

॥ सर्वे भवन्तु धनिनः ॥



Empowering Financial Freedom

आत्मनिर्भर भारत



Swastika Investmart Limited
28TH ANNUAL REPORT 2019-2020

Corporate Information

MANAGING DIRECTOR

Mr. Sunil Nyati

WHOLE TIME DIRECTOR

Mrs. Anita Nyati

DIRECTORS

Mr. Anil Nyati (Resigned w.e.f. 1st August 2020)

Mr. Sunil Chordia

Mr. Raman Lal Bhutda Mr. Chandra Shekhar Bobra

CHIEF FINANCIAL OFFICER

Mr. Parth Nyati

COMPANY SECRETARY

CS Shikha Bansal

REGISTERED OFFICE

Flat No. 18, North Wing, Madhveshwar Society,
Madhav Nagar, S.V.Rd, Andheri (W) Mumbai-58

ADMINISTRATIVE OFFICE

48, Jaora Compound, M.Y.H Road, Indore-452001

BANKERS

HDFC Bank Ltd., Indusind Bank Ltd. & ICICI Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

Ankit Consultancy Pvt. Ltd.

60, Electronic Complex, Pardesipura, Indore-452001

STATUTORY AUDITORS

R.S. Bansal & Co.

Chartered Accountants, Indore

LISTED AT

Bombay Stock Exchange Limited

Enroute To Rural Development- With Coherent Framework

आत्मनिर्भर भारत

Index

Board's Report	3
Management Discussion & Analysis	35
Reports on Corporate Governance	40
Independent Auditor's Report on Standalone Financial Statements	61
Standalone Financials	70
Independent Auditor's Report on Consolidated Financial Statements	108
Consolidated Financials	116
Notice of Annual General Meeting	156

Managing Director's Message

Dear Shareholders,

With my eyes filled with pride and my heart with excitement, I am elated to look back at our journey of 28 long years and it still feels like we are just getting started. The recent times, owing to the pandemic, have been tough on the whole world. Your Company Swastika was fortunate & capable to be categorized as one of the essential service providers during these tough times. We are holding our ground and are growing even when the conditions have been unfavourable and depressing. Our journey towards providing financial freedom became more holistic this year.

A YEAR OF GROWTH

Swastika has always aimed at a holistic financial inclusion model – all financial services, for everyone, under one roof – investments, loans, insurance, investment banking, learning. This year we have seen significant growth in all our verticals.

Our trading and investment business saw a 28% increase in the new customers transacting. We proudly crossed the milestone of 1.5 lac happy customers recently. Revenues of the NBFC (loans) business have grown by 10.51% from the last financial year.

As Investment Bankers, we have been regarded as the SME IPO specialists. This year we became 'Valuation Specialists'. We successfully managed many valuation projects this year.

I am pleased to announce that your Company has been registered under IRDA as Direct Insurance Broker for Life and General Insurance through its wholly-owned subsidiary company Swastika Insurance Broking Services Limited. We are pouring our hearts to help our customers with the best possible insurance products.

Under the shadow of COVID-19, we continue to invest in talent, processes and emerging technologies for building advanced sophisticated customer experiences.

FINANCIAL RESULTS

Despite a year marked with high volatility and uncertainty towards the end, we have successfully maintained our profitable track record.

For the FY 2019-20, your Company has shown a total consolidated revenue of Rs.53.39 Crores. The consolidated EBITDA of the Company stands at Rs.8.02 Crores. Continuing the track record of the past 15 years, I am

“

Our 100+ branches are fully equipped with professional methods and unwavering ethical values to spread financial literacy and insurance awareness

”



delighted to announce that this year, the Board has announced an interim dividend of Re. 1/- per share, i.e., 10 % of the face value of a share. This would mark as the 16th continuous year of paying dividends to felicitate our shareholders who have shown their faith in Swastika.

POWERFUL VISION FOR THE JOURNEY AHEAD

Growth, you will agree, is not an issue in India if vision is defined through a collaborative and professional approach.

I often talk to people from different socio-economic backgrounds and as per statistics, as high as 76% of the Indian population, the majority of which lives in rural parts of the country, is not fully equipped with financial literacy especially on how to manage their cash flows, income, savings, insurance, etc. We strongly believe our success will be defined by how we enable this huge population of 'Bharat' to attain financial freedom quickly through online and offline communication channels.

I believe it is inevitable that value will be created in this approach.

