

DIRECTORS' REPORT

To the Members,

Your Company's Directors are pleased to present the **34th Annual Report** of the Company, along with Audited Accounts, for the Financial Year ended **31st March, 2019**.

Financial Performance

A summary of the Company's financial performance during the financial year:

| Particulars | (Rs. in lac) | |
|--------------------------------------|---------------------|-------------------|
| | FY 2018-19 | FY 2017-18 |
| Total revenue including other income | - | - |
| Total Expenditure | 24.95 | 6.58 |
| Profit / (Loss) before tax | (24.95) | (6.58) |
| Tax Expenses | - | - |
| Profit / (Loss) after tax | (24.95) | (6.58) |
| EPS | | |
| -Basic | (10.18) | (2.68) |
| -Diluted | (10.18) | (2.68) |

Promoters/ Management of the Company

Mr. Pradeep Kumar Sethy became the promoter of the company w.e.f. FY 2011-12 post completion of the open offer process under the SEBI Takeover Code 1997.

Post the same, there was a Governmental Inquiry against the Artha Tatwa Group of our promoter Mr. Pradeep Kumar Sethy leading to inter alia the arrest of Mr. Pradeep Kumar Sethy. BSE Limited thereafter suspended the trading of the securities of the Company from BSE Limited vide BSE's notice number 20131205-19 dated 5th December, 2013 due to failure to comply with various provisions of the Listing Agreement.

On 5th August 2014, the minority public shareholders of the Company held an Extra Ordinary General Meeting of the Company under Section 100 of the Companies Act 2013 where Mr. Bharat Bagri and Mr. Sadiq Patel were appointed as Directors to ensure compliance with laws.

The Company has received communication ref. no. F.No.ECIR/04/BBSZO/2014 dated 12th January, 2015 from the Directorate of Enforcement, Foreign Exchange Management Act and Prevention of Money Laundering Act, Bhubaneswar Sub-Zonal Office, contents reproduced as under:

Re: Artha Tatwa Group of Companies – Pradeep Kumar Sethy – reg.

This office has initiated an investigation against the captioned group under the provisions of Prevention of Money Laundering Act 2002

2. In this connection it appears that Pradeep Kumar Sethy has acquired 49% shares of Yash Trading and Finance Limited Regd office at Bagri Niwas, 53/55 N M Path, Mumbai 400 002 (Corporate Office at 1209 P J Towers, Dalal Street, Fort, Mumbai 400 001)

3. It is requested that the said Shares should not be transferred, leased or mortgaged without the prior permission of the undersigned

Your faithfully

Sd/-

D.V.S. Kishore, Assistant Director

It is understood that current promoter Mr. Pradeep Kumar Sethy is in jail.

The current management made every effort to revoke the suspension of the Company, and finally on 21st June, 2019 BSE vide its notice no. 20190621-13 revoked the suspension in trading of the shares of the Company w.e.f. 1st July, 2019.

At present the Company is being managed from the office of one of the Directors – Mr. Bharat Bagri, situated at 1207A, P.J. Towers, Dalal Street, Fort, Mumbai – 400001. The said premise is also the Corporate office of the Company and is fully equipped with proper infrastructure and manpower.

Operations Overview

During the year under review, there was no business activity carried on by the Company.

Dividend

Your Directors do not recommend any dividend for the year under review due to losses made by the Company.

Transfer to Reserve

The Company has transferred Rs. Nil to Reserves for the financial year ended 31st March, 2019.

Share Capital

Authorized share capital of the Company is Rs. 1 Crore, and the paid up Capital of the Company is Rs. 24.50 lakh

Material changes and Commitments

There are no material changes and or commitments affecting the financial position of the Company, between the end of the financial year, i.e. 31st March, 2019 and the date of the report.

Extract of Annual Return

As provided under Section 92(3) of the Act read with rules made thereunder, the extract of annual return is given in **Annexure I** in the prescribed Form MGT- 9, which forms part of this report.

Number of meetings of the Board

Five meetings of the Board were held during the year on 30th May, 2018, 13th August, 2018, 12th November, 2018, 24th January, 2019 and 12th March, 2019.

The provisions of Companies Act, 2013, Secretarial Standard 1 and Listing Regulations were adhered to while considering the time gap between two meetings.

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:

- In the preparation of annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 2018-19 and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care 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 Directors have prepared the annual accounts on a going concern basis;
- The Directors had laid down proper internal financial controls and such internal financial controls are adequate and were operating effectively;
- 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.
- Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19.

Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements

Internal control systems and their adequacy:

Pursuant to Section 138 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. R. Jaitlia & Co., Chartered Accountants as Internal Auditors on 30th May, 2018 to conduct Internal Audit of records and documents of the Company for the financial year 2018-19. The Internal Auditors of the Company checks and verifies the internal control and monitors them in accordance with policy adopted by the Company. Even through this non-production period the Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

Related Party Transactions

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business and were in compliance with the applicable provisions of the Act and SEBI Listing Regulations, 2015. There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholders' approval under SEBI Listing Regulations, 2015. The Audit

Committee has granted omnibus approval for Related Party Transactions stated in **Annexure II** as per the provisions and restrictions contained in the Companies Act, 2013.

Board evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act. 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 (“NRC”) 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 a separate meeting of independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive 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 also discussed.

Energy Conservation Measures, Technology Absorption and R & D Efforts and Foreign Exchange Earnings and Outgo

In view of the nature of activities carried on by the Company, the requirements for disclosure in respect of Conservation of Energy, Technology Absorption, in terms of the Companies (Accounts) Rules, 2014 are not applicable to the Company. However the Company takes all possible efforts towards energy conservation. The requirement for disclosure with regard to technology absorption does not apply to the Company as the activities in which the Company operates does not require any technology.

During the period under review the Company has earned Foreign Exchange of ‘Nil’ and incurred the Foreign Exchange outgo of ‘Nil’.

Risk Management

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Policy provides for constitution of a Risk Committee, which will work towards creating a Risk Register, identifying internal and external risks and implementing risk mitigation steps. The Committee will, on a quarterly basis, provide status updates to the Board of Directors of the Company.

Auditors

Statutory Auditor

Pursuant to Section 139 of the Companies Act, 2013, M/s. Chaturvedi Sohan & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 118424W), were appointed as the Auditors of the Company for a period of five years from the conclusion of the 32nd Annual General Meeting. In terms of Section 139 of the Companies Act, 2013, the members need to ratify its appointment at the ensuing Annual General Meeting.

The observations made in the Auditors report read together with the relevant notes thereon, are self-explanatory and hence do not call for any comments under Section 134 of the Companies Act, 2013.

Internal Auditor

Pursuant to Section 138 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. R. Jaitlia & Co., Chartered Accountants as Internal Auditors on 30th May, 2018 to conduct Internal Audit of records and documents of the Company for the financial year 2018-19.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Ms. Sonam Jain, Practicing Company Secretary, as Secretarial Auditor on 30th May, 2018 to conduct Secretarial Audit of records and documents of the Company for the financial year 2018-19. The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations and Guidelines etc.

The Secretarial Audit Report is included as **Annexure III** and forms an integral part of this report.

Corporate Governance

Since the Company does not have paid up equity share capital exceeding Rs.10 Crore and Net Worth exceeding Rs.25 Crore, compliance with Regulations 17 to 27, Regulation 46(2)(b) to 46(2)(i) and para C, D and E of Schedule V, are not applicable to the Company.

Deposits from public

The Company has not accepted any deposits from public within the definition of Section 73 of the Companies Act, 2013 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Directors and Key Managerial Personnel (KMP)

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Bharat Bagri DIN: 01379855, retire from the Board by rotation, and being eligible, offers himself for re-appointment.

Term of Mr. Sadiq Patel – DIN 06911684 as Whole Time Director ended on 29-09-2017. It is proposed to re-appoint him as Whole Time Director for further term of 5 years w.e.f. 30-09-2017 to 29-09-2021. Mr. Sadiq Patel have given necessary consent and declarations in this behalf.

