

BOARD'S REPORT



To
The Shareholders,
North Eastern Carrying Corporation Limited

Your Directors have immense pleasure in presenting the Thirty Fourth (34th) Annual Report together with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2019.

1. PERFORMANCE HIGHLIGHTS

1.1 The highlights of performance of the Company for the financial year 2018-19 were as under with comparative position of previous year's performance:

Particulars	(Rs. in Lakhs)	
	2018-19	2017-18
Revenue from Operations	34292.13	38487.20
Profit before Tax	702.86	601.01
Tax Expenses	282.09	213.65
Net Profit for the year	453.45	387.36
Total Comprehensive Income	453.45	387.36
Earning per Share	0.90	1.12

1.2 FINANCIAL PERFORMANCE

During the year, the revenue from operations declined to Rs. 34292.13 Lakhs as against Rs. 38487.20 Lakhs in the previous financial year 2017-18 recording a decline of 11%. Our Net profit has increased to Rs. 453.45 Lakhs for the current financial year 2018-19 as against Rs. 387.36 Lakhs in the previous financial year 2017-18, recording a increase of 17 %.

1.3 STATE OF THE COMPANY'S AFFAIRS

The operational highlights of the Company during the year are as follows:-

- During the year, your Company has received a work order worth of Rs. 356 crore approx. from **TATA STEELS LIMITED** for transportation of their raw materials and mining products from its Sukinda mines situated in Odisha. The work order is valid from April 1, 2018 to March 31, 2021.
- Partial truck load Sundry Movement has increased from 53.91% in the previous year 2017-18 to 54.26% in the current year 2018-19.
- Full truck load has declined from 46.09% in the previous FY 2017-18 to 45.74% in the current FY 2018-19.
- The Company is looking to expand its existing 1.5 mn. sq.ft warehousing capabilities over the next years across 50 major Indian cities with its Asset Light approach which includes owned and leased under management. The Warehousing and distribution segment is to be headed by Mr. Utkarsh Jain.
- Continued focus on improving profitability by moving away from non profitable clients
- Top 5 customers contributed 37% of total revenues in FY 2018-19 as compared to 33% in FY 2017-18, which is also a remarkable increment in contribution to Total Revenue.
- Rating of Crisil BBB-/stable on our long-term debt
- Your Company has completed its marvelous and glorious 50 years and the Company had celebrated its Golden Jubilee on 24th November, 2018 at Delhi.

2. DIVIDEND

Your Company needs Capital for its expansion plans, therefore the Board of Director has decided to invest the profit into the operations of the Company. Hence, no dividend is recommended for the financial year ended 31st March, 2019.

3. SHARE CAPITAL

As on March 31, 2019, the Authorized Share Capital of the Company was Rs.5400.00 Lakhs consisting of 5,40,00,000

equity shares of Rs.10/- each and the issued & paid up share capital of the Company was Rs.5019.73 Lakhs consisting of 5,01,97,336 equity shares of Rs.10/- each.

4. TRANSFER TO RESERVES

The Company doesn't propose to transfer any amount to General Reserve during the financial year 2018-19

5. EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act, the extract of the annual return is given in **Annexure-I** in the prescribed Form No. MGT-9, which is a part of this report & is also available on the website of the Company at www.neccgroup.com.

6. CORPORATE GOVERNANCE

We, at NECC, believe that good and effective Corporate Governance is critical to achieve corporate vision and mission of the organization; it is more of an organizational culture than a mere adherence to rules and regulations. Your Company has established and maintained a strong ethical environment, overseen by Board of Directors, where 3 out of 6 Directors are Independent. The Company's practices and policies reflect the true spirit of Corporate Governance initiatives.

Your Company is in compliance of all mandatory requirements of Corporate Governance as stipulated as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, a Report on Corporate Governance along with Compliance Certificate issued by the Statutory Auditors of the Company is attached and forms integral part of this Report (herein referred to Corporate Governance Report").

7. BOARD & COMMITTEES OF BOARD

The details of the composition, terms of reference and number of meetings of the Board and its Committee held during the financial year 2018-19 are provided in the Corporate Governance Report.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of Section 152 of the Companies Act, 2013 and in Articles of Association of the Company, Mr. Sunil Kumar Jain (DIN:00010695), shall retire by rotation in the ensuing 34th Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors hereby confirms and represent that none of the Directors of the Company are disqualified from being appointed as Director pursuant to Section 164 of the Companies Act, 2013. Mr. Manoj Kumar Jain, Mr. Mohak Jain and Mr. Utsav Jain, Independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and in Listing Regulations.

Brief particulars and expertise of director seeking reappointment together with their other directorships and committee memberships have been given in the annexure to the notice of the Annual General Meeting in accordance with the requirements of the Listing Regulations and applicable Secretarial Standards.

In terms of Section 203 of the Act, the following are the Key Managerial Personnel (KMP) of the Company as on date of this report:

1. Mr. Shyam Lal Yadav, Chief Financial Officer
2. Ms. Mamta Bisht, Company Secretary

9. DIRECTOR RESPONSIBILITY STATEMENT

With reference to Section 134(5) of the Companies Act, 2013, your Directors hereby confirmed that:-

- i. in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- ii. such accounting policies have been selected and applied consistently (except for changes in the Accounting Policies as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made 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 and Loss of the Company for the that period;
- iii. proper and sufficient care is taken 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;
- iv. the annual accounts have been prepared on a going concern basis.
 - v. Internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and operating effectively; and
 - vi. the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and such systems were adequate and are operating effectively.

10. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted 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 prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

M/s Raj Achint & Associates, Chartered Accountants, the Statutory Auditors of the Company, has audited the financial statements included in the Annual Report and has issued an attestation report on our internal control over financial reporting (as defined in Section 143 of Companies Act 2013).

11. AUDITORS STATUTORY AUDITORS

Members in their 32nd AGM had appointed M/s. Raj Achint & Associates, Chartered Accountants, (Firm Registration No. 022023N) as Statutory Auditors of the Company to hold office for a period of upto 5 (Five) years i.e. till the conclusion of the 37th AGM of the Company to be held in the Financial Year 2022, subject to ratification by the Members at every AGM of the Company.

Pursuant to the notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Act, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, the Notice of ensuing AGM does not include the proposal for seeking Members approval for ratification of appointment of Statutory Auditors of the Company

The Statutory Auditors have not reported any frauds under Section 143(12) of the Companies Act 2013.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s Ashish Kumar Friends & Co., Practicing Company Secretaries (COP No.4056), New Delhi to undertake the Secretarial Audit of the Company for the year ended March 31, 2019. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed to this report as **Annexure IV**.

The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2019 do not contain any qualification, reservation, adverse remark or disclaimer.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY COMPANY

Pursuant to Section 186 of the Act and Schedule V of the SEBI Listing Regulations, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of Section 188 of the Companies Act, 2013 read with Rule 8(2) of Companies (Accounts) Rules, 2014 and Regulation 23 of the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year that would have required Shareholder approval under the Listing Regulations.

The Particulars of contract or arrangement entered into by the Company with related parties as per the provisions of Section 188 of the Companies Act, 2013 read with Rule 8(2) of Companies (Accounts) Rules, 2014 are disclosed in Form AOC-2, in **Annexure II** is annexed to this report.

The Board has approved a policy on related party transactions. An abridged policy on related party transactions has been placed on the Company's website at website link:

<http://www.necgroup.com/wp-content/uploads/2016/03/Policy-on-Related-Party-Transaction-NECC.pdf>

14. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

There are no significant particulars relating to Conservation of Energy, technology absorption under Rule 8(3) of Companies (Accounts) Rules, 2014 since your Company is not engaged in any manufacturing activity. No agreement has been entered into for Technology absorption. However, the Company has made intensive use of technology in its operation during the year under review.

15. PARTICULARS REGARDING EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has not incurred any expenditure on Research & Development during the financial year 2018-19. Further, the Company has no earning or outgo in Foreign exchange as per Rule 8(3) of Companies (Accounts) Rules, 2014

16. RISK MANAGEMENT

Risk Management comprises all the organizational rules and actions for early identification of risks in the course of doing business and the management of such risks.

Although not mandatory as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as a measure of good governance, the Company has constituted a Risk Management Committee of the Board. The Committee reviews the Company's performance against identified risks, formulates strategies towards identifying new and emergent risks that may materially affect the Company's overall risk exposure and reviews the Risk Management Policy and structure.

The Company has a Risk Management Policy which outlines the manner in which the Company identifies, assesses, monitors and manages risk. As the Company belongs to transportation and Logistics Industry and in the opinion of the Board, the following are the risks which would threaten the existence of the Company:

- Material Handling
- Motor Vehicle Accidents
- Slips, Trips, And Falls
- Competition
- Medical Management

To recover the above-mentioned risks, the Company has adopted Risk Management Strategy which comprising of following stages:

- Risk identification
- Risk analysis
- Risk evaluation
- Risk treatment
- Risk monitoring and review

The Policy and Strategy is duly implemented and monitored in the Company. The Company has identified various risks and has taken various steps to mitigate them. The "Risk Management Policy" is available on the website of the Company at website link

<http://necgroup.com/wp-content/uploads/2015/02/Risk-management-Policy.pdf>

17. CORPORATE SOCIAL RESPONSIBILITY

The "Corporate Social Responsibility Policy" prepared in the line with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, The Companies (Corporate Social Responsibility Policy) Rules, 2014 read with Schedule VII of the Companies Act, 2013 including any statutory modification or amendment thereto was approved by the Board of Directors of the Company. The "Corporate Social Responsibility Policy" is available on the website of the Company at website link <http://necgroup.com/wp-content/uploads/2015/02/CSR-Policy.pdf>

During the Financial Year 2018-19, the Corporate Social Responsibility initiatives of the Company were continued with a view to integrated NECC's business operations with social processes while recognizing the interests of its Stakeholders. While identifying such initiatives the Company has adopted an integrated approach to address the Community, societal and environmental concerns. During the year, the Company has undertaken various CSR activities in the fields of skill development programmes, education, social welfare, upliftment & empowerment of the

neglected and under-privileged sections of the society financially support by sponsoring the Teacher's Salary on monthly basis of "Unnati", NGO project.

During the financial year 2018-19, your Company has spent a total expenditure of Rs. 4,01,960/- towards CSR Activities. The average net profit of the Company, computed as per Section 198 of the Act, during the three immediately preceding financial years was Rs. 78,165,174.67/-. It was hence required to spend Rs. 11,61,344/- on CSR activities during the Financial Year 2018-19, being 2% of the average net profits of the three immediately preceding financial years but due to avoidable circumstances and paucity of time, the Company has spent on the CSR activities less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavor to spend the complete amount on CSR activities in accordance with the statutory requirements.

In terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on Corporate Social Responsibility activities is annexed to this Report as **Annexure III**.

18. EVALUATION OF BOARD OF DIRECTORS/INDEPENDENT DIRECTORS

During the year, the Board has carried out an Annual evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee (NRC) has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The Chairman of the Committee also had interactions with each of the Directors and sought their feedback and suggestions on the overall Board Effectiveness and Directors performance.

A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared based on the Guidance note issued by SEBI vide circular no, CMD/CIR/P/2017/004 dated 05.01.2017 and MCA vide Notification dated July 5, 2017 also prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, prescribed in Schedule IV of the Companies Act, 2013,

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfillment of key responsibilities, effectiveness of meetings etc.

In addition, pursuant to the provisions of Schedule IV to the Companies Act, 2013 the Independent Directors reviewed the performance of the Non-Independent Directors and of the Board as a whole, performance of the Chairman of the Board taking into account the views of all the Directors, and the quality, quantity and timeliness of flow of information between the Company management and the Board and its sufficiency for the Board to effectively perform its duties.

19. SUBSIDIARIES, JOINT VENTURES & ASSOCIATE COMPANIES

There is no Subsidiary, Joint Ventures and Associate Companies during the Financial Year 2018-19.

20. PARTICULARS OF EMPLOYEES AND REMUNERATION

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this report as **Annexure V**. None of the employees listed in the said Annexure is related to any Director of the Company.

21. HUMAN RESOURCE MANAGEMENT

Your Company has 250+ branches across PAN INDIA, NEPAL and operational set ups into BHUTAN and BANGLADESH and the total Manpower of the Company as on March 31, 2019 was 513 employees which include Executives and Non-Executives. In order to increase the professional culture in the Company, 73 employees were appointed through Interview and written test during the year.

