

38th Annual Report

&

Accounts

2019-2020

SHREE NIDHI TRADING CO LTD

Shree Nidhi Trading Co. Ltd.
Corporate Identity No.: L67120WB1982PLC035305

Board of Directors:

Mr. Tanumay Laha
Mr. Rajesh Kurmi

Mrs. Jyoti Lohia

Managing Director
Non-Executive - Independent Director-
Chairperson
Non-Executive - Independent Director

Audit Committee:

Mr. Tanumay Laha
Mr. Rajesh Kurmi

Mrs. Jyoti Lohia

Managing Director
Non-Executive - Independent Director-
Chairperson
Non-Executive - Independent Director

Nomination And Remuneration Committee:

Mr. Rajesh Kurmi
Mrs. Jyoti Lohia
Mr. Tanumay Laha

Non-Executive-Independent-Chairperson
Non-Executive - Independent Director
Managing Director

Stakeholder's Relationship Committee:

Mr. Rajesh Kurmi
Mr. Tanumay Laha
Mrs. Jyoti Lohia

Non-Executive-Independent-Chairperson
Managing director
Non-Executive-Independent Director

Risk Management Committee:

Mr. Rajesh Kurmi
Mr. Tanumay Laha
Mrs. Jyoti Lohia

Non-Executive-Independent-Chairperson
Managing Director
Non-Executive-Independent Director
Non-Executive-Independent Director

Chief Financial Officer:

Mr. Avik Gupta

Registered Office:

7, Lyons Range
3rd Floor, Room No. 9 & 10,
Kolkata - 700 001
Phone No.: +918443007953
E-Mail Id: shreenidhico@yahoo.com
Website: www.shreenidhitrading.com

Registrar and Transfer Agent:

Niche Technologies Pvt. Ltd.
3A, Auckland Place 7th Floor,

Room No. 7A & 7B ,
Kolkata-700 017
Phone Nos. (033) 2280 6616 / 17 /18,
E-Mail Id:- nichetechpl@nichetechpl.com

Bankers:

HDFC Bank
State Bank of India

Auditors:

M/s. Arun Jain & Associates
Chartered Accountants
2B, Grant Lane,
2nd Floor, Room No. 74
Kolkata - 700 012

SHREE NIDHI TRADING CO. LTD.

7, Lyons Range, 3rd Floor, Room No. 9 & 10, Kolkata-700 001

Phone No. +918443007953, CIN - L67120WB1982PLC035305

E-mail: shreenidhico@yahoo.com, Website: www.shreenidhitrading.com

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 38th Annual Report of the Company together with Audited Accounts for the year ended March 31, 2020.

1. Financial Highlights

The highlights of the financial performance of the Company for the financial year ended 31st March, 2020 as compared to the previous financial year are as under:-

(In ₹)		
Particulars	2019-20	2018-19
Total Income	39,79,971	43,31,976
(Less): Total Expenditure	(47,97,698)	(46,14,952)
Profit before Exceptional & Extraordinary Items	(8,17,727)	(2,82,976)
Profit/(Loss) Before Tax	(8,17,727)	(2,82,976)
(Less): Provision for Current Tax	-	-
Net Profit/(Loss) after Tax	(8,17,727)	(2,82,976)
(Less): Transfer to Statutory Reserve	-	-
Add/(Less): Brought forward from previous year	17,63,422	20,46,398
Balance carried to Balance Sheet	9,45,695	17,63,422

2. Performance

(a) Annual Financial Results

The total Revenue from operations of the Company during the Financial Year 2019-20 was ₹ 39,69,491/- as compared to ₹ 43,31,976/- for the previous financial year. The loss before tax stood at ₹ 8,17,727/- as compared to 2,82,976/- loss in the previous financial year.

(b) Names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year

During the year under review, the Company does not have any subsidiary or associate Companies nor is associated with any joint ventures. Therefore, the disclosure pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable for the Company.

- The names of companies which have become its subsidiaries during the period under review

None of the Companies have become Subsidiaries during the period under review.

3. Share Capital

During the year under review, there has been no change in the Authorised or Paid-up Share Capital. The Authorised Share Capital of the Company stands at ₹ 8,00,00,000/- divided into 80,00,000 Equity Shares of ₹ 10 each. The Paid-up Share Capital of the Company is ₹ 7,79,37,000 divided into 77,93,700 Equity Shares of ₹ 10/- each.

4. Dividend

In order to conserve the resources of the Company and considering the business plan of the Company, the Board of Directors has not recommended any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2020.

5. Reserves

During the year, considering the operating performance of the Company, it has not transferred any amount in any reserves.

6. Accounting Standards Followed By the Company

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) to comply with the IND-AS specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines prescribed by the RBI, as applicable.

7. Listing

The equity shares of the Company were listed on BSE Ltd. and on the Calcutta Stock Exchange Limited.

8. Corporate Governance Report

The Company has been voluntarily complying with the requirements of the code of Corporate Governance, as specified by SEBI to the extent feasible for the Company.

A separate report on Corporate Governance is voluntarily furnished as a part of the Directors' Report.

9. Extract of the Annual Return

The Extract of the Annual Return as on the financial year ended on March 31, 2020, in Form MGT-9 pursuant to section 92(3) of the Companies Act, 2013 (hereinafter referred to as the "Act") and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is attached to the Directors' Report in **Annexure-1**.

10. Number of Meetings of the Board

The Board of Directors of the Company met five (5) times during the Financial Year under review, i.e. on: 19/04/2019, 29/05/2019, 14/09/2019, 14/12/2019 and 14/02/2020.

Further, one exclusive meeting of the Independent Directors, pursuant to Schedule IV of the Companies Act, 2013 and sub-regulation 3 of Regulation 25 of the Listing Regulations was held on 14/02/2020.

The Meetings were held in accordance with the provisions of the Act and the Listing Regulations and the Secretarial Standard-1 issued by ICSI.

The details of the Meetings of the Board of Directors during the Financial Year 2019-2020 is encompassed in the Corporate Governance Report which is annexed to the said Report.

11. Disclosure pursuant to Section 177(8) of the Companies Act, 2013-Composition of the Audit Committee

The Audit Committee of the Company comprises of two non-executive Independent Directors and one Executive Director as on March 31, 2020.

Ms. Babita Shah (DIN- 07771685), Non-Executive Independent Director of the Company has resigned from the office Directorship and Committee membership w.e.f. 17/07/2019.

Mr. Rajesh Kurmi (DIN- 01714280) non-executive Independent Director, is the Chairman of Audit Committee.

The details of the same are morefully provided in the Corporate Governance Report.

During the Financial Year under review, the Committee met four (4) times during the Financial Year under review, i.e. on: 29/05/2019, 14/09/2019, 14/12/2019 and 14/02/2020 all such meetings were held in accordance with the provisions of the Act, and the Listing Regulations.

Further, the Board of Directors has accepted all the recommendations of the Audit Committee, if any, in the Financial Year 2019-2020.

12. Composition of the Nomination and Remuneration Committee

In terms of Section 178(1) of the Act and Regulation 19 of the Listing Regulations, the Nomination and Remuneration Committee should comprise of at least three Directors; all of whom should be Non-Executive Directors. The Committee of the Company comprises of two non-executive Independent Directors and one Executive-Non Independent Director as on March 31, 2020.

The details of the Committee are morefully provided in the Corporate Governance Report.

13. Composition of the Stakeholders Relationship Committee

The Stakeholders Relationship Committee consists of two non-executive Independent Directors and one Executive-Non Independent Director as on March 31, 2020.

The details of the Committee are morefully provided in the Corporate Governance Report.

14. Directors' Responsibility Statement

Pursuant to the provisions of Section 134 (3) (c) read with section 134 (5) of the Act, 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;
- II. they 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 loss of the Company for that period;
- III. they 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. they have prepared the annual accounts on a going concern basis;
- V. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- VI. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. Declaration by the Independent Directors

Section 149(7) of the act requires every independent director to give a declaration that he/she meets the criteria of Independence, at the first Board Meeting of every financial year.

Accordingly, the Company has taken on record, the Statement of Declaration of Independence, as submitted by all the Independent Directors.

16. Policy on Directors' Appointment & Remuneration

Pursuant to the provisions of Section 178(4) of the Act read with the Rules made thereunder and as stipulated in regulation 19 of the Listing Regulation, the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director and has further formulated a policy relating to the remuneration for directors, key managerial personnel and other employees, which has been duly approved by the Board of Directors.

