

SPARKLING (INDIA) FINSHARES LIMITED



25th ANNUAL REPORT 2017-18

CIN: L74900DL1994PLC062222

BOARD OF DIRECTORS

Mr. Karununga Rudra Pradeepta

Additional Director in the Category of Non-Executive Non Independent Director

Mr. Dasari Praveen

Additional Director in the Category of Non-Executive Independent Director

Ms. Cheruku Sagarika

Independent Director

Mr. Gandikota Yadagiri

Independent Director

Mr. Madan Gopal Sharma (Ceased from May 04, 2018)

Mr. Pawan Aggarwal (Ceased from May 04, 2018)

CHIEF EXECUTIVE OFFICER

Mr. Kancharla Mahidhar

CHIEF FINANCIAL OFFICER

Mr. Badampudi Durga Rao

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Teena Rani

AUDITORS

M/s Sushil Lal & Associates

Chartered Accountants

SECRETARIAL AUDITOR

M/s Surbhi Bansal & Associates,

Company Secretaries

INTERNAL AUDITOR

M/s Sadh & Associates

Chartered Accountants

REGISTRAR AND TRANSFER AGENT

Skyline Financial Services Private Limited

SHARES LISTED AT

BSE Limited

The Calcutta Stock Exchange Limited

BANKERS

Axis Bank Limited

REGISTERED OFFICE

516, Kirti Shikhar Building,
Plot No. 11, District Centre,
Janakpuri, New Delhi-110058

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DIRECTOR'S REPORT

Directors' Report

To the Members of Sparkling (India) Finshares Limited

The Directors hereby present their Twenty Fifth Annual Report together with the audited financial statements for the Financial Year (FY) ended 31 March, 2018.

BACKGROUND

Sparkling (India) Finshares Limited ("the Company") is a RBI registered 'Non Banking Finance Company (NBFC). The registered office of the Company situated at 516, Kirti Shikhar Building, Plot No. 11, District Centre, Janakpuri New Delhi - 110 058.

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

The highlights of financial results of your Company for the Financial Year 2017-18 and 2016-17 are summarised below:

	(Amount in Rs.)	
Particulars	2017-18	2016-17
Total revenue	1020141	1819132
Total expenses	3671514	5785639
Profit/Loss before tax	(2729373)	(3966507)
Tax expense (net of MAT Credit)	(2691)	2494
Profit/Loss after tax	(2726682)	(3969001)
Transfer to Reserve fund u/s 45-IC(1) of Reserve Bank of India Act, 1934	0	0
Earnings per share	(0.68)	(0.99)

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, 2018, your Company earned loss of Rs. 2726682 as against Losses of Rs. 3969001 in the previous financial year. The Earning per share is Rs. (0.68) as against Rs. (0.99) 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. This year company has incurred losses during the year so company has not transfer any amount 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 2017-18.

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 March 31, 2018 was Rs. 4,00,05,000. 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

In respect of internal financial control, the Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the timely prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. 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

Pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and on the recommendation of the Nomination and Remuneration Committee, the Board has subject to the approval of the members approved the appointment of Mr. Karununga Rudra Pradeepta as Non-Executive Non Independent Director and Mr. Dasari Praveen as Independent Director of the Company. The appointment of Mr. Dasari Praveen as Independent Director of the Company shall be for a term of five years w.e.f. May 04, 2018 to May 03, 2023. The requisite notices from members alongwith the deposit of requisite amount under Section 160 of the Act, proposing the

candidature of each of them as Directors have been received by the Company. The Board recommends their respective appointments. The appointment of these Directors is being placed before the Members for their approval.

During the year under review, Mr. Pawan Aggarwal and Mr. Madan Gopal Sharma Directors of the Company had resigned from the Board on May 04, 2018.

During the year under review, Mr. Surya Prakash Vadlamani, Chief Executive Officer and Mr. Durgaraju Ramu, Chief Financial Officer of the Company had resigned on September 11, 2017. And in place of them, Mr. Kancharla Mahidhar and Mr. Badampudi Durga Rao had appointed as Chief Executive Officer and Chief Financial Officer w.e.f September 11, 2017.

During the year under review, the post of Ms. Pooja Khandelwal, Company Secretary and Compliance Officer of the Company who was appointed on October 11, 2017 vacated due to her sudden demise on November 26, 2017.

During the year under review, Ms. Teena Rani had appointed as Company Secretary and Compliance officer of the Company on March 19, 2018.

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 provided loan to the borrowers, however the Company also has the investment. 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 taken loan 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 2017-18 on 27.04.2017, 30.05.2017, 12.08.2017, 31.08.2017, 11.09.2017, 11.10.2017, 13.11.2017, 12.02.2018, and 19.03.2018. 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	9

The necessary quorum was present in all the meetings. The intervening gap between any two meetings was not more than one hundred and twenty days as prescribed by the Companies Act, 2013.

Mr. Pawan Aggarwal and Mr. Madan Gopal Sharma has resigned from the Board on May 04, 2018 and in place of them Mr. Karununga Rudra Pradeepta as Non-Executive Non Independent Director and Mr. Dasari Praveen as Independent Director appointed in the Board on May 04, 2018.

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE:

The Audit Committee comprises of three directors namely, Mr. Madan Gopal Sharma-Chairman, Ms. Cheruku Sagarika-Member, Mr. Gandikota Yadagiri-Member.

The Audit Committee met Six (6) times during the financial year 2017-18 on 30.05.2017, 12.08.2017, 31.08.2017, 11.09.2017, 13.11.2017, and 12.02.2018. Details of attendance of members of the committee are as follows:

Name of the Member	Nos. of meetings attended
Mr. Madan Gopal Sharma	6
Ms. Cheruku Sagarika	6
Mr. Gandikota Yadagiri	6

During the year under review, the Board accepted all the recommendations made by the Audit Committee of the Board.

Mr. Madan Gopal Sharma has resigned from Board on May 04, 2018 in place of him Mr. Dasari Praveen, Director appointed as Chairperson of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee met three (3) time during the financial year 2017-18 on 11.09.2017, 11.10.2017 and 19.03.2018. Details of attendance of members of the committee are as follows: