

DIRECTORS' REPORT

To the Members,

CONTINENTAL SEEDS AND CHEMICAL LIMITED

The Directors of the Company have pleasure in presenting the 35th Annual Report and Audited Statement of Accounts for the financial year ended 31st March, 2019.

1. FINANCIAL HIGHLIGHTS

Financial results of your Company for the year ended 31st March, 2019 are summarized below.

PARTICULARS	2018-19	2017-18
Sales and Services	82,10,02,458	81,62,24,788
Other Income	12,99,724	9,21,529
Total Revenue	82,23,02,182	81,71,46,317
Total Expenditure	81,34,78,729	80,65,10,386
Profit before Tax	85,72,895	1,06,17,072
Less: Tax Expenses		
Current Tax	36,19,124	42,31,000
MAT credit utilized	-	25,68,249
Net current tax	36,19,124	16,62,751
Earlier year Tax adjustment	4,05,385	-
Deferred Tax Assets	1,01,280	8,26,562
Profit/Loss After Tax	46,49,667	72,12,634
Add: Balance B/F from Previous year	1,94,95,335	1,88,30,452
Less: Issue of Bonus shares	-	65,47,750
Other adjustments	(2,77,189)	-
Balance Profit/(Loss) C/F to the next year	2,38,67,813	1,94,95,335

2. DIVIDEND

The Board of Directors do not recommend any dividend on Equity Share Capital for the year under review with a view to conserve resources and to plough back the profits for the Financial Year ended 31st March, 2019 and to strengthen the net working capital.

3. SHARE CAPITAL

During the financial year 2018-2019 there was no change in the capital structure of the company.

Equity Shares of the company are listed and admitted on exchange on the SME Platform of NSE ('NSE EMERGE') w.e.f. 03.04.2018.

4. MANAGEMENT DISCUSSIONS & ANALYSIS (MDA)

Financial Review

The operating income during the financial year ended 31st March, 2019 stood at Rs. 85,72,895/- as against the total operating income of Rs. 1,06,17,072/- in the previous financial year ended 31st March, 2018. During the Year the Company has earned a net profit of 46,49,667/- as compared to the net profit of Rs. 72,12,633/- in the previous year.

Industry Overview for the Company

Agriculture is the most important sector of Indian Economy and continues to be one of biggest employers. The Gross Value Add (GVA) for agriculture sector was INR 17.67 trillion (USD 274 billion) in 2018, over a production base of 285 Million tons. The sector is likely to grow at an approximate rate of 2% on a year on year basis. Also India is among the 15 leading exporters of agricultural products in the world. Agricultural exports from India reached US\$ 38.21 billion in FY18 and US\$ 38.54 billion in FY19. India was the ninth largest exporter of agricultural products in 2017.

The Agriculture Export Policy, 2018 was approved by Government of India in December 2018. The new policy aims to increase India's agricultural exports to US\$ 60 billion by 2022. Also the Government of India has introduced several projects to assist the agriculture sector like Pradhanmantri Gram Sinchai Yojana, Paramparagat Krishi Vikas Yojana and many more.

Opportunities and Outlook

India has made impressive strides on the agricultural front during the last three decades. Much of the credit for this success should go to the several million small farming families that form the backbone of Indian agriculture and economy. India has high population pressure on land and other resources to meet its food and development needs. The agriculture sector recorded satisfactory growth due to improved technology, irrigation, inputs and pricing policies.

Vast uncommon opportunities to harness agricultural potential still remain, which can be tapped to achieve future targets. There are serious gaps both in yield potential and technology transfer as the national average yields of most of the commodities are low, which if addressed properly could be harnessed.

The public investment in agriculture has been declining and is one of the main reasons behind the declining productivity and low capital formation in the agriculture sector. With the burden on productivity - driven growth in the future, this worrisome trend must be reversed. Private investment in agriculture has also been slow and must be stimulated through appropriate policies.

The Company is ensuring a wide product portfolio, extensive geographical reach and improved internal processes and supply chains to leverage the growing opportunity landscape.

Threat, Risks & Concern

In recent years, indebtedness, crop failures, non-remunerative prices and poor returns have led to agrarian distress in many parts of the country. The government has come up with various mechanisms to address these issues: insurance, direct transfers and loan waivers, among them. However, these mechanisms are ad hoc, poorly implemented and hobbled by political dissension.



As for profitability of crops, 2018 saw a decline, while things have improved in the 2019 rabi season. But there have been concerns of late around consumption demand.

Pointing out that declining productivity, diminishing and degrading natural resources, rapidly growing demand for food, stagnating farm incomes, fragmented land holdings and unprecedented climate change were some of the major challenges confronting Indian agriculture, he said traditional farming would not be beneficial and the farmer needs to diversify into allied activities to ensure sustained income.

Adequacy of Internal Control

The Company has a well laid out internal control system. The internal control system is so designed to ensure that there is adequate safeguard, maintenance and usage of assets of the Company.

Human Resources

The Company currently has a strong team of more than 10 employees with experience in stock broking and finance and we would like to thank each and every member of the company for their role and continuous contribution towards the Company's performance.

5. CHANGE IN REGISTERED OFFICE WITHIN STATE:

During the year Registered Office of the Company be shifted from “**Lower Ground Floor, Plot No. 38, Okhla Phase 3, New Delhi-110020**” to “**A-33, G/F, F.I.E.E. Okhla Industrial Estate, Phase II New Delhi-110048**” with effect from 14.11.2018.

6. DETAILS OF SUBSIDIARIES JOINT VENTURE OR ASSOCIATES

The Company has no Subsidiaries, Joint Venture or Associates.

7. DEPOSITS

During the financial year 2018-19, your Company has not accepted any deposit within the meaning of Sections 73 and 74 the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

8. AUDIT COMMITTEE:

The Audit Committee comprises of Mr. Sachin Rastogi Director of the Company, Mr. Gopal Krishan Sharma & Mr. Prashant Rastogi Independent Directors of the Company. All the recommendations made by the Audit Committee were accepted by the Board. The Committee duly met five times during the year and was attended by all the Committee Members. The details of Audit Committee have been outlined in the Corporate Governance Report which forms part of this Report.

9. NOMINATION & REMUNERATION POLICY AND PARTICULARS OF EMPLOYEES

The Nomination and remuneration Committee comprises of, Mr. Sachin Rastogi Director of the Company, Mr. Gopal Krishan Sharma & Mr. Prashant Rastogi Independent Directors of the Company. The Committee duly met two times during the year and was attended by all the Committee Members. The salient features covered in the Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this Report.

10. DIRECTOR'S & KEY MANAGERIAL PERSONNEL

Pursuant to Section 152 of the Companies Act, 2013, Mr. Pravin Rastogi, Director of the Company, retires by rotation at ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Change in Directors and Key Managerial Personnel

There are some changes in composition of Directors or Key Managerial Personnel during the financial year 2018-2019 as follows:

1. Mr. Gopal Krishan Sharma was appointed as independent Director w.e.f. 18/09/2018.
2. Mr. Mujuffar Khan was resigned from the office w.e.f. 03.09.2018.

Further Mrs. Anitaben Digbijay Paul was appointed as Company secretary on his place w.e.f. 25/05/2018 and was resigned from the post of Company Secretary on 01/11/2018 and Ms. Megha Jain was appointed as Company secretary on her place w.e.f. 14/11/2018.

Currently, Ms. Megha Jain is the Company Secretary of your Company.

11. DECLARATION BY AN INDEPENDENT DIRECTOR(S) AND RE-APPOINTMENT, IF ANY

The Company has received necessary declarations from Mr. Gopal Krishan Sharma and Mr. Prashant Rastogi, Independent Directors of the Company, under section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in section 149(6) of the Companies Act, 2013 and regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

12. EVALUATION OF BOARD PERFORMANCE

In terms of the provisions of the Companies Act, 2013 read with Rules issued there under and LODR, the Board of Director on recommendation of Nominations & Remuneration Committee have evaluated the effectiveness of the Board/Director(s) for financial year 2018-19.

13. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring the names of top ten employees in terms of remuneration drawn and the name of every employee, who if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and Twenty lakh rupees is set out in **Annexure I** to this Report and is available on the website of the Company.

The details about the employees are marked as Annexure-I.

14. NUMBER OF MEETINGS OF THE BOARD

The board met **7 times** during the year. The Board meetings details of the Company are set out in the Corporate Governance Report which forms part of this Report. The Maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

15. SECRETARIAL STANDARDS

The company complies with all the applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- (b) the Directors 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 as at 31st March, 2019 and of the profit of the Company for the financial year ended 31st March, 2019;
- (c) 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;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

17. AUDITORS AND AUDITORS' REPORT

Auditor

M/s PMAS & Associates LLP, Chartered Accountants, having Firm Registration No. 024726N, is appointed as the Statutory Auditors of the Company, to hold office from the conclusion of 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting of the Company held for the FY 2021-22 who have given their eligibility certificates u/s 141 of the Companies Act, 2013. The committee took note that the Companies Act, 2013 has exempted the requirements of ratification of appointment of auditors on an annual basis at the AGM.

Internal Auditor

Re- appointment of M/s AMGK & Associates, Chartered Accountant, as an Internal Auditors of the Company for the year ended 31st March, 2020, to review various operation of the company.

18. RELATED PARTY TRANSACTIONS

The details of the related party transactions as required under Accounting Standard – 18 are set out in Note 2.10 to the financial statements forming part of this Annual Report. The particulars of every contract or arrangements entered into by the company with related parties referred to in sub-section (1) of section



188 of the Companies Act, 2013 including certain on arm length transactions under third proviso thereto are annexed in form AOC-2 under **Annexure II**. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website.

19. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act 2013 and Rules made there under, the Company has appointed M/s Laur & Associate, Company Secretaries to undertake the Secretarial Audit of the Company. The Company has annexed to this Board Report as **Annexure III**, a Secretarial Audit Report given by the Secretarial Auditor

20. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT – 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Rule 12 of Companies (Management and Administration) Rules, 2014 are set out herewith as **Annexure – IV** to this Report.

21. LOANS, GUARANTEES AND INVESTMENTS

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

The company has provided continuing corporate guarantee in violation of provisions of section 185 & 186 to a related partnership firm to the tune of Rs. 21.00 crore

Details of loan and advances, guarantee and investments has been given in the Note no. 13 & 16 of balance sheet note to accounts.

22. VIGIL MECHANISM

The Board of Directors of the Company have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015. The Company, through this policy envisages to encourage the Directors and Employees of the Company to report to the appropriate authorities any unethical behaviour, improper, illegal or questionable acts, deeds, actual or suspected frauds or violation of the Company's Code of Conduct for Directors and Senior Management Personnel. The Policy on Vigil Mechanism / Whistle blower policy may be accessed on the Company's website.

23. RISK MANAGEMENT POLICY

Risk Management policy is formulated in compliance with Regulation 21 of the SEBI (listing obligation and disclosure requirement) regulation 2015 and section 134 (3) (n) of the companies act 2013, which requires the company to lay down procedure for risk assessment and risk minimization. The board of directors, Audit committee and the senior management of the company should periodically review the policy and monitor its implementation to ensure the optimization of business performance, to promote the confidence amongst stake holders in the process, plan and meet strategic objectives and evaluate, tackle and resolve various risks associated with the company. The business of the company is exposed to various risks, arising out of internal and external factors i.e. industry, competition, input, geography, financial, regulatory, other operational, information technology related other risks.



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24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is as under:

Part A and Part B relating to conservation of energy and technology absorption are not applicable to the Company as your Company is not a manufacturing company.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(in Rs.)

Total foreign exchange earnings and outgo	2018-19	2017-18
FOB Value of Exports	Nil	Nil
CIF Value of Imports	Nil	Nil
Expenditure in foreign currency	Nil	Nil

25. SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by any of the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

26. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

27. DEMATERIALIZATION OF SHARES

Trading in the Equity Shares of the Company is only permitted in the dematerialized form as per the Securities and Exchange Board of India (SEBI) circular dated May 29, 2000.

The Company has established connectivity with both the Depositories viz. National Security Depository Ltd. (NSDL) as well as Central Depository Services (India) Ltd. (CDSL) to facilitate the demat trading. As on 31st March, 2019, 100% of the Company's Share Capital is in dematerialized form.

The Company's shares are regularly traded on Emerge-the SME Growth Platform of National Stock Exchange at Delhi.

28. CORPORATE GOVERNANCE

Pursuant to Regulation 27 of the LODR, the Corporate Governance report together with a certificate issued from Laur & Associates, Company Secretaries on its compliance is made part of the Annual Report.



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29. CAUTIONARY STATEMENT

Statement in the management's discussions and analysis describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, changes in government regulations, tax regimes and economic developments within the country and abroad and such other factors.

30. ACKNOWLEDGEMENT

The Directors of the Company are grateful to all the stakeholders including the customers, bankers, suppliers and employees of the Company for their co-operation and assistance.

By order of the Board
For **Continental Seeds and Chemicals Limited**

Sd/-

PRAVEEN RASTOGI

Managing Director

DIN: 01414608

Address: M-73 B, 1st Floor,

Malviya Nagar, New Delhi 110017

Sd/-

JAISHREE RASTOGI

Director

DIN: 01414622

Address: H. No. 760 KOT SHARKI D

Ashink Sambhal UP 244302

Date: 29/08/2019

Place: New Delhi