While formulating the Policy, the Nomination and Remuneration Committee has assured that:

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- b. The relationship of remuneration to performance is clear and meets appropriate benchmarks; and
- c. The remuneration to Directors, key managerial personnel and senior management involves 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 details of the same have been provided in the Corporate Governance Report for the Financial Year 2019-2020. The shareholders may also visit the Company's website for the detailed Nomination and Remuneration Policy of the Company on Directors appointment and remuneration at <http://www.shreenidhitrading.com/Nomination&Remuneration-Policy.html>.

17. Auditors & Auditors' report

A. Statutory Auditors

M/s. Pachisia & Associates (FRN: 323090E), resigned as the Statutory Auditor of the Company due to personal health reasons thereby resulting in casual vacancy in the office of the Statutory Auditor. Accordingly, M/s. Arun Jain & Associates, Chartered Accountants (FRN:325867E) of 2B, Grant Lane, 2nd Floor, Room No. 74, Kolkata-700 012, has been appointed to fill the aforementioned casual vacancy.

M/s. Arun Jain & Associates has audited the financial statements for the period ended 31st March, 2020.

M/s. Arun Jain & Associates hold office till the conclusion of the ensuing Annual General Meeting (AGM). In this connection, the Board of Directors on the recommendation of the Audit Committee, has proposed their appointment from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held in the calendar year 2022 for auditing the financial statements for the financial years: 2020-2021 & 2021-2022 at an Audit Fee of Rs. 20,000/- plus applicable taxes.

The scope of work will be : Audit of Accounts for the aforementioned periods.

Any change in the terms and conditions of their appointment, including Audit Fee, in the near future, will be made with the mutual consent of the Board of Directors (on the recommendation of the Audit Committee) and M/s. Arun Jain & Associates.

The Board has received the consent letter alongwith a certificate of eligibility in terms of section 139 readwith section 141 of the Act and the rules framed thereunder from M/s. Arun Jain & Associates, Chartered Accountants (FRN : 325867E) of 2B, Grant Lane, 2nd Floor, Room No.74, Kolkata – 700 012 regarding their appointment from the conclusion of the ensuing Annual General Meeting.

B. Independent Auditors' Report

The Self Explanatory Independent Auditors' Report does not contain any adverse remarks or qualification.

C. Maintenance of cost records

Maintenance of cost record as specified by the Central Government under sub section 1 of section 148 of Companies Act, 2013 is not required by the Company.

D. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed CS Amit Jajodia (C.P. No. 37613, Membership No. 14303), Company Secretary in Whole-time Practice, to undertake the Secretarial Audit of the Company for Financial Year 2019-2020.

E. Secretarial Audit Report

The Secretarial Audit Report is attached to the Directors' Report in **Annexure-2**. The Report of the Secretarial Audit Report does not contain any adverse remark except the following:-

1. Company has not appointed Company Secretary as per the provision of section 203 of the Companies Act, 2013.

2. Every company incorporated on or before 31st December, 2017 shall file the particulars of the company and its registered office, in e-Form ACTIVE (Active Company Tagging Identities and Verification) with in prescribed time, as per Companies (Incorporation) Amendment Rules, 2019.

Hence, Company has not filed e-form Active with in prescribed time, therefore Company is marked as "Active – Non-Compliant" in the MCA Master data.

Board of Directors' Comment:-

1. The Company had duly given advertisement to fill the vacancy of the Company Secretary of the Company. Whereas, have not received any positive response for the same.

3. The Company has not appointed Company secretary, therefore e-Form ACTIVE (Active Company Tagging Identities and Verification) will be filed after appointment.

18. Reporting of Fraud by Auditor

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

19. Particulars of Loans, guarantees or investments under section 186

The provisions of Section 186 of the Act pertaining to granting of loans to any person or body corporate and giving of guarantees or providing security in connection with a loan to any other body corporate or persons are not applicable to the Company, since it is a Non Banking Financial Company, registered with Reserve Bank of India. Therefore, the Company is not required to provide any disclosure pursuant to Section 134(3)(g) of the Act.

20. Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form

All related party transactions, contracts or arrangements that were entered into, during the financial year under review, were on an arms-length basis and in the ordinary course of business.

The Company has adhered to its "Policy on Related Party Transactions and Materiality of Related Party Transactions" while pursuing all Related Party transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

Further, during the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

21. State of Company Affairs & Future Outlook

The Company, a Non-Banking Financial (Non-Deposit Accepting or Holding) Company, does not have any public deposits as on March 31, 2019.

The total Revenue from operations of the Company during the Financial Year 2019-2020 was ₹ 39,69,491/- as compared to ₹ 43,31,976/- for the previous financial year. The loss before tax stood at ₹ 8,17,727/- as compared to ₹ 2,82,976/- in the previous financial year.

The core financial activities of the Company comprises of providing of business loan to corporate and individuals and investment in securities of bodies corporate. Further, the Company is making all due efforts in achieving its business objectives in the most efficient manner and to recover from the losses of the Company by stabilizing its position as an NBFC.

22. Material Changes and commitments, if any, affecting the financial position of the Company, which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

No Material Changes and commitments affecting the financial position of the Company, have occurred between the end of the financial year of the company to which the financial statements relate and the date of this Directors' Report.

23. Disclosure in terms of Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo

In terms of Section 134 (3) (m) of the Act read with the Rules made there under, the Company has no activity relating to Conservation of Energy, Technology Absorption. There is no Foreign Exchange Earning and Outgo during the financial year.

Therefore, the Company is not required to make any disclosure as specified in Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

24. Risk Management

In terms of Listing Regulations, though not mandatorily required, the Company has constituted a Risk Management Committee, the details of which are morefully provided in Corporate Governance Report forming part of this Annual Report.

The Board of Directors in compliance with Section 134(3)(n) of the Act, and Listing regulations has approved the Risk Management Policy which provides for the identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company. Further the policy is also available on Company's website <http://www.shreenidhitrading.com>.

Pursuant to Schedule IV(II)(4) of the Act, the Independent Directors, inter-alia amongst others, review the system from time to time to ensure that Risk Management is robust and satisfactory. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business.

Further, in terms of Regulation 17(9)(b) of Listing Regulations, the Board of Directors is responsible for framing, implementing and monitoring the Risk Management Plan of the Company, and has have delegated the power of monitoring and reviewing of the risk management plan to the Risk Management Committee.

25. Policy on Corporate Social Responsibility (CSR) Initiatives

Pursuant to provisions of Section 135 of the Act, the Company is not required to constitute a Corporate Social Responsibility Committee or to undertake any CSR activities.

Therefore, the Company is not required to make any disclosure as specified in Section 134(3)(o) of the Act.

26. Manner of formal annual evaluation by the Board of its own performance and that of its committees and individual directors.

Pursuant to Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, other applicable provisions of the Act, and various applicable clauses of the Listing Regulations, the disclosure regarding the manner of formal annual evaluation by the Board of its own performance and that of its various committees and individual directors is provided hereto:

a. Evaluation Criteria

Pursuant to Part D of Schedule II of the Listing Regulations, the Nomination and Remuneration Committee has formulated the criteria for evaluation of the performance of the Independent Directors and the Board. The Nomination and Remuneration Committee also identifies persons qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommends to the Board their appointment and removal and carries out the evaluation of every director's performance in accordance with Section 178(2) of the Act read with the Rules framed there under and Part D of Schedule II of the Listing Regulations.

The Board shall monitor & review the Board Evaluation Framework and evaluate the performance of all the Board Committees.

Further, the Nomination and Remuneration Committee has formulated criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The details of the same are morefully described in the Corporate Governance Report.

Further, the Nomination and Remuneration Committee has also devised a Policy on Board Diversity in accordance with Regulation 19(4) of the Listing Regulations.

b. Performance Evaluation of the individual directors

Pursuant to section 178(2) of the Act, the Nomination and Remuneration Committee of the Company carries out the performance evaluation of the individual directors.

c. Board of Directors

A separate meeting of the Independent Directors of the Company was held on 20/03/2018, pursuant to Clause VII of Schedule IV to the Act and Regulation 25 of the Listing Regulations, for transacting the following businesses as set forth in the Agenda:

1. Review the performance of the non-independent directors and the Board as a whole.
2. Review the performance of the Chairman of the Company, taking into account the views of the executive directors and non-executive directors.
3. Assessment of the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The same was perused in accordance with the Evaluation criteria determined by the Nomination and Remuneration Committee.

