

SENTHIL INFOTEK LIMITED

DIRECTORS' REPORT

To,
The Members,
SENTHIL INFOTEK LIMITED,
157, Dhanalakshmi Society,
Mahendra Hills, East Marredpally
Secunderabad-500 026, Telangana

1. INTRODUCTION:

The Directors have pleasure in presenting their 25th Annual report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2019.

2. FINANCIAL HIGHLIGHTS:

During the year under review, performance of your Company are as under:

(Rs. In Lakhs)

| Particulars | 31.03.2019 | 31.03.2018 |
|------------------------------------|----------------|----------------|
| Revenue from operations | 8.16 | 7.64 |
| Other Income | 5.55 | 6.65 |
| Total Income | 13.71 | 14.29 |
| Total Expenses | (12.70) | (13.60) |
| Profit/ (Loss) before Taxation | 1.01 | 0.69 |
| Less: Tax Expenses | 0.26 | 0 |
| Profit/ (Loss) after tax | 0.76 | 0.69 |
| Profit/(Loss) C/F to the Next Year | 0.76 | 0.69 |
| Reserves & Surplus | (30.18) | (30.94) |

3. STATE OF COMPANY'S AFFAIRS AND FUTUTRE OUTLOOK:

During the period under review, the turnover of the Company has increased to Rs. 8.16 Lakhs as against that of the previous year of Rs. 7.64 Lakhs and the Company has earned Net Profit of Rs. 0.75 Lakhs in the Financial Year 2018-19 as against Net Profit of Rs. 0.69 in Financial Year 2017-18.

4. ANNUAL RETURN:

The extracts of the Annual return pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in Form No. MGT-9 which is available on the website of the company www.senthilinfo.com.

5. CHANGE IN NATURE OF BUSINESS:

There is no change in the nature of business of the Company during the year under review.

6. DIVIDEND

During the period under review, the Company has not been able to earn enough profits so as

to reward the shareholders. Therefore, your directors do not recommend any dividend for the year under review.

7. AMOUNT TRANSFERRED TO RESERVES:

The surplus in Profit and loss account for the FY 2018-19 has been carried to reserves which stands at accumulated loss of Rs. 30.19.

8. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as the company has not declared and paid any dividend in last 7 years.

9. SHARE CAPITAL:

The Authorised Share Capital of your Company is Rs. 6,00,00,000 and the Paid-up Share Capital of your Company is Rs. 5,05,00,000. During the Financial Year 2018-19, there has been no change in the share capital of the Company.

- a) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees:

The Company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees as per Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

- b) Issue of Sweat Equity Shares:

The Company has not issued any sweat equity share during the financial year in accordance with the provisions of Section 54 of Companies Act, 2013 read with Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

- c) Issue of Equity Shares with Differential Voting Rights:

The Company has not issued any equity shares with differential voting rights during the financial year as per Rule 4(4) of Companies (Share Capital and Debentures) Rules, 2014.

- d) Issue of Employee Stock Option:

The Company has not issued any employee stock option during the financial year as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014.

10. PUBLIC DEPOSITS:

The Company has neither accepted nor renewed any deposits from Public within the purview of provisions of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review.

11. SUBSIDIARY, HOLDING, ASSOCIATES COMPANIES AND JOINT VENTURES:

As on March 31, 2019, the Company does not have any Subsidiary/Joint Venture/Associate Companies.

12. DIRECTORS:

Your Board comprises of 5 Directors including 3 Independent Directors.

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| Sr.No | Name | Designation |
|-------|-------------------------------------|--|
| 1. | Chellamani Pitchandi (DIN:01256061) | Managing Director & Executive Director |
| 2. | P Seethalakshmi (DIN: 02779034) | Non-Executive Director |
| 3. | Sreehari Ankem (DIN: 01866541) | Non-Executive and Independent Director |
| 4. | Dittakavi Surekha (DIN: 02779045) | Non-Executive and Independent Director |
| 5. | Sarada Dittakavi (DIN: 05209781) | Independent Director |

A. BOARD MEETINGS:

During the Financial Year 2018-19 your Board meet Five times as follows:

| Sr.No | Date of Board Meeting | Chairman of the Meeting |
|-------|-----------------------|---------------------------|
| 1. | 28.05.2018 | Shri Chellamani Pitchandi |
| 2. | 10.08.2018 | Shri Chellamani Pitchandi |
| 3. | 14.11.2018 | Shri Chellamani Pitchandi |
| 4. | 13.02.2019 | Shri Chellamani Pitchandi |
| 5. | 06.03.2019 | Shri Chellamani Pitchandi |

B. KEY MANAGERIAL PERSONNEL (KMPs):

During the year, Company has not appointed Chief Financial Officer (KMPs) as required under section 203 of the Companies Act, 2013 and same has been stated by the secretarial auditor in his report in form MR-3.

However, the Board on the recommendation of Nomination and Remuneration Committee approved the appointment of Mrs. P. Malliga as a Chief Financial Officer (C.F.O.) and the Key Managerial Personnel of the Company w.e.f., 01.04.2019. The Company Secretary and compliance officer was appointed on 06.03.2019.

C. INDEPENDENT DIRECTORS, ANNUAL DECLARATION AND THEIR MEETING:

In accordance with Sub-section (7) of Section 149 of Companies Act, 2013 (hereinafter called as "THE ACT"), Mr. Sreehari Ankem, Mrs. Dittakavi Surekha and Mrs. Sarada Dittakavi independent directors of the company have given declaration that they meet the criteria of independence as provided in sub section (6) of Section 149 of the Act. During the year, there has been no change in terms and conditions of appointment of Independent Directors. The policy containing terms and conditions for appointment of independent directors enclosed herewith as is available on the website of the company www.senthilinfo.com (Annexure II.)

During the year under review, the separate meeting of Independent Directors of the Company without the presence of non-independent directors and members of the management and all the independent directors were present in the meeting held on 13.02.2019 in Compliance with the Regulation 25 of SEBI (LODR) Regulation 2015 in which the following matters were considered:

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- i. Review of the performance of all the non-independent directors and the Board as a whole;
- ii. Review of the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- iii. Assessment of the quality, quantity and timeliness of flow of information among the Company, management and the Board, which is necessary for the Board to effectively and reasonably perform their duties.

D. BOARD EVALUATION:

The Board of Directors has carried out an Annual Evaluation of its own performance and has devised a Policy on Evaluation of performance of Board of Directors, Committees and Individual Directors, pursuant to the provisions of the Act, the Corporate Governance requirements and as prescribed by Regulation 25 of SEBI (LODR) Regulations, 2015.

The Extract of the "Policy on evaluation of performance of the Board, its committees and Independent Directors" is placed on the website of the Company www.senthilinfo.com.

E. MANAGERIAL REMUNERATION:

The details of remuneration paid under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Form MGT-9 forming part of the Directors Report, and the same is NIL.

13. BOARD COMMITTEES:

The establishment of the Board Committees imparts focus to the Board's oversight. They improve the effectiveness of the Board in areas where more focus and specialization is deemed necessary. In accordance with the Companies Act, 2013 and the SEBI Listing Regulations, the Company has constituted three Committees viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

| AUDIT COMMITTEE | | | |
|---------------------------|----------|---------------|-------------------|
| Name of Committee Members | Status | Meetings held | Meetings attended |
| Mrs. Dittakavi Surekha | Chairman | 4 | 4 |
| Mrs. Sarada Dittakavi | Member | 4 | 4 |
| Mr. Sreehari Ankem | Member | 4 | 4 |

| NOMINATION AND REMUNERATION COMMITTEE | | | |
|---------------------------------------|----------|---------------|-------------------|
| Name of Committee Members | Status | Meetings held | Meetings attended |
| Mr. Sreehari Ankem | Chairman | 1 | 1 |
| Mrs. Sarada Dittakavi | Member | 1 | 1 |
| Mrs. Seetha Lakshmi Pitchandi | Member | 1 | 1 |

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STAKEHOLDERS RELATIONSHIP COMMITTEE:

| Name of Committee Members | Status | Meetings held | Meetings attended |
|-------------------------------|----------|---------------|-------------------|
| Mr. Sreehari Ankem | Chairman | 1 | 1 |
| Mrs. Sarada Dittakavi | Member | 1 | 1 |
| Mrs. Seetha Lakshmi Pitchandi | Member | 1 | 1 |

14. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Act, your directors, to the best of their knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had 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 as at 31st March, 2019 and of the profit of the Company for the year under review;
- The Directors had 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 had prepared the annual accounts for the year under review, on a 'going concern' basis;
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

15. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL WITH REFERENCE TO THE FINANCIAL STATEMENT:

The Company has internal financial controls which are adequate and were operating effectively. The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the Company's policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and timely preparation of reliable financial information. The details in respect of Internal Financial Controls are included in the Management Discussion and Analysis Report, which forms part of the Annual Report.

16. STATUTORY AUDITORS AND THEIR REPORT:

As per the provisions of Section 139 of the Companies Act, 2013, M/s.GMN Rao & Co., Chartered Accountants(Firm Registration No. 004055S), were appointed as Statutory Auditors of the Company by the members/shareholders in the AGM held on 28th September, 2017, for issuing the Audit Report on the Financial position of the Company.

M/s. GMN Rao & Co., (Firm Registration No. 004055S), Chartered accountants, Statutory Auditors of the Company issued Auditors report for the Financial Year ended 31st March, 2019 which is with unmodified opinion (unqualified). The observations made by the Statutory Auditors in their report for the financial year ended 31st March, 2019 read with the

explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3)(f) of the Companies Act, 2013.

17. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Shri Ajay Suman Shrivastava, Practicing Company Secretary, Hyderabad to carry out a Secretarial Audit for the financial year 2018-19.

The Secretarial Audit Report issued by the Secretarial Auditor for the financial year 2018-19 in Form MR-3 forms a part of this Report.

18. EXPLANATION TO THE QUALIFICATIONS/RESERVATIONS/ADVERSE REMARKS IF ANY, MADE BY SECRETARIAL AUDITORS IN THEIR REPORT:

The qualification made in Secretarial Audit Report are clarified hereunder:

Comment: The Company has not appointed the Chief Financial Officer (KMPs) as required under Section 203 of the Companies Act, 2013.

Explanation: Due to scanty business operations, no qualified professional agreed to join for employment with the Company. However, a person could be identified and appointed as stated in this report.

19. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

20. PARTICULARS OF EMPLOYEES:

There are no employees drawing remuneration as prescribed under Section 197 of the Companies Act, 2013. Hence the details are NIL.

21. THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has placed an Anti-Sexual Harassment policy in line with the requirement of the Sexual Harassment of Woman at Work place (Prevention, prohibition and redressal) Act, 2013. There have been NIL complaints of such nature during the period under review.

22. RISK MANAGEMENT:

The Company has an effective and adequate risk management policy which is capable of identifying various types of risks associated with the business, its assessment, risk handling, monitoring and reporting. On the basis of regular review of business operations, the management opines that the following risks and challenges are involved in the business-

- dynamic business environment;
- changing customer preferences;
- cost constraints;
- frequent changes in currency rates and
- increasing competition.

The Risk Management Policy is made available on the website of the company www.senthilinfo.com for references.

23. ESTABLISHMENT OF VIGIL MECHANISM:

The company has a whistle blower policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior as per regulation 22 of SEBI (LODR) Regulations, 2015. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Whistle Blower Policy and Vigil mechanism is made available on the website of the company www.senthilinfo.com for reference.

24. PARTICULARS OF LOANS, GUARANTEES, INVESTMENT AND SECURITIES:

The Company has not given any loan to any person or other body corporate or given any guarantee or provided security in connection with a loan to any other body corporate or person or acquired by way of subscription, purchase or otherwise, the securities of any other body corporate during the financial year under review.

25. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:

There are no related party transactions as per Section 188(1) of the Companies Act, 2013 during the period under review.

However, the Company has devised a policy to deal with related party transactions which has been properly being reviewed time to time and the same has been placed on the website of the Company www.senthilinfo.com for reference.

26. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company's meagre business operations does not attract the provisions set out under Section 135 of the Companies Act, 2013 read with rules made thereunder, hence, compliance to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, are not required.

27. SUBSIDIARY, HOLDING, ASSOCIATES COMPANIES AND JOINT VENTURES:

The Company does not have any Subsidiary/Joint Venture/Associate Companies.

28. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments which could affect the financial position of the Company occurred between the end of the financial year to which these financial statements relate, till the date of this Report.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are as follows:

CONSERVATION OF ENERGY:

| | | |
|---|--|---|
| 1 | The steps taken or impact on conservation of energy | Your Company, being a service provider, requires minimal energy consumption and every endeavor is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible |
| 2 | The steps taken by the company for utilizing alternate sources of energy | |
| 3 | The capital investment on energy conservation equipment's | |

TECHNOLOGY ABSORPTION:

| | |
|--|---|
| 1. The efforts made towards technology absorption | Since the Company is not engaged in any manufacturing, the information in connection with technology absorption is Nil. |
| 2. The benefits derived like product improvement, cost reduction, product development or import substitution | |
| 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- - the details of technology imported, the year of import; - whether the technology has been fully absorbed - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | |
| 4. The expenditure incurred on Research and Development | Nil |

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars of foreign currency earnings and outgo during the year are NIL.

30. LISTING AGREEMENT:

The Equity shares of your Company are listed at Bombay Stock Exchange (BSE Ltd.). Your Company has duly complied with all the requirements of concerned Stock Exchange in accordance with applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

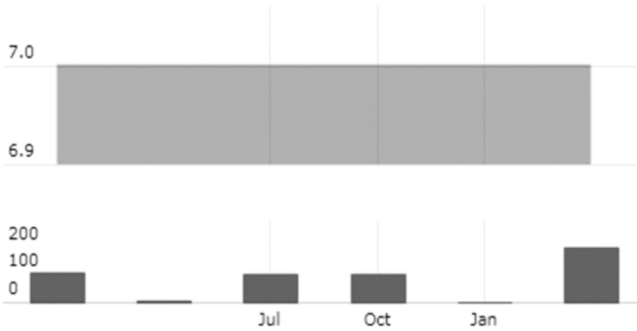
31. MARKET PRICE DATA AND PERFORMANCE COMPARISON :

The Market Price High and Low during financial year 2018-19 in BSE Limited is given below.

| Month Trading | High (in INR) | LOW (in INR) |
|----------------|---------------|--------------|
| May, 2018 | 7.00 | 7.00 |
| July, 2018 | 7.00 | 7.00 |
| October, 2018 | 7.00 | 7.00 |
| January, 2018 | 7.00 | 7.00 |
| February, 2019 | 7.00 | 7.00 |

SENTHIL INFOTEK LIMITED

PERFORMANCE COMPARISON CHART OF SENTHIL INFOTEK LIMITED FOR THE FY 2018-19.



Distribution Details On Shares FOR THE PERIOD 30-3-2019 INE564B01015

| Shares | Holders | | Shares | |
|-----------------|-------------|------------|----------------|------------|
| | Number | % To Total | No of Shares | % To Total |
| Upto - 500 | 971 | 89.16 | 377863 | 7.48 |
| 501 - 1000 | 45 | 4.13 | 37495 | 0.74 |
| 1001 - 2000 | 21 | 1.93 | 29992 | 0.59 |
| 2001 - 3000 | 12 | 1.1 | 29587 | 0.59 |
| 3001 - 4000 | 12 | 1.1 | 42254 | 0.84 |
| 4001 - 5000 | 2 | 0.18 | 9600 | 0.19 |
| 5001 - 10000 | 9 | 0.83 | 68217 | 1.35 |
| 10001 and above | 17 | 1.56 | 4454992 | 88.22 |
| Total | 1089 | 100 | 5050000 | 100 |

33. ACKNOWLEDGMENTS

Your Directors wish to place on record their sincere thanks to bankers, business associates, consultants, vendors and other related organization for their continued supported and co-operations. Your Directors also acknowledge the hard work, support and commitment of the employees.

For and on behalf of the Board

Date:14.08.2019

Place:157, Dhanalakshmi Society
Mahendra Hills, East Marredpally
Secunderabad- 500 026, Telangana.

Sd/-
(P. SEETHALAKSHMI)
Director
DIN: 02779034

Sd/-
(CHELLAMANI PITCHANDI)
Managing Director
DIN: 01256061