ANNUAL REPORT
2022-2023



A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

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A. K. CAPITAL FINANCE LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. A. K. Mittal
Managing Director (DIN: 00698377)

Mr. Rajiv Kumar Bakshi
Independent Non-Executive Director (DIN: 00264007)

Mr. Khimji Shamji Pandav
Independent Non-Executive Director (DIN: 01070944)

Mr. Deepak Maheshwari
Independent Non-Executive Director (DIN: 00750047)

Ms. Aditi Mittal
Executive Director (DIN: 00698397)

KEY MANAGEMENT PERSONNEL

Mr. Mahesh Bhootra
Chief Financial Officer

Mr. Govind Lalwani
Company Secretary (ACS No: 38806)

STATUTORY AUDITORS

M/s. S. Bhandari & Co. LLP., Chartered Accountants
Firm's Registration Number : (000560C / C400334)

DEBENTURE TRUSTEE AND SECURITY TRUSTEE

Catalyst Trusteeship Limited,
604, Windsor Building, Kalina,
Santacruz East, Mumbai – 400098, Maharashtra, India
Contact Person: Ms. Priti Shetty
Tel: +91 022-49220555;
Fax: +91 22 4922 0505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Website: https://www.catalysttrustee.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C 101 247 Park,
L B S Marg, Vikhroli West
Mumbai 400 083
Contact Person: Mr. Ganesh Jadhav
Tel No: +91 22 49186000; Fax: +91 22 49186060
Email: ganesh.jadhav@linkintime.co.in
Website: www.linkintime.co.in

BANKERS AND FINANCIAL INSTITUTION

Small Industries Development Bank of India (SIDBI)
AU Small Finance Bank Limited
Bank of India
Bank of Maharashtra
CSB Bank Limited
HDFC Bank Limited
Indusind Bank
South Indian Bank Limited
The Federal Bank Limited
The Karur Vysya Bank Limited
Ujjivan Small Finance Bank
Bandhan Bank
Dhanlaxmi Bank
TATA Capital Finance Limited
Bajaj Finance Limited

REGISTERED OFFICE

601-602, 6th Floor, Windsor, Off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098.
Website: www.akgroup.co.in | Tel: + 91-22-66349300/67546500| Fax: + 91-22-66100594

BRANCH OFFICE

910, 9th Floor, Ansal Bhawan, 16, Kasturba Gandhi Marg, Connaught Place, New Delhi -110001, India
Website: www.akgroup.co.in | Tel: + 91-11-23739628/47340685 | Fax: +91-11-23739627

CORPORATE IDENTIFICATION NUMBER

U51900MH2006PLC214277

DIRECTORS' REPORT

To the Members of

A. K. Capital Finance Limited

The Directors of your Company are pleased to present the Seventeenth Annual Report of the Company along with the Audited Standalone & Consolidated Financial Statements for the financial year ended March 31, 2023.

1. BACKGROUND:

A. K. Capital Finance Limited (hereinafter referred to as "the Company") was incorporated on February 3, 2006. It is a Subsidiary of A. K. Capital Services Limited, one of the leading SEBI registered Category –I Merchant Banker and Investment Advisory in India.

The Company is registered with Reserve Bank of India as Systemically Important Non-Deposit taking -Non-Banking Finance Company (NBFC) and categorised as Investment and Credit Company (NBFC-ICC) and classified as Middle Layer NBFC as per Scale Based Regulation issued by RBI. The Company is primarily involved in Lending activities i.e. (funding to the Corporates thereby catering to the diversified needs of the clients) and Debt Market which includes, trading of Debt Securities (Non-SLR) and Investment in Government Securities (SLR). The Company also offers multitude of fee-based financial services to its Corporate and Institutional clients across various business sectors. The Net Worth of the Company as on March 31, 2023 is INR 71,520.96 lakhs (Indian Rupees Seventy One Thousand Five Hundred and Twenty Lakhs decimal Ninety Six Only).

2. FINANCIAL SUMMARY/ HIGHLIGHTS:

a) Standalone Financial Highlights

The company's financial performance for the Financial Year ended March 31, 2023 on a Standalone basis as compared to the previous Financial Year is summarized below:

(INR in Lakh except EPS)

Particulars	2022-2023	2021-2022
Total Income	24,991.82	20,539.09
Total Expenditure	16,975.47	13,019.25
Profit before tax	8,016.35	7,519.84
Provision for tax	1,945.30	1,776.36
Profit after tax	6,071.05	5,743.48
Add: Surplus brought forward from previous year	24,916.11	21,101.63
Profit available for appropriation	30,981.16	26,845.11
Less: Transfer to special reserve	(1,217.07)	(1,149.00)
Less: Dividend paid on CCPS	(780.00)	(780.00)
Less: Dividend Distribution Tax	-	-
Surplus carried to balance sheet	28,990.09	24,916.11
Earnings per equity share (face value INR 10/- per share)		
Basic (INR)	22.87	21.64
Diluted (INR)	22.87	21.64

Note: Previous year figures have been regrouped / rearranged wherever necessary.

The revenues for the Financial Year 2022-2023 were INR 24,991.82 Lakhs as compared to INR 20,539.09 lakhs during Financial Year 2021-2022. The profit after tax for the Financial Year 2022-2023 was INR 6,071.05 Lakhs as compared to INR 5,743.48 Lakhs during Financial Year 2021-2022.

b) Consolidated Financial Highlights:

During Financial Year 2022-2023 the Company had one wholly owned subsidiary, Family Home Finance Private Limited **("FHFPL").** The financial performance of the Group for the Financial Year ended March 31, 2023 on a consolidated basis is summarized below:

(INR in Lakh except EPS)

Particulars	2022-2023	2021-2022
Total Income	25,169.64	20,642.45
Total Expenditure	16,997.12	13,063.11
Profit before tax	8,172.52	7,579.34
Provision for tax	1,972.32	1,792.61
Profit after tax	6,200.20	5,786.73
Earnings per equity share (face value INR 10/- per share)		
Basic (INR)	23.36	21.80
Diluted (INR)	23.36	21.80

Note: Previous year figures have been regrouped / rearranged wherever necessary.

3. DIVIDEND:

a) Interim Dividend:

During Financial Year 2022-23, the Board of Directors in its meeting held on February 06, 2023 declared interim dividend at the rate of 12% on 65,00,000 CCPS of INR 100/- each from April 01, 2022 to September 30, 2022 i.e. upto 183 days, amounting to INR 3,91,06,851/- (Indian Rupees Three Crores Ninety One Lakh Six Thousand Eight Hundred and Fifty One Only).

b) Final Dividend:

The Board has recommended a final dividend at the rate of 12% on 65,00,000 CCPS of INR 100/- each for a period of 182 days from October 01, 2022 to March 31, 2023 amounting to INR 3,88,93,150/- (Indian Rupees Three Crore Eighty Eighth Lakhs Ninety Three Thousand One Hundred and Fifty Only). The payment of the final dividend is subject to declaration by the members at the ensuing Annual General Meeting (AGM).

RBI vide its circular dated 24 June 2021 have laid down framework for declaration of dividend by NBFCs. The Board of Directors after taking into account various aspects and in compliance with the said circular and taking into consideration the principles and criteria set out in the Company's dividend distribution policy has recommended a dividend on CCPS.

4. ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) and Section 92(3), the Annual Return of the Company in the prescribed Form MGT-7 is available on the website of the Company at www.akgroup.co.in.

5. INTERNAL CONTROL AND SYSTEM:

The Company has an effective Internal Control System including Internal Financial Controls for all functions with adequate checks and balances. Periodic audit of all functions is carried out by the internal auditors thereby ensuring regulatory compliance of various applicable statutes as well as internal guidelines and policies. The internal auditors review the systems and procedures and advise on further improvements wherever required. The reports of the internal audit are reviewed by the Audit Committee and the Board of Directors of the Company. The Company policies are reviewed periodically in line with the dynamic business environment and regulatory requirements.

The statutory auditors of the Company, viz. M/s. S. Bhandari & Co. LLP, Chartered Accountants have also verified the Internal Financial Controls systems over financial reporting and have opined that such Internal Financial Controls over financial reporting were operating effectively as at 31st March 2023.

Annexure B to the Independent Auditors' Report provides a report on Internal Financial Controls over the financial reporting as on March 31, 2023.

During the financial year under review, no material or serious observations have been highlighted for inefficiency or inadequacy of such controls.

6. INFORMATION TECHNOLOGY AND IT SECURITY:

From beginning of Fiscal 2023, IT Team has taken additional steps to ensure users started coming to office shall get seamless experience after Pandemic. IT Team ensured Systems are scanned, upgraded with latest Group Policies, patches and Antivirus before connecting to local network which were used remotely during pandemic. VPN access with Two Factor Authentication (2FA) continued for users working remotely or in hybrid mode.

Also, IT Teams reviewed User Access rights and ID reconciliation to re-validate data and then removed/deleted unwanted additional access/rights which were provided during Pandemic to help users work remotely and no longer requires.

During the year, IT team upgraded critical application servers OS and DB versions which were EOL/EOS declared by OEMs and the efficacy of IT Business Continuity Plan & Disaster Recovery was tested for the critical business application during the year.

7. RISK AND COMPLIANCE FRAMEWORK:

The Company has a robust and integrated Risk Management System which safeguards the existence of the Company. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives and the same are discussed at meetings of the Risk Management Committee and Audit Committee of the Board of the Company.

Appropriateness of all the risk assessment methodology is continuously reviewed in light of dynamic risk environment.

The Company has an established practice of compliance reporting covering all operations and support functions and compliance reporting is also subject to internal audit and is periodically reviewed to ensure comprehensive coverage.

8. AMENDMENT IN ARTICLES OF ASSOCIATION:

SEBI vide its notification No. SEBI/LAD NRO/GN/2023/119 ('SEBI Notification') dated February 2, 2023, amended the SEBI NCS Regulations, wherein it mandated that Articles of an issuer of debt securities should contain a clause authorising the Board of Directors of such issuer Company to appoint a person nominated by the debenture trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a director on its Board.

Therefore, it is proposed to alter the AOA of the Company in the ensuing Annual General Meeting to incorporate relevant enabling provisions for appointment of Nominee Director by the Debenture Trustee.

9. DIRECTORS:

a) COMPOSITION OFTHE BOARD:

As on March 31, 2023, the Board of Directors of your Company comprised of five Directors of which two are Executive Directors (including one Woman Executive Director) and three are Non-Executive Independent Directors. The Chairman of the Board is Non-Executive Independent Director. The composition of the Board is in consonance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in accordance with the applicable provisions of the Companies Act, 2013, as amended from time to time.

b) CHANGES IN DIRECTORS:

During the Financial Year under review, the following changes have occurred in the directorships of the Company:

(i) Ms. Aditi Mittal (DIN: 00698397) was appointed as an Additional Director (Executive) on the Board of the Company with effect from December 02, 2022 and further regularized as Director (Executive) by shareholders in their meeting held on February 27, 2023; and

(ii) Ms. Annu Garg (DIN: 07817550) Director (Executive) has resigned from the board of the Company with effect from December 01, 2022 due to new assignments and other responsibilities. The same was taken on record by the Board at its meeting held on December 02, 2022.

(iii) Mr. Deepak Maheshwari (DIN: 00750047) was appointed as an Additional Independent Director (Non-Executive) on the Board of the Company with effect from February 6, 2023 and further regularized as Independent Director (Non-Executive) by shareholders in their meeting held on February 27, 2023;

(iv) Mr. Vikas S Agarwal (DIN: 03582526), Independent Director (Non-Executive) has tendered his resignation as an Independent Director of the Company with effect from February 6, 2023 due to being pre occupied in other work commitments. The same was taken on record by the Board at its meeting held on the same day;

The details of board composition are provided in 'Report on Corporate Governance' forming part of the Annual Report as **Annexure-7.**

c) RETIREMENT BY ROTATION:

In accordance with the provisions of Section 152(6)(e) of the Companies Act, 2013, Mr. A. K. Mittal (DIN: 00698377), Managing Director of the Company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

d) DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they fulfil the criteria of Independence prescribed both under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they have complied with the Code of Conduct as specified in Schedule IV to the Act.

Accordingly, the Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs (IICA) for recording their names and other requisite details in the databank maintained with IICA.

In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, all the Independent Directors are exempted from appearing in online proficiency self-assessment test conducted by the IICA.

10. KEY MANAGERIAL PERSONNEL:

The following persons are the Key Managerial Personnel's ("KMPs") of the Company as per the provisions of Section 203 of the Companies Act, 2013 ("the Act") as on March 31, 2023:-

Mr. A. K. Mittal (DIN: 00698377) - Managing Director

Mr. Mahesh Bhootra - Chief Financial Officer

Mr. Govind Lalwani (ACS No. A38806) - Company Secretary

There was no change in the Key Managerial Personnel of the Company during the year under review.

11. FIT AND PROPER CRITERIA & CODE OF CONDUCT:

All the Directors meet the fit and proper criteria stipulated by RBI and SEBI. All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

12. HUMAN RESOURCES:

The Company firmly believes that its Human Resource is its most valuable asset and it contributes towards the performance of the Company in a substantial way. The Company has devised various development programmes for the employees through internal as well as external training programmes. The Company has a robust performance management system in place which recognises the performers and accordingly rewards the employees. The Board of Directors places on record their appreciation to all the employees of the Company for their sustained efforts, dedication and hard work during the year.

Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realise their true potential and contribute positively to the success of the Company. Our Senior Leadership Team, from time to time, shares the strategy and vision for the company through virtual town-halls that ensures that our employees are always cognizant of what is happening in the Company, thereby encouraging an interactive and engagement driven work culture.

13. DETAILS OF SUBSIDIARIES:

The Company had incorporated its subsidiary in the name of '**Family Home Finance Private Limited'** ("FHFPL") on June 29, 2017 to carry on the business of Housing Finance and matters incidental thereto and certificate of registration to commence the business of a housing finance institution without accepting public deposits was also issued by National Housing Bank ("NHB") on April 5, 2018 bearing NHB registration no. 04.0167.18.

14. CONSOLIDATED FINANCIAL STATEMENTS:

Pursuant to the provisions of Section 129(3) of the Act a separate statement containing the salient features of the Financial Statements of FHFPL wholly owned Subsidiary of the Company in Form AOC-1 is included in Note No. 47 of the Audited Consolidated Financial Statement of the Company. The Financial Statements of the Company including the Consolidated Financial Statements are also available on the website of the Company www.akgroup.co.in .

15. BORROWING:

During Financial Year 2022-23 the Company met its funding requirements through a combination of short term debt (comprising of Bank/FI Loans and other instruments) and Long Term debt (comprising of Non-Convertible Debentures ("NCDs") and Bank /FI Loans).

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2023. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks and financial institutions as and when they become due.

The interest payable on all the debt securities is either annually or on maturity and no interest was due and unpaid as on March 31, 2023. The Company has not received any grievances from the debt security holders. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debt security holders as and when they become due.

The above mentioned Debt securities are listed on Wholesale Debt Market (WDM) segment of the BSE Limited.

The aggregate debt outstanding as at March 31, 2023 was INR 1,61,660.89 Lakhs. The Debt / Equity ratio as on March 31, 2023 was 2.26. The Company has been regular in servicing all its debt obligations.

The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. All other principal repayments towards loan taken from Banks and NBFC are being made on their respective due dates.

16. CAPITAL ADEQUACY:

Capital Adequacy Ratio as at March 31, 2023 under Ind-AS stood at 33.56% which is well above the minimum regulatory norms for non-deposit accepting NBFCs.

17. CREDIT RATING:

During the year under review Rating Agencies reaffirmed / issued ratings to the Company as under as on March 31, 2023:

Rating Agency	Rating	Rating amount (in Crore)	Nature of Securities
Brickwork Ratings India Pvt. Ltd.	BWR AA+ (Stable)	230.52	Non-Convertible Debentures
Brickwork Ratings India Pvt. Ltd.	BWR AA (Stable)	62.00	Non-Convertible Debentures
Brickwork Ratings India Pvt. Ltd.	BWR AA- (Stable)	145.00	Non-Convertible Debentures
Brickwork Ratings India Pvt. Ltd.	BWR AA- (Stable)	400.00	Bank Loan Facilities Fund Based
Acuite` Ratings & Research Limited*	Acuite`AA+ (Stable)	121.00	Non-Convertible Debentures
Acuite` Ratings & Research Limited *	Acuite` AA (Stable)	234.52	Non-Convertible Debentures
Acuite` Ratings & Research Limited *	Acuite` AA- (Stable)	300.00	Non-Convertible Debentures
CARE Ratings Limited	CARE AA-; Stable / CARE A1+ (Double A Minus; Outlook: Stable / A One Plus)	820.00	Long Term / Short Term Bank Facilities
CARE Ratings Limited	CARE AA-; