

## DIRECTORS' REPORT

*To the Members of*

### SIL INVESTMENTS LIMITED

Your Directors are pleased to present the Eighty Fourth Annual Report on the business of your Company alongwith the audited financial statements for the year ended 31<sup>st</sup> March, 2018.

### FINANCIAL RESULTS

Financial Results of your Company for the year under review alongwith the corresponding figures of the previous year are as follows:

#### Highlights of Performance

- Net Income for FY 2017-18 was Rs.16,895.49 lakhs as compared to Rs. 3,000.50 lakhs in FY 2016-17;
- Profit before Tax for FY 2017-18 was Rs.16,170.23 lakhs as compared to Rs. 2,015.73 lakhs in FY 2016-17; and
- Profit after Tax for FY 2017-18 was Rs.12,880.25 lakhs as compared to Rs.1,718.63 lakhs in FY 2016-17.

#### Financial Results

Particulars	(Rs. in lakhs)	
	Year ended 31 <sup>st</sup> March, 2018	Year ended 31 <sup>st</sup> March, 2017
Income from Operations & Investment (including other Income)	16,895.49	3,000.50
Less: Total expenses	711.68	970.91
Profit before exceptional item, depreciation and tax	16,183.81	2,029.59
Less: Exceptional Item	-	-
Depreciation	13.58	13.86
Profit before Tax	16,170.23	2,015.73
Less: Taxation:		
- Current	3,290.00	302.00
- Earlier Years (net)	-	1.12
- Deferred Tax (net)	-0.02	-6.02
<b>Profit after Tax</b>	<b>12,880.25</b>	<b>1,718.63</b>

Your Company proposes to transfer an amount of Rs.644 lakhs to General Reserves and Rs.2576 lakhs to Reserve Fund.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.50 per share for the year ended 31<sup>st</sup> March,

2018, subject to approval by the shareholders' at the forthcoming Eighty Fourth Annual General Meeting (AGM) of the Company. The total outgo on account of dividend to the shareholders will be Rs. 191.61 lakhs (inclusive of dividend distribution tax).

### SUBSIDIARIES

In accordance with Section 136 of the Companies Act, 2013 ("the Act"), the audited financial statements, (including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries), are available on our website [www.silinvestments.in](http://www.silinvestments.in). These documents will also be available for inspection during business hours at our registered office.

Further, pursuant to the provisions of Accounting Standard 21 (AS-21) prescribed under the Companies (Accounting Standards) Rules 2006, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") and as prescribed by the Securities and Exchange Board of India, consolidated financial statements presented by the Company include financial information of subsidiary companies, which forms a part of the Annual Report. Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of subsidiaries in Form AOC-1 is attached to the accounts. Your Company has also formulated a policy for determining material subsidiaries, which is uploaded on the website of the Company at the web link: <http://silinvestments.in/pdfs/PolicyonDeterminingMaterialSubsidiaries.pdf>

### PUBLIC DEPOSITS

Your Company has neither invited nor accepted / renewed any deposits from the public within the meaning of Section 73 of the Act during the year under review. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on 31<sup>st</sup> March, 2018.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements. Pursuant to Regulations 34(3) and 53(f) of the Listing Regulations, 2015, the particulars of loans/advances given to the subsidiaries have also been disclosed in notes to financial statements.

**CAPITAL ADEQUACY RATIO**

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions") stood at 98.00%, which is above the regulatory minimum of 15%. Your Company's asset size is Rs. 337.13 crore. Pursuant to the guidelines / directions issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Finance Company ('NBFC') your Company every year obtains a certificate from the Statutory Auditors of the Company.

**SHARE CAPITAL**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2018 was Rs. 10,59,58,600/- comprising of 1,05,95,860 Equity Shares of Rs.10/- each. During the year under review, your Company has not issued any further shares to the members or general public. Your Company's Equity Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

**TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 124 of the Act, the declared dividend which remained unclaimed for a period of seven years has been transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 125 of the Act.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Your Company is a registered NBFC with RBI since 22<sup>nd</sup> May, 2009. Since then, the Company has been operating successfully under overall superintendence, directions and regulation of the regulatory authority.

The detailed review of the operations, performance and outlook of the Company is given separately in the Management Discussion and Analysis Report as required under Regulation 34 of the Listing Regulations, 2015 by way of an Annexure-I to this report.

**BOARD OF DIRECTORS**

Your Company's Board comprises of six Directors, four of whom are Non-executive Directors and two Executive Directors viz., a Managing Director and an Executive Director designated as Director-in-

Charge. The Non-executive Directors are eminent professionals with vast experience in the area of industry, finance and law.

**DIRECTOR RETIRING BY ROTATION AND RE-APPOINTMENT AS DIRECTOR**

In accordance with the provisions of the Act and in terms of the Articles of Association of the Company, Mr. C. S. Nopany retires by rotation and is eligible for re-appointment at the forthcoming AGM. A brief resume, nature of experience in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 17 of the Listing Regulations, 2015, is provided in the notes to the Notice of the AGM. The Board of Directors of the Company commends the appointment.

**INDEPENDENT DIRECTORS**

All the Independent Directors of your Company have been appointed for a fixed term of 5 consecutive years from the date of their respective appointment and they are not liable to retire by rotation. All Independent Directors have declared that they meet the criteria of independence as laid down under Section 149(6) of the Act and Listing Regulations, 2015.

**BOARD EFFECTIVENESS****Familiarisation Policy**

Pursuant to Regulation 25(7) of Listing Regulations, 2015, the Board has framed a policy to familiarize the Independent Directors about the Company. The policy is available on the website of the Company at the web link : <http://silinvestments.in/pdfs/Policy/Familiarisation%20Policy%20SIL.pdf>

The Familiarization Policy of the Company seeks to familiarize the Independent Directors with the working of the Company, their roles, rights and responsibilities, vis a vis the Company, the industry in which the Company operates, business model, etc.

**BOARD EVALUATION**

Pursuant to the provisions of the Act and Listing Regulations, 2015, the Board has carried out an evaluation of its own performance and of the Directors individually, as well as the evaluation of the working of the Board Committees. The manner of evaluation has been explained in the Corporate Governance Report.

### **CRITERIA FOR SELECTION OF DIRECTORS, KMPs AND SENIOR LEADERSHIP POSITIONS AND THEIR REMUNERATION**

The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The policy is available on the Company's website at the web link: <http://silinvestments.in/pdfs/RemunerationPolicy.pdf>. The policy contains, inter-alia, principles governing Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of Directors, etc.

### **KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of Sections 2(51) and 203 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key Managerial Personnel of the Company:

- Mrs. Shalini Nopany, Managing Director;
- Mr. Brij Mohan Agarwal, Director-In-Charge;
- Mr. Lokesh Gandhi, Company Secretary & Compliance Officer; and
- Mr. Vikas Baheti, CFO.

### **MEETINGS OF THE BOARD**

A calendar of prospective meetings is prepared and circulated in advance to the Directors. The details of Board and Committee meetings held during the year under review are given in the Corporate Governance Report forming part of this Annual Report. The gap between these meetings was within the period prescribed under the Act and Listing Regulations, 2015.

### **RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for transactions which are of a foreseen and repetitive nature. A detailed statement of such Related Party Transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors for their review on a quarterly basis.

Suitable disclosures as required by the Accounting Standards (AS 18) have been made in the notes to Financial Statements. Form No. AOC-2 is annexed to this report.

All "Material Related Party Transactions", as per Regulation 23 of the Listing Regulations, 2015, were approved at the Annual General Meeting held on 31<sup>st</sup> August, 2017. "Material Related Party Transactions" proposed to be entered into will be placed before the shareholders at the ensuing AGM for their approval.

Your Company has formulated a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and is available at the web link : <http://silinvestments.in/pdfs/PolicyonRelatedPartyTransactions.pdf>

### **INTERNAL FINANCIAL CONTROL SYSTEMS**

Your Company's Internal Financial Control systems are robust, comprehensive and commensurate with the nature, size, scale and complexity of its business. The system covers all major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Auditors continuously monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management with regard to the internal control framework.

The policies and procedures adopted by the Company ensures orderly and efficient conduct of its business, adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of records and timely preparation of reliable financial information.

The Audit Committee actively reviews adequacy and effectiveness of internal control systems and suggests improvements, for strengthening them in accordance with the business dynamics, if necessary. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system and compliance to accounting policies and procedures followed by your Company.

**AUDITORS REPORT**

The Board has duly reviewed the Statutory Auditors' Report on the financial statements including notes to the financial statements. The observations of the Auditors in their Report on the financial statements of the Company are self-explanatory and in the opinion of the Directors, do not call for any further clarification.

**AUDITORS****STATUTORY AUDITOR**

The Company's Auditors, M/s. Jitendra K. Agarwal & Associates, Chartered Accountants, (ICAI Firm Registration Number: 318086E), were appointed as the Statutory Auditors of the Company for a period of five years commencing from the financial year 2017-18 to hold office from the conclusion of the 83<sup>rd</sup> Annual General Meeting of the Company till the conclusion of the 88<sup>th</sup> Annual General Meeting to be held in the year 2022. The Auditors have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder as Auditors of the Company. As required under Regulation 33 of the Listing Regulations, 2015 the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Auditors' Report for the financial year ended 31<sup>st</sup> March, 2018 has been issued with an unmodified opinion.

**INTERNAL AUDITOR**

The Board of Directors upon the recommendation of the Audit Committee has on 08<sup>th</sup> May, 2018 re-appointed M/s. J. N. Khandelwal & Co., Chartered Accountants (Reg. No. 004966C) as Internal Auditors of the Company. M/s. J. N. Khandelwal & Co. have confirmed their eligibility and have granted their consent to act as Internal Auditors of the Company.

**SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. R. Chouhan & Associates, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year under review. The Report of the Secretarial Auditor annexed to this Report is self-explanatory and does not call for any further clarification.

**RISK MANAGEMENT**

As required under Regulation 17(9) of the Listing Regulations, 2015, the Company has established a well-documented and robust risk management framework. Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are classified as strategic risks, business risks or reporting risks. Strategic risks are those which are associated with the long term interests of the Company. Reporting risks are associated with incorrect or un-timely financial and non-financial reporting.

The Risk Management Committee and the Board of Directors review the Risk Management Strategy of the Company to ensure effectiveness of the Risk Management Procedures.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information with regard to conservation of energy and technology absorption, in terms of the Section 134(3)(m) of the Act is not applicable to the Company as the Company has no manufacturing activity. Particulars with regard to Foreign Exchange Earnings and Outgo are given in notes to accounts and form part of this Report.

**CORPORATE GOVERNANCE**

Your Company is committed to maintain highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. Your Company has implemented all the stipulations enshrined in the Listing Regulations, 2015 and the requirements set out by the Securities and Exchange Board of India. The Report on Corporate Governance forms part of this report as "Annexure II". The requisite certificate from the Statutory Auditors of the Company, M/s. Jitendra K. Agarwal & Associates, Chartered Accountants, confirming compliance with the conditions of Corporate Governance is annexed to the Report on Corporate Governance, which forms part of this report.

**CORPORATE SOCIAL RESPONSIBILITY**

In conformity with Section 135 of the Act and Rules made thereunder, your Company has formed a Corporate Social Responsibility ("CSR") Committee to oversee the CSR activities initiated by the Company during the financial year under review. The details of the Committee and its terms of reference are set out

in the Corporate Governance Report forming part of the Board's Report. Your Company has adopted a CSR Policy for the Company which provides a broad framework with regard to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. The CSR Policy may be accessed on the Company's website at the link: <http://silinvestments.in/pdfs/CSR%20Policy.pdf>. During the financial year 2017-18, your Company has spent Rs. 35 lakhs towards CSR activities. Your Company's key objective is to make a difference to the lives of the underprivileged and is committed to CSR engagement. A report on CSR activities as prescribed under the Act and Rules made thereunder is annexed herewith as "Annexure III".

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Your Company has in place a vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of your Company's Code of Conduct.

Under the vigil mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Regulation 22 of the Listing Regulations, 2015, protected disclosures can be made by a whistle blower through an e-mail or dedicated telephone line or a letter to the Chairman of the Audit Committee. Adequate safeguards are provided against victimization to those who avail of the vigil mechanism.

The Policy on Vigil Mechanism and Whistle Blower Policy may be accessed on the Company's website at the link: <http://silinvestments.in/pdfs/WhistleBlowerPolicy.pdf>.

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules framed thereunder, your Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace. This has been widely communicated internally.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS**

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

### **EXTRACT OF ANNUAL RETURN**

In terms of the provisions of Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 for the financial year ended 31<sup>st</sup> March, 2018 is annexed herewith as "Annexure IV" to this Report.

### **COMPLIANCE OF ACCOUNTING STANDARDS**

As per requirements of the Listing Regulations, 2015 and applicable Accounting Standards, your Company has made proper disclosures in financial statements. The applicable Accounting Standards Rules have been duly adopted pursuant to the provisions of Sections 129 and 133 of the Act.

### **COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has complied with the secretarial standards issued by the Institute of Company Secretaries of India and forming part of the Act, on meetings of the Board of Directors and General Meetings.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The audited consolidated financial statements based on the financial statements received from the subsidiaries, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard - 21 (AS-21) on 'Consolidated Financial Statements' notified under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006, as applicable.

### **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other required information pursuant to Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, is provided herewith under "Annexure V", and forms part of the Report.

### **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 financial statements for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;

- b. that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been 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;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**ACKNOWLEDGEMENTS**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from various stakeholders including financial institutions and banks, Government authorities and other business associates who have extended their valuable support and encouragement during the year under review.

Your Directors take this opportunity to place on record their deep appreciation for the committed services rendered by the employees of the Company at all levels, who have contributed significantly towards the Company's performance and for enhancing its inherent strength. Your Directors also acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board

**(C. S. Nopany)**

Chairman

(DIN : 00014587)

Place: Kolkata

Dated: 08<sup>th</sup> May, 2018