Once again, I would like to thank our all stakeholders for their unshakeable trust, support and confidence in Swastika.

Yours sincerely

Sunil Nyati
Managing Director
Swastika Investmart Limited

28 Years of
unshakeable trust

Swastika Group is a member of



Our Offerings



Stock
Broking



Commodity &
Currency Broking



Stock
Research



Get
Loan



Financial
Learning



Mutual
Fund



Insurance
Policy



Investment
Banking

BOARD'S REPORT

Dear Shareholders

Your Directors present their 28th Report together with the Audited Financial Statements of your company for the year ended March 31, 2020.

1. STATE OF AFFAIRS AND FINANCIAL PERFORMANCE:

1.1 FINANCIAL HIGHLIGHTS AND SUMMARY OF STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS.

The performance highlights and summarized financial results of the Company are given below:

(Rupees in Lakhs except EPS)

Particulars	Standalone		Consolidated	
	Year ended 31 st March 2020	Year ended 31 st March 2019	Year ended 31 st March 2020	Year ended 31 st March 2019
Total Income	3625.39	3088.79	5339.43	4481.47
Total Expenditure	3809.40	2811.63	5169.21	3863.13
Profit/(Loss) before exceptional and extraordinary items & tax	(184.01)	277.16	170.22	618.34
Exceptional & Extraordinary Item	0.00	0.00	0.00	0.00
Profit/(Loss) before tax	(184.01)	277.16	170.22	618.34
Provision for Tax				
Current Tax	5.47	85.78	102.90	159.32
Deferred Tax	(4.47)	(6.74)	(2.60)	(3.24)
Profit/(Loss) after tax	(185.01)	198.13	69.93	462.27
Other comprehensive Income (Net of Tax)	(181.57)	(160.13)	(186.52)	(160.78)
Total Comprehensive Income	(366.58)	38.00	116.59	301.48
Paid up Equity Share Capital	295.97	295.97	295.57	295.97
Earnings per share (Rs.10/- each) Basic & Diluted (in Rs.)	(6.25)	6.69	2.23	15.62

1.2 OPERATIONAL AND STATE OF COMPANY'S AFFAIRS

During the financial year 2019-20, revenue from operation of the Company on Standalone basis decreased to Rs. 3547.52 Lakhs as against Rs. 3069.71 lakhs in the previous year. During the year, company incurred net loss amounting to Rs. 185.01 Lakhs as against profit of Rs. 198.13 lakhs in previous year. Net profit of the Company has fall down due to operational cost and adverse market situations.

On a consolidated basis during the year under review, the revenue from operation increased to Rs. 5236.62 lakhs as against Rs. 4458.30 lakhs in the previous year. The consolidated financials reflect the cumulative performances of Swastika Investmart Limited along with its subsidiaries. Detailed description about the business carried out is contained in the Management Discussion and Analysis report.

1.3 CHANGE IN NATURE OF BUSINESS

During the year, there was no change in business activity of the Company.

1.4 SHARE CAPITAL

The Paid-Up Equity Share Capital as at 31st March 2020 stood at Rs. 295.97 lakhs. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock option or sweat equity shares.

As on 31st March 2020, none of the Directors of the company hold instruments convertible into equity shares of the Company.

1.5 PROPOSAL FOR MERGER OF WHOLLY OWNED SUBSIDIARY COMPANY

The application for merger of Swastika Commodities Private Limited (Transferor Company) wholly owned subsidiary Company with Swastika Investmart Limited (Transferee Company) Holding Company, pending before Hon'ble National Company Law Tribunal, Mumbai and application has been allowed on 20th February, 2020 and order for convening members meeting is still pending before Hon'ble National Company Law Tribunal, Mumbai.

The Transferee Company is holding the entire share capital of the Transferor Company and as the Transferor Company and Transferee Company's business activities are similar and complement each other, and to achieve inter-alia economies of scale and efficiency and to reduce multiplicity of costs, the merger of the Company has being undertaken.

1.6 IMPACT ON BUSINESS OPERATIONS OF YOUR COMPANY ON ACCOUNT OF COVID-19 PANDEMIC

The Company being a Stock broking Company is primarily engaged in the business of trading in shares and securities which has been declared as essential services by the government.

After the first week of February when the corona virus hits the nation, there was a frequent crash in the share markets. Of the 13 times when Sensex lost 2.5 per cent or more in 2020, seven came in the month of February and March which has a massive impact on stock broking industry such as the value of investments fall down, low volume in trading etc.

But the Company was able to continue with its broking and other activities with majority of its staff working from Home.

1.7 ADOPTION OF IND-AS (DIVISION-III)

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 had enforced Companies (Indian Accounting Standards) Rules, 2015 w.e.f. 01st April, 2015 which provided for adoption and applicability of IND AS (Indian Accounting Standards) in a phased manner. In view of the above and pursuant to provisions of Rule 3 and sub-rule(iv) of Rule 4 of Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted IND AS (Indian Accounting Standards) (Division-III) for the accounting period beginning on or after 1st April, 2019.

2. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed as Annexure - A and forms an integral part of this Report and is also available on the website of the company.

3. NUMBER OF MEETINGS OF THE BOARD, ITS COMMITTEES & AGM

The details of the number of meetings of the Board and its committee held during the Financial Year 2019-20 forms part of the Corporate Governance Report. Further, Annual General Meeting of the Company for financial year 2018-19 was held on 29th August, 2019.

4. INTERIM DIVIDEND

Your Company had paid in March 2020, an interim dividend of Rs. 1/- (Rupees one only) per equity share of Rs. 10/- each for the Financial Year 2019-20 to those shareholders who were on the Register of Members as on March 21, 2020, being the record date fixed for this purpose.

In view of the interim dividend for the Financial Year 2019-20, your Board does not recommend Final Dividend for the Financial Year 2019-20.

AMOUNT TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules) as amended, all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years from the date of transfer to Unclaimed Dividend Account of the Company. Hence, during the Financial Year 2019-20 unpaid / unclaimed dividends of Rs. 79,754.00/- relating to financial year 2011-12 were transferred to the Investor Education and Protection Fund.

Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to IEPF Authority. Accordingly, during the financial year 2019-20, the Company has transferred 5,600 shares and 2,600 shares related to final dividend of financial year 2010-11 and 2011-12 respectively to account of IEPF Authority.

DETAILS OF NODAL OFFICER

The nodal officer appointed by the company under the provisions of IEPF is Ms. Shikha Bansal. The details of Nodal Officer are also available on the website of the company:

<https://www.swastika.co.in/Admin/InvestRelation/Details%20Of%20Nodal%20Officer.pdf>

5. AMOUNTS TRANSFERRED TO RESERVES

During the financial year no amount has been transferred to any reserve.

6. DEPOSITS

The Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

UNSECURED LOAN FROM DIRECTORS

The Company has not received any unsecured loan from its directors during the financial year 2019-20.

7. SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company has four wholly owned Subsidiaries i.e. Swastika Commodities Private Limited, Swastika Fin-Mart Private Limited, Swastika Insurance Broking Services Limited (formerly known as Swastika Insurance Services Limited) and Swastika Investmart (IFSC) Private Limited. Financials to these Subsidiaries are disclosed in the Consolidated Financial Statements, which form part of this Annual Report. A separate statement containing salient features of the Financial Statements of all the Subsidiaries in accordance with Section 129(3) of the Companies Act, 2013 and the rules made there under in the prescribed Form AOC-1 are annexed to this Report as ANNEXURE B and hence is not repeated here for sake of brevity. The Company does not have any joint venture or associate Company.

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of your Company, containing inter alia the audited standalone and consolidated financial statements, has been placed on the website of the Company at www.swastika.co.in. Further, audited financial statements together with related information and other reports of each of the subsidiary companies have also been placed on the website of the Company at www.swastika.co.in.

In terms of Section 136 of the Companies Act, 2013 ('the Act'), financial statements of the subsidiary companies are not required to be sent to the members of the Company. The Company shall provide a copy of the annual accounts of its subsidiary companies to the members of the Company on their request. The annual accounts of its subsidiary companies will also be kept open for inspection at the registered office of the Company during business hours.

MATERIAL SUBSIDIARY

Swastika Commodities Private Limited and Swastika Fin-mart Private Limited are material subsidiaries of the Company as per the thresholds laid down under the Listing Regulations. The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The Policy was revised w.e.f April 1, 2019 in line with the amendments made to the Listing Regulations. The Policy has been uploaded on the Company's website at <https://swastika.co.in/Admin/InvestRelation/Material%20Subsidiaries.pdf>

8. CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the requirement of Section 129 of the Companies Act, 2013 and Regulation 33 & Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations) read with other applicable provisions and prepared in accordance with applicable IND AS, for financial year ended March 31, 2020. The Consolidated Financial Statements form part of this Annual Report.

A Report on the performance and financial position of the subsidiary company is included in the Consolidated Financial Statement and is also provided in Form AOC-1 and forms part of this Annual Report.

9. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Smt. Anita Nyati, Whole Time Director, (DIN: 01454595) retires by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment. However, her term is fixed but she is liable to retire by rotation as determined by the Board of the Directors of the Company. The Board recommends her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Board of Directors in their meeting held on 15th May, 2019 accepted the resignation of Shri Amit Ramesh Gupta, Whole time Director (DIN: 07322170) from the post of Director as well as Whole Time Director of the Company w.e.f. 31st May, 2019. Further, Board of Directors in their meeting held on 25th July, 2019 accepted resignation of Shri Chain Raj Doshi (DIN: 00482700) from the post of Independent Director of the Company w.e.f. 31st July, 2019. Your Board places on record its deep appreciation for the valuable contribution made by them during their tenure as Directors of the Company.

Further, during the current financial year, Board of Director in their meeting held on 28th July, 2020 accepted the resignation of Shri Anil Kumar Nyati (DIN: 00057314) from the post of Director of the Company w.e.f. 01st August, 2020. Your Board places on record his deep appreciation for the valuable contribution made by him during his tenure as Director of the Company.

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time:

1. Shri Sunil Nyati, Managing Director;
2. Smt. Anita Nyati, Whole Time Director;
3. Shri Parth Nyati, Chief Financial Officer;
4. Ms. Shikha Bansal, Company Secretary and Compliance officer

DISQUALIFICATIONS OF DIRECTORS

During the year declarations were received from the Directors of the Company pursuant to Section 164 of the Companies Act, 2013. Board appraised the same and found that none of the director is disqualified for holding office as director.

10. DECLARATION BY INDEPENDENT DIRECTOR

The Independent Directors have submitted the declaration of independence, as required under Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

11. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis;
- v. The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. FAMILIARIZATION OF INDEPENDENT DIRECTORS

The details of familiarization programme for Independent Directors have been disclosed on website of the Company at web link:

<https://swastika.co.in/Admin/InvestRelation/Familiarization%20Programme%20for%20Independent%20Directors%202019-20.pdf>

13. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year as on 06th February, 2020. The Meeting was conducted in an informal manner without the presence of the Chairman, the Whole Time Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

14. COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various committees which have been constituted as a part of the good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. Your Company has an adequately qualified and experienced Audit Committee with Shri Raman Lal Bhutda (Chairman), Shri Chandra Shekhar Bobra and Shri Sunil Chordia. During the Year 2019-20, the committee has been re-constituted on 25th July, 2019 as Shri Chain Raj Doshi gave his resignation from the Directorship w.e.f 31st July, 2019. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

- (i) Nomination and Remuneration Committee
- (ii) Stakeholders Relationship Committee
- (iii) Corporate Social Responsibility Committee

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 Report.

15. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES

Pursuant to the provisions of the Act and the SEBI Listing Regulations, The evaluation of all the directors, committees, Chairman of the Board, and the Board as a whole was conducted based on the criteria and framework adopted by the Board which includes assessing the quality, quantity and timelines of flow of information between the Company Management and the Board, as it is necessary for the Board to effectively and reasonably perform their duties.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the 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 addition, the chairman was also evaluated on the key aspects of his role. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Individual Directors, the Board as a whole and its Committees with the Company.

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgments.

16. PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS U/S 186

Pursuant to Section 186 of Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") disclosure on particulars relating to Investment are stated in Note No. 3 and 9 of financial statement. These investments were made for the purpose of optimum return. Further, Company has provided guarantee to Indusind Bank with respect to loan taken by Swastika Commodities Private Limited, Wholly owned Subsidiary Company.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Company has formulated the Policy on Related Party Transactions in line with the requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The policy regulates all transactions between the Company and its related parties which is also available on the Company's website at: <https://swastika.co.in/Admin/InvestRelation/Policy%20On%20Related%20Party%20Transactions.pdf>

The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and/or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by an Audit Committee to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013, and Listing Regulations.

All Related Party Transactions entered into during the F.Y. 2019-20 were in ordinary course of business and on arm's length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable to the Company.

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

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are given as under:

(A) Conservation of Energy:

The steps taken or impact on conservation of energy: