

SPARKLING (INDIA) FINSHARES LIMITED



23rd ANNUAL REPORT 2015-16

CIN: L74900DL1994PLC062222

BOARD OF DIRECTORS

Mr. Pawan Aggarwal
Non Executive Non Independent Director

Ms. Cheruku Sagarika
Independent Director

Mr. Gandikota Yadagiri
Independent Director

Mr. Madan Gopal Sharma
Independent Director

CHIEF EXECUTIVE OFFICER

Mr. Surya Prakash Vadlamani

CHIEF FINANCIAL OFFICER

Mr. Durgaraju Ramu

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Teena Rani

AUDITORS

M/s VIRESH VERMA & CO.
Chartered Accountants

SECRETARIAL AUDITOR

Mr. Gaurav Kapoor
Practicing Company Secretary

INTERNAL AUDITOR

M/s ARR & Co.,
Chartered Accountants

REGISTRAR AND TRANSFER AGENT

Skyline Financial Services Private Limited

SHARES LISTED AT

The Calcutta Stock Exchange Limited
Jaipur Stock Exchange Limited
Delhi Stock Exchange Limited

BANKERS

HDFC Bank Limited
Axis Bank Limited

REGISTERED OFFICE

714, Vishwadeep Building,
Plot No. 4, District Centre,
Janakpuri, New Delhi-110058

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DIRECTOR'S REPORT

Directors' Report

To the Members,

We are pleased to present the 23rd Annual Report on the business and operations for the year ended March 31, 2016, of Sparkling (India) Finshares Limited ("Company") along with the audited standalone financial statements for the year ended March 31, 2016.

BACKGROUND

Sparkling (India) Finshares Limited ("the Company") is a RBI registered 'Non Banking Finance Company (NBFC). The registered office of the Company situated at 714, Vishwadeep Building, Plot No. 4, District Centre, Janakpuri, New Delhi-110058.

FINANCIAL SUMMARY/HIGH LIGHTS/PERFORMANCE OF THE COMPANY (STANDALONE)

The highlights of financial results of your Company for the Financial Year 2015-16 and 2014-15 are summarised below:

(Amount in Rs.)		
Particulars	2015-16	2014-15
Total revenue	6656080	1145950
Total expenses	1658358	235358
Profit before tax	4997722	910592
Tax expense (net of MAT Credit)	3250	281373
Profit after tax	4994472	629219
Transfer to Reserve fund u/s 45-IC(1) of Reserve Bank of India Act, 1934	998894	0
Earnings per share	1.25	0.16

STATE OF COMPANY'S AFFAIRS/OPERATIONS & COMPANY'S PERFORMANCE

The Company is a Non-Banking Financial Company registered with the Reserve Bank of India. There has been no change in the business of the Company, during the year under review.

For the financial year ended March 31, 2016, your Company earned Profit Before Tax of Rs. 49,97,722 as against Rs. 9,10,592 in the previous financial year and the Profit After Tax of Rs. 49,94,472 as against Rs. 62,92,19 in the previous financial year. The

Earning per share is also increased during the year from Rs. 1.25 as against Rs. 0.16 in the previous financial year.

TRANSFER TO RESERVES

As per provisions of Section 45-IC of Reserve Bank of India Act, 1934, the NBFC Company is required to transfer sum not less than twenty percent of its net profit every year. Therefore, the Company has transferred Rs. 9,98,894, being twenty percent of net profits for the financial year to the Statutory Reserve.

Besides this, your Company has not transferred any amount to reserve out of the profits of the year.

DIVIDEND

In view of need to conserve the resources of the company for the future growth, your Company's Directors do not recommend any dividend to the shareholders of the Company for the Financial Year 2015-16.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

In the opinion of the Board, there has been no 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.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

SHARE CAPITAL

The paid up equity share capital as on 31st March 2016 was Rs. 40005000. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

RISK MANAGEMENT POLICY

Risk Management Policy identifies, communicate and manage risks across the organization. The policy also ensures that responsibilities have been appropriately delegated for risk management. Key Risk and mitigation measures are provided in the Management Discussion and Analysis annexed to the Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

VIGIL MECHANISM

The Company has framed a Vigil Mechanism in compliance with the provisions of Section 177 of the Companies Act, 2013 read with the rules made there under in order to provide a framework for responsible and secure vigil mechanism. The Vigil Mechanism ensures standards of professionalism, honesty, integrity and ethical behavior.

HUMAN RESOURCES

The Company seeks to nurture a mutually beneficial relationship with its employees. This relationship is characterized by the investment which the Company makes in its employees by providing challenging roles and assignments opportunities for personal growth, relevant and timely performance support, training and an enabling environment. The Company seeks to create a workplace which combines achievement orientation with care for employees. The Company lists 'people' as one of its stated core values.

Your Company takes the pride in the Commitment, Competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirements of the business.

COMPLIANCE

The Company has complied and continues to comply with all the applicable regulations, circulars and guidelines issued by the Ministry of Corporate Affairs (MCA), Stock Exchange(s), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) etc.

The Company has generally complied with all applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, Listing Agreement executed with the Stock Exchanges, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules/regulations/guidelines issued from time to time.

DEPOSITS

During the year under review, the Company has not accepted any deposits from the public under Section 73 of the Companies Act, 2013 and rules made thereunder. There is no unclaimed or unpaid deposit lying with the Company.

RBI GUIDELINES

As a Non Deposit taking Non-Banking Finance Company, your Company always aims to operate in compliance with applicable RBI laws and regulations and employs its best efforts towards achieving the same.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of the Companies Act, 2013, Mr. Pawan Aggarwal will retire at the ensuing AGM and being eligible, seek re-appointment. The Board recommends his re-appointment. The information as required to be disclosed under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting.

During the year under review, Mr. Narasingu Koteswara Rao has resigned from the post of Chief Executive Officer of the Company on 01st November 2015 and in place of him Mr. Surya Prakash Vadlamani has been appointed as Chief Executive Officer of the Company w.e.f. 14th November 2015.

EVALUATION OF DIRECTORS, BOARD AND COMMITTEES

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the evaluation system approved by the Board.

The performance of the Board will be evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, board meetings and effectiveness of board processes, information and functioning, etc. The performance of the committees will be evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the compliance with the terms of reference of the Committees, composition of committees, functions and duties, committee meetings & procedures, etc.

The Board and the Nomination and Remuneration Committee reviews the performance of the individual director on the basis of the criteria such as the

contribution of the individual director to the Board and committee meetings, attendance, independent judgment etc. In addition, the Chairman will also be evaluated on the basis of criteria such as leadership, managing relationship, conducting board meetings etc.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman will be evaluated.

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

In accordance with the provisions of Section 178 of the Act, the Board of Directors has adopted a Policy on Board Diversity and Director Attributes and the Remuneration Policy. The Policy on Board Diversity and Director Attributes 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 Policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Board has received the declaration from all the Independent Directors as per the Section 149(7) of the Companies Act, 2013 and the Board is satisfied that all the Independent Directors meet the criterion of independence as mentioned in Section 149(6) of the Companies Act, 2013.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

In due compliance with the provisions of the Companies Act, 2013 read with the rules made there under a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole was evaluated, taking into account the views of directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the Board, its committees and individual directors was discussed.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-

Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act.

During the year under review, the Company has invested funds in various securities in the ordinary course of business. For details of the loans/Investments, please refer to note of the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with the rules made there under and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. There are no materially significant related party transactions 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. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC-2 is not applicable.

MEETINGS OF THE BOARD

The agenda and Notice for the Meetings is prepared and circulated in advance to the Directors. The Board of Directors of the Company met Nine (9) times during the financial year 2015-16 on 22.04.2015, 20.05.2015, 02.07.2015, 30.06.2015, 15.07.2015, 04.09.2015, 14.11.2015, 27.11.2015, 12.02.2016. Details of attendance of board meetings by directors are as follows:

Name of the Director	Nos. of meetings attended
Mr. Pawan Aggarwal	9
Mr. Madan Gopal Sharma	9
Ms. Cheruku Sagrika	9
Mr. Gandikota Yadagiri	5#
Mr. Anil Kumar Gupta*	4*

Appointed w.e.f June 30, 2015.

* Resigned w.e.f July 02, 2015.