Term of Ms. Jyoti Budhia – DIN: 00332044 and Mr. Ajay Sharma – DIN: 06960753 as Independent Directors ends on 25-09-2019. Pursuant to section 149(10) of the Companies Act, 2013 with the rules made thereunder, they are eligible for re-appointment of another term of 5 years. It is proposed to re-appoint them as Independent Directors of the Company for further term of 5 years w.e.f. 26-09-2019 to 25-09-2024.

The Company has received declarations from Ms. Jyoti Budhia – DIN: 00332044 and Mr. Ajay Sharma – DIN: 06960753 Independent Directors confirming that they meet the criteria of independence as prescribed under the Act.

Composition of Audit Committee

Audit Committee of your Company as constituted pursuant to Section 177 of the Companies Act, 2013 composes of the following members:

| Name | Designation |
|------------------|-------------|
| Ms. Jyoti Budhia | Chairperson |
| Mr. Ajay Sharma | Member |
| Mr. Bharat Bagri | Member |

Vigil mechanism

The Company has adopted a Vigil Mechanism Policy to provide a mechanism for the Directors and employees to report genuine concerns about any unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The provisions of this policy which is uploaded on the Company's website are in line with the provisions of Section 177 (9) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Listing Agreement.

Particulars of Employees and Remuneration

There is no employee in the Company drawing monthly remuneration of Rs. 5,00,000/- per month or Rs. 60,00,000/- per annum. Hence, the Company is not required to disclose any information as per Rule 5(2) of the Companies (Appointment and Remuneration) Rules, 2014.

Remuneration of the Directors/Key Managerial Personnel (KMP)/Employees

The information required under Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year are as follows:

| Sr. No. | Name of Director | Designation | Remuneration per annum (Rs.) | Median Remuneration per annum (Rs.) | Ratio (Remuneration of Director to Median Remuneration of Employees) |
|---------|------------------|---------------------|------------------------------|-------------------------------------|----------------------------------------------------------------------|
| 1. | Mr. Sadiq Patel | Whole Time Director | Nil | Nil | N.A. |

Note: In view of losses incurred by the Company, the Whole Time Director has foregone his remuneration for the financial year ended 2018-19.

| Percentage increase in Remuneration of Directors and Key Managerial Personnel | 2017-18 | 2018-19 | Differential | % increase/ (decrease) |
|-------------------------------------------------------------------------------|----------|----------|--------------|------------------------|
| Ms. Krisha Mehta | 1,80,000 | 1,80,000 | N.A. | N.A. |

There is no employee covered under the provisions of Section 197(14) of the Act.

Ms. Krisha Mehta, Company Secretary is the only permanent employee on the pay roll of the Company, and hence disclosure under Rule 5(viii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) is not applicable for the Company.

It is affirmed that the remuneration is as per the remuneration policy of the Company

Stock Exchange

The Company is currently listed on BSE Limited under scrip code 512345 and under scrip id YASTF. Your Company has paid Annual listing fee for the financial year 2018-19 to the abovementioned exchange. The suspension in trading of the shares of the Company has been revoked w.e.f. 1st July, 2019 vide BSE notice no. 20190621-13 dated 21-06-2019.

Remuneration Policy for the Directors, Key Managerial Personnel and other employees

In terms of the provisions of Section 178(3) of the Act, the Nomination and Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. The Board has on the recommendation of the NRC framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The said policy is stated in **Annexure-IV** of this report

Corporate Social Responsibility Initiatives

The criteria prescribed for the applicability of Corporate Social Responsibility u/s 135 of the Companies Act, 2013 is not applicable to your Company.

Significant and Material orders passed by the regulators or Courts

No new significant and material orders have been passed by the regulators or courts during the financial year.

Acknowledgement

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Shareholders, Bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in successful performance of the Company during the year.

For and on behalf of the Board of Directors

Yash Trading and Finance Limited

Sd/-
Sadiq Patel, Whole time Director, DIN 06911684

Sd/-
Bharat Bagri, Director, DIN 01379855

Place: Mumbai
Date: 9th August, 2019