• TRAINING AND HUMAN RESOURCE DEVELOPMENT

As a measure of capacity building including up-gradation of employees' skill and to ensure high delivery of performance, training and HRD continued to receive priority during the financial year.

Training and Human Resource policy of the Company aims and sharpening business skills and competence required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. Training was also provided to promote better understanding of professional requirements as well as to aware employees towards socio-economic environment in which business of the Company is carried out.

• **REPRESENTATION OF WOMEN EMPLOYEES**

As on March 31, 2019, the Company had 18 women employees, which represent 4% of the total work force. There is no discrimination of employees on the basis of gender. An internal compliant committee has been constituted to look after the welfare and provide protection against sexual harassment of women at workplace.

• **AWARDS AND RECOGNITION TO EMPLOYEES**

Employees' management is the backbone of your Company and it is regarded as one of the important resources for the success of NECC. Over the years, your Company has strengthened its HR processes to ensure continual development and growth of its employees. In order to build the right organizational culture, the Company distributes various awards and recognition in terms of their performance, capabilities, communication skills, coordination etc. on quarterly or half yearly basis. Though NECC is an equal opportunity employer, special focus is given to employees for enhance their diversity and knowledge.

22. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, every employer of a workplace shall constitute an "Internal Compliant Committee" for redressal of compliant(s) against sexual harassment of women employees. Accordingly, we have an Internal Compliant Committee which is constituted on March 27, 2017. Your Company has about 18 women employees in various cadres including Permanent, contractual, temporary and trainees. The Internal Compliant Committee aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Committee consists with following members:-

S. No.	Name & Designation	Post in the Internal Complaints Committee
1.	Ms. Mamta Rawat, Company Secretary	Presiding Officer & Chairperson
2.	Ms. Anita Mishra, Regional Accounts Head	Member
3.	Mr. Vinod Nair, HR & Legal Head	Member

There was no compliant received from any employee during the financial year 2018-19 and hence no complaint is outstanding as on March 31, 2019 for redressal.

23. STATUTORY DISCLOSURES

1. There was no change in the nature of business of the Company during the financial year 2018-19.
2. The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 during the financial year 2018-19.
3. No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
4. The Company maintains an adequate system of Internal Controls including suitable monitoring procedures, which ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. For more details, please refer to the "Management Discussion and Analysis" annexed to this report.
5. There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March 31, 2019 and the date of this report.
6. The Company has not issued any Stock options to the Directors' or any employee of the Company.
7. Information on composition, terms of reference and number of meetings of the Board & its Committees held during the year, establishment of vigil mechanism/whistle blower policy and web-links for familiarization/training policy of Directors, Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions and Policy for determining Material Subsidiaries, Compensation to Key Managerial Personnel, Sitting fees to Independent Directors, etc. have been provided in the Report on Corporate Governance, prepared in compliance of provisions of SEBI (LODR) Regulations, 2015, as amended from time to time, which forms part of the Annual Report.

24. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

25. MAINTENANCE OF COST RECORDS

The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, Cost Accounts and Records are not required to be maintained by the Company.

26. POLICIES

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies.

All our corporate governance policies are available on our website i.e. www.neccgroupp.com

27. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable statutory provisions is annexed to this report as under:

Particulars	Annexure
Extract Of Annual Return	I
Particulars of Contracts or Arrangement with Related Parties	II
Annual Report on CSR Activities	III
Secretarial Audit Report issued by the Secretarial Auditor of the Company	IV
Particulars of Employees and Remuneration as per Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	V

28. ACKNOWLEDGEMENT

The Board of Directors place on record their sincere appreciation for the continued support and goodwill of the esteemed Shareholders, Bankers, Financial Institutions, Business partners and other Stakeholders. The Directors also thank to M/s Raj Achint & Associates, Statutory Auditor and M/s Ashish Kumar Friends & Co., Secretarial Auditor and other professionals for their valued contribution. The Directors also sincerely appreciate and thank all the employees of the Company for their valuable contribution and dedicated efforts in steering the Company to excellent performance for yet another year in succession.

On Behalf of the Board of Director of
North Eastern Carrying Corporation Limited

Sd/-
(Sunil Kumar Jain)
Chairman & Managing Director
DIN: 00010695

Place: Delhi
Date: 13th August, 2019