report.....	65
8.	Consolidated Financial Statement.....	71
9.	Notes to Consolidated Financial Statement	78

DIRECTORS' REPORT

**To
The Members,
Starteck Finance Limited
(Formerly Nivedita Mercantile & Financing Limited)**

Your Directors have the pleasure in presenting the 34th Annual Report of the Company on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2019.

FINANCIAL RESULTS

The Company's performance during the financial year ended 31st March, 2019 as compared to the previous financial year, is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended on 31.03.2019	For the year ended on 31.03.2018	For the year ended on 31.03.2019	For the year ended on 31.03.2018
Revenue from operations	1343.85	1794.73	1344.47	1794.85
Other Income	63.06	71.14	63.06	71.14
Total Revenue	1406.91	1865.87	1407.53	1865.99
Total Expenditure	1334.58	1708.46	1339.66	1714.49
Profit before tax (PBT)	72.33	157.41	67.87	151.50
Less: Income Tax Provision				
Current Tax	36.85	38.10	36.85	38.12
Excess/(Short)provision for tax	(1.12)	2.02	(1.12)	2.02
Profit before minority interest	36.60	117.29	32.14	111.36
Less: Minority interest	-	-	-	-
Profit After Tax	36.60	117.29	32.14	111.36
Balance brought forward from previous year	1744.22	1650.39	1732.08	1643.88
Surplus available for Appropriation	1780.82	1767.68	1764.22	1755.22
Less: Appropriations				
Proposed equity dividend	-	-	-	-
Tax on proposed equity dividend	-	-	-	-
Statutory Reserve Fund	7.32	23.46	7.32	23.46
Transfer to Capital Reserve	-	-	22.91	(0.32)
Surplus carried to Balance Sheet	1773.51	1744.22	1733.99	1732.08

PERFORMANCE

During the year under review, the consolidated revenue from operations for the current year amounted to ₹ 1344.47/- lakhs against ₹ 1794.85/- compared to the previous year. The profit after tax on consolidated basis stands at ₹ 32.14 /- lakhs as compared to ₹ 111.36/- lakhs during the previous year.

The revenue from operations earned is ₹ 1343.85/- lakhs compared to previous year's revenue of ₹ 1794.73/- lakhs on standalone basis. The profit after tax on standalone basis stands at ₹ 36.60/- lakhs as compared to ₹ 117.29/- lakhs during the previous year. During the financial year under review, there has been no change in the nature of business of the Company.

DIVIDEND

To strengthen the financial position of the Company, your Directors do not recommend any dividend for the period under consideration.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves out of the profits earned during financial year 2018-19.

SHARE CAPITAL

During the year under review, the Company has not allotted any Equity Shares, thus the paid up Equity Share Capital of the Company remains the same i.e. 99,10,330 equity shares of ₹ 10/- each. Also, the Company has not issued shares with differential voting rights and sweat equity shares.

DEPOSITS

Your Company being a Non-Deposit Accepting NBFC has not accepted any deposits from public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Companies Act, 2013 (hereinafter referred to as "**the Act**").

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The Company has 2 Subsidiaries i.e. V Can Exports Private Limited and Chitta Finlease Private Limited. There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013.

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India, forms part of this Annual Report. Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, Consolidated Financial Statements along with relevant documents and separate annual accounts in respect of the subsidiaries are available on the website of the Company and can be accessed at the web-link www.starteckfinance.com.

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

The annual accounts of the subsidiaries and related detailed information will also be available for inspection at the Registered Office of the Company during working hours upto the date of the Annual General Meeting.

A statement containing the salient features of the financial statement of the subsidiaries in prescribed form AOC-1 as **Annexure A** is attached to this Report.

As required under Regulations 16(1)(c) and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**Listing Regulations**"), the Board has approved and adopted the Policy for determining Material Subsidiaries. The Policy has been amended in line with the amendments made to the SEBI Listing Regulations. The Policy is available on the Company's website at www.starteckfinance.com/codes-or-policies.html.

MATTERS RELATING TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March, 2019, the Company has three (3) Directors, out of which two (2) are Independent Directors who provide valuable guidance to the Management of the Company on various aspects of the Company's business operations. The Board has an optimum combination of executive and non-executive directors with one woman director and more than fifty per cent of the Board comprising of non-executive independent directors.