The Independent Directors of the Company in fulfilling their role and functions as specified in Clause II of Schedule IV to the Act, help in bringing an objective view in the evaluation of the performance of the Board and management.

The Independent Directors expressed satisfaction over the performance of all the non-independent Directors and the Chairman.

d. Performance Evaluation of the Independent Directors

Pursuant to Clause VIII of Schedule IV to the Act and Regulation 19 of the Listing Regulations, read with Part D of Schedule II thereto the performance evaluation of the Independent Directors is perused by the entire Board of Directors, excluding the director being evaluated.

On the basis of the report of performance evaluation, the extension of the term of appointment or its continuance in respect of the independent directors is being considered.

e. Performance Evaluation of the Committee

The Board of Directors evaluates the performance of all the Board Committees, based on the Company's Performance Evaluation Policy.

27. Nomination and Remuneration Policy

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have adopted a Nomination and Remuneration Policy in terms of Section 178 of the Act, read with Rules made thereunder and pursuant to Regulation 19 of the Listing Regulations read with Part D of Schedule II.

The Nomination and Remuneration Policy is available on the website of the Company at <http://www.shreenidhitrading.com/Nomination&Remuneration-Policy.html>

28. Board Diversity policy

The Company acknowledges and embraces the benefits of having a diverse board for effective decision making, and views diversity at the board level as an important element in strong corporate governance. Diversity encompasses diversity of perspective, experience, background, gender, age, ethnicity and geographic background, psychological type and personal attributes. Appointments to the Board are made in the context of complementing and expanding the skills, knowledge and experience of the Board as a whole.

The Board has adopted the Board Diversity Policy which sets out the approach to diversity of Board of Directors.

The Board Diversity Policy is available on the website of the Company at <http://www.shreenidhitrading.com/Policy-on-Board-Diversity.html>

29. Directors & Key Managerial Personnel

a. Non-Executive & Executive Directors - Non-independent.

Mr. Tanumay Laha (DIN-01731277), being Executive Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as the Managing Director without any variation in the terms of his appointment.

b. Non-Executive & Executive Directors - Non-independent.

Pursuant to Section 149 of the Act read with the Rules made thereunder, the Independent Directors shall hold office for a period of up to 5 consecutive years and shall not be liable to retire by rotation. In this connection, Mrs. Jyoti Lohia was appointed as a non-retiring Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of the 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting (AGM) or till such earlier date to conform with the policy on retirement, keeping in view their educational / professional qualifications, working experience, expertise in line with Company's business, positive attributes, already being on the Board of the Company and benefits that the Company will derive with their appointment. The Board recommends her re-appointment for the further period of 5 years from the conclusion of the 38th Annual General Meeting till the conclusion of the 43rd AGM or till such earlier date to conform with the policy on retirement

Further Ms. Babita Shah (DIN- 07771685), Non-Executive Independent Director of the company has given her resignation from the post of Directorship and Committee membership w.e.f. 17th July, 2019.

c. Chief Financial Officer.

Mr. Avik Gupta is the Chief Financial Officer of the Company.

d. Compliance Officer

Mr. Tanumay Laha is the Compliance Officer of the Company.

30. Change in the nature business:

There has been no change in the nature of business of the Company in the Financial Year under review.

31. Details relating to deposits covered under Chapter V of the Act:

The Company has not accepted any deposits during the financial year under review. No public deposits are outstanding or held by the Company as on March 31, 2019.

32. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's future operations:

There were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations in the concerned financial year.

33. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

The Company has an established Internal Financial Control framework including internal controls over financial reporting. The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee.

In this connection, the Audit Committee in coordination with the Internal Audit Department periodically reviews the following:

- a. Transactions are executed in accordance with the management's general or specific authorization;
- b. All transactions are promptly recorded in the correct amount in the appropriate accounts and in the accounting period in which they are executed so as to permit preparation of financial information within a framework of recognized accounting policies and practices and relevant statutory requirements, if any,
- c. Accountability of assets is adequately maintained and assets are safeguarded from unauthorized access, use or disposition

Thus, the audit committee ensures that there is a direct relationship between the Company's objectives and the internal financial controls it implements to provide reasonable assurance about their achievement. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets statutory auditors of the company to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically.