

## SITA ENTERPRISES LIMITED

### DIRECTORS' REPORT

#### To The Members:

Your Directors have pleasure in submitting the Thirty-Sixth Annual Report of the Company together with the audited Annual Accounts showing the financial position of the Company for the year ended on 31<sup>st</sup> March 2019.

#### Management Discussion & Analysis:

i) Industry structure and development: The Company is an investment and finance Company and has invested funds in Shares, Securities, Venture Capital Fund, Properties, Loans and Advances.

ii) Opportunities & Threats: The Company is keeping a close watch on the trends in industry for making investments in accordance with its size of operations. It is also taking into account the possible threats due to external factors.

iii) Segment-wise or product-wise performance: The Company operates only in the segment of finance and investment and as such there are no reportable segments wise or product wise performance.

iv) Outlook: Baring the unforeseen circumstances and the risks and concerns, the management is hopeful to achieve reasonable performance in the current financial year: 2019-2020.

v) Risks and concerns: The Company has exposure in Shares, Securities, Properties, Loans & Advances and any adverse development in stock market and industry will have an impact on the Company's performance.

vi) Internal control systems and their adequacy: The Company has adequate internal control systems commensurate for its limited operations. The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flow of organization is being done through the approved policies of the Company. The observations of internal auditors are considered by the Audit Committee of the Board.

#### vii) Financial & Operational performance

The Financial and Operational performance during the year was as under:-

Rupees in Lacs

Gross Income	31.44
Gross Operating Profit	15.62
Provision for Taxation	2.82
PROFIT AFTER TAX	12.80

#### Dividend and Transfer to Reserves:

Your Directors do not recommend any dividend for the year ended on 31<sup>st</sup> March 2019. An amount of Rs. One Lac has been transferred from surplus balance in Statement of Profit And Loss to general reserve during the year.

#### Directors and Key Managerial Personnel:

Mr. Ashok Tulsyan retires from the Board by rotation and being eligible offers himself for re-appointment as director. During the year Mr. Mukesh Sarswat was appointed as an Independent Director and Mr. K K Agarwal another Independent Director retired during the year due to his pursuing other career. At the Annual General Meeting of the company held in 2018 Ms. Sneha A. Tulsyan was appointed as a director and appointment of Mr. Mukesh Sarswat as an independent director was ratified.

During the year six board meetings were convened and held.

The Independent Directors of the company have given declarations under Section 149(7) of the act that they meet the criteria of independence as provided under Section 149(6) of the act.

Apart from sitting fees paid to independent director no other remuneration is paid to directors. Commensurate with very limited size of operations of the company the Board has, on recommendation of Nomination and Remuneration Committee -

i. Framed a policy for selection and appointment of Directors and Senior Management and their remuneration. As per company's policy the independent director should possess fair professional qualification, sound ethics and attributes and should meet the criteria of independence.

ii. Adopted a framework for performance evaluation of the Board, its Committees, individual directors and chairperson through a survey questionnaire. The

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survey questionnaire broadly covers various aspects of board functioning, composition of Board and its committees, culture, execution and performance of specific duties, obligation and governance.

### **NBFC Activities**

The company is a Non-Systemically Important Non-Deposit taking Non Banking Finance Company registered with Reserve Bank Of India Act, 1934 and is following the guideline and direction issued by RBI for such companies. The company is engaged mainly in investments in Shares, Securities, Venture Capital Fund and Properties. The company has also deployed funds in loans and advances.

### **Particulars of loans, guarantees or investment:**

The Company being a non banking finance company registered with Reserve bank of India the provisions of section 186 of The Companies Act, 2013 are not applicable to it.

### **Audit Committee:**

The Company has constituted an audit committee with Mr. S Rathi as chairman, Mr. Mukesh Sarswat and Mr. A. Tulsyan as members. All recommendations of audit committee have been accepted by the board.

### **Directors' Responsibility Statement:**

To the best of their knowledge and belief and according to the information and explanations obtained, your Directors make the following statements in terms of Section 134(3)(C) of the act:

- a. That in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- b. That 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 at the end of the financial year and of the profit and loss of the company for that period;
- c. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d. That the directors have prepared the annual accounts on a going concern basis; and
- e. That the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. That 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.

### **Related Party Transaction**

Details of the transactions with Related Parties are provided in the accompanying financial statements. There was no transaction during the year which would require to be reported in Form AOC.2.

### **Statutory Auditors**

M/s. Maheshwari Maheshwari & Co. are the statutory auditors of the company. There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors in their Report on the financial statements for the period.

### **Secretarial Auditors**

M/s. VKM & Associates are the Secretarial auditors of the company. They have given their Secretarial Audit Report in form MR3 for the period. There are no qualifications, reservations or adverse remarks or disclaimers made by them in their Report.

### **Risk Management Policy**

Commensurate with its very limited size of operations the Company is keeping a close watch on the trends in industry for lending of funds and making investments. It is also taking into account the possible threats due to external factors.

### **Corporate Social Responsibility**

It is your company's belief that its primary goal is to fulfill responsibility towards its all constituents i.e. shareholders, customers, government, regulatory bodies, etc. The company maintains fair and ethical practices in its dealings as part of its social responsibility. Further provisions of section 135 of the act and submission of corporate governance report are not applicable to the company.

**Vigil Mechanism/Whistle Blower Policy:**

Your Company has adopted and disseminated its Whistle-Blower Policy to provide a secure environment and encourage employees to report unethical, unlawful or improper practices, acts or activities and to prohibit any adverse action against those who report such practices in good faith. The Whistle-Blower Policy is disclosed on the website of the Company.

**Extract of Annual Return:**

In accordance with Section 134(3)(a) of the act, an extract of the Annual Return in form MGT-9 is annexed.

**Subsidiaries, Associates, joint Ventures and Investments in LLP**

The company does not have any subsidiary or joint venture. During the year Sita Offers & Bourse Expertise Limited ceased to be company's associate company on its conversion into a LLP namely Sita Offers and Bourse Expertise LLP. The company's share in voting right of this LLP is 14.29%. The LLP is not an associate concern within the meaning of Accounting Standard (AS) 23. The company has an associate company namely, Bombay Mercantile & Leasing Company Ltd. On account of changes and as per the applicable provisions for the period under this report the accounts of this associate concern have not been consolidated this year with that of the company as there is no requirement for the same as per provisions of Accounting Standard (AS) 23. A separate statement containing the salient features of the associate in the prescribed form AOC – I is annexed separately.

**Other Information:**

The disclosure under Section 197 of the Companies Act, 2013 has been annexed to this report. The company has no employee of the category specified in Section 197(12) of the act.

The Company has not consumed any significant quantity of energy; therefore no comments are made on conservation of energy and technology absorption. There has been no foreign exchange income/outflow during the year under review. The provision of cost audit is not applicable to the Company.

There have been no other material changes and commitments, if any, affecting the financial position of the company, which have occurred between the end of the financial year and date of the report.

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

During the year – There has been no change in nature of business conducted by the company, There has been no changes in share capital, No share has been transferred in suspense account, No fraud has been reported to the audit committee, No order or penalty was passes against the company by any authority.

The Company has the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee. The Company has in place internal financial control systems, commensurate with the size and complexity of its operations, to ensure proper recording of financial and monitoring of operational effectiveness and compliance of various regulatory and statutory requirements.

The company is following the guidelines of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There have been no cases reported during the year.

The Secretarial Audit Report for the financial year 2018-19 is set out in the Annexure to this Report.

The Company is giving effect to various compliances applicable to it and adopting policies commensurate with its limited size of operations.

The board places on record its appreciation for the continued support and co-operation extended by employees, customers, bankers and all other constituents.

On behalf of the Board

Mumbai, 17<sup>th</sup> May, 2019      A. Tulsyan      S. Tulsyan  
Director                              Director