Ms. Lalitha Cheripalli (DIN: 07026989), Director of the Company retires by rotation and being eligible offers herself for reappointment. Ms. Shreya Shetty resigned as Company Secretary of the Company on 30th May, 2019. Further, Ms. Sweta Gupta was appointed as Company Secretary effective from 30th May, 2019. Mr. Anand Shroff was appointed as Chief Financial Officer of the Company with effect from 30th May, 2019.

DECLARATIONS BY INDEPENDENT DIRECTORS

The Company had received declarations from all the Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149(6) of the Act and have submitted their respective declarations as required under Section 149(7) of the Act and Regulation 16(1) of the Listing Regulations that they are not aware of any circumstance or situation, which exists or is anticipated, that could impair or impact their ability to discharge their duties with an independent judgement and without any external influence as required under Regulation 25 of the Listing Regulations.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Number of Meetings of the Board of Directors

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 4 (Four) times. The Meetings of the Board were held on 18th May, 2018, 13th August, 2018, 26th October, 2018 and 1st February, 2019. Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

The Board has constituted the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee of the Board with specific terms of reference as per the requirements of the Listing Regulations and the Act and they make specific recommendations to the Board on matters within their areas or purview. The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

Additionally, during the year under review, the Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Act and Regulation 25(3) of the Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the Management, the Directors of your Company state that:-

- in the preparation of the annual Accounts, the applicable Accounting Standards have been followed and there were no material departures from the same;
- such accounting policies have been selected and applied consistently and the Directors 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 as on 31st March, 2019 and of the profits of the Company for the year ended on that date;
- proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual Accounts of the Company have been prepared on a going concern basis;
- internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ANNUAL EVALUATION OF DIRECTORS, BOARD AND COMMITTEES

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which include, among others, providing strategic perspective, integrity and maintenance of confidentiality and independence of judgment, Chairmanship of Board and Committees, attendance, time devoted and preparedness for the Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision making ability, monitoring the corporate governance practices, role and effectiveness of the Committees and effective management of relationship with stakeholders. The Directors

completed questionnaires providing feedback on functioning of the Board, Committees and Chairman of the Board.

The Nomination and Remuneration Committee also reviews the performance of the Board of Directors at such regular intervals as may be necessary on the basis of performance evaluation indicators.

Further, independent directors of the Company met on 1st February, 2019 to discuss and review:

- report on performance evaluation for the year 2018-19 of the Board;
- performance of non-independent directors and the Board as a whole;
- performance of the Chairperson of the Company, taking into account the views of executive director and non-executive directors; and
- the quantity, quality and timely flow of information between the Management and the Board, and found it to be in line with the expectations.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has a duly constituted Nomination and Remuneration Committee ("NRC"), with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act and Listing Regulations.

The policy, inter alia, provides the (a) criteria for determining qualifications, positive attributes and independence of directors and (b) policy on remuneration for directors, key managerial personnel and other employees. The policy is directed towards a compensation philosophy and structure that will attract, retain and motivate talent and provides for a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act and the same is uploaded on the website of the Company at www.starteckfinance.com/codes-or-policies.html

PARTICULARS OF EMPLOYEES

During the Financial Year 18-19, there were no persons employed, for whole or part of the financial year who were in receipt of remuneration of not less than ₹ 8.5 lakhs p.m.

Details required under the provisions of section 197(12) of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be made available to any member on request, as per provisions of section 136(1) of the Act.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Directors confirm that the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, have been complied with.

VIGIL MECHANISM

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the Listing Regulations. The policy enables directors and employees to report to the Management genuine concerns about unethical behavior, actual or suspected fraud, or violation of Code of Conduct and Ethics and leakage or suspected leakage of unpublished price sensitive information. It also provides for adequate safeguards against victimization of employees who avail of the whistle blower mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases.

The Whistle Blower Policy of the Company is placed on the website of the Company www.starteckfinance.com/codes-or-policies.html. During the year, none of the employees have been denied access to the Audit Committee under this policy.

RISK MANAGEMENT POLICY

The Board of Directors have adopted a risk management policy for the Company which provides for identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered into by the Company during the year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to Section 134 (3) (h) read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188 (1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions, as required under Section 134 (3) (h) of the Act in Form AOC-2 is not applicable to the Company.

The Policy on Related Party Transactions is in line with the revised Listing Regulations and the same is uploaded on the Company's website at the web-link: www.starteckfinance.com.

Details on transactions with related parties are provided in notes to financial statements.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company, being a non-banking financial company registered with the RBI and engaged in the business of giving loans, is exempt from complying with the provisions of section 186 of the Act in respect of loans and guarantees. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been made in this Report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS

During the year under review, there were no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The internal financial controls of the Company are commensurate with its size, scale and complexity of operations. The Company has adopted policies and procedures to ensure integrity in conducting business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

STATUTORY AUDITORS

Pursuant to the provisions of 139(2) of the Act, the term of M/s. Bagaria & Co. LLP, Chartered Accountants, Statutory Auditors of the Company will conclude at the upcoming Annual General Meeting of the Company. The Board has recommended the appointment of M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E) as Statutory Auditors of the Company from the conclusion of the 34th Annual General Meeting to the conclusion of the 39th Annual General Meeting of the Company.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their audit reports on the financial statements for the year ended 31st March 2019.

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013.

SECRETARIAL AUDITORS

Pursuant to the provisions of section 204 of the Act, the Board has re-appointed Mr. Veeraraghavan N., Practising Company Secretary (Membership No. A6911), to undertake secretarial audit of the Company.

A report from the secretarial auditor in the prescribed Form MR-3 is attached to this Report as **Annexure B**. In respect of the observation made by the auditor in the report, Directors would like to state that the Company has appointed Mr. Anand Shroff as Chief Financial Officer of the Company with effect from 30th May, 2019. Further, the Company is in process of appointing Whole Time Director of the Company.

COST RECORDS AND COST AUDITORS

The provisions of Cost Audit and Records as prescribed under Section 148 of the Act, are not applicable to the Company.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, control and governance processes. The Company has appointed M/s. N Somani & Co., (Firm Registration No. 139934W), Chartered Accountants, as Internal Auditor of the Company. Findings of the Internal Auditor are placed before Audit Committee, which reviews and discuss the actions taken with the Management.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, the Company has a Corporate Social Responsibility ("CSR") Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at www.starteckfinance.com/codes-or-policies.html

Further details on the CSR Committee are provided in the Corporate Governance Report, which forms part of this Annual Report. As the net profit of the Company during financial year 17-18 was below ₹ 5 crores, the Company was not required to spend any amount towards CSR during the financial year under review. However, the Company has spent ₹ 8,03,200 towards CSR activities during the financial year 2018-19. The Annual Report on CSR activities is annexed herewith as **Annexure C**.

EXTRACT OF ANNUAL RETURN

The extract of annual return as provided under section 92(3) of the Act, in the prescribed form MGT-9 is annexed to this Report as **Annexure D** and is also available on the Company's website at www.starteckfinance.com.

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

Considering the nature of activities the Company is engaged into, the Company is not required to furnish information as required under the provisions of section 134(3) (m) of the Act read with the rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption.

Foreign Exchange Earnings and Outgo are as follows:

- i) Foreign Exchange Earned: NIL
- ii) Foreign Exchange Outflow: NIL

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment of women. We further state that during the financial year under review, there were no complaints received/cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CORPORATE GOVERNANCE

The Corporate Governance Report as stipulated under Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms an integral part of this Annual Report. The requisite certificate from the Statutory Auditors of the Company confirming compliance with the requirements of Corporate Governance forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report has been separately furnished in the Annual Report.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation and gratitude for the support and co-operation from its shareholders, bankers, regulators and other business constituents.

Your Directors also wish to place on record their appreciation for the commitment and hard work put in by the Management and the employees of the Company.

For and on Behalf of the Board of Directors

Gautam Panchal
Director (DIN: 07826634)

Sudarshan Somani
Director (DIN: 00137568)

Lalitha Cheripalli
Director (DIN: 07026989)

Date: 30th May, 2019
Place: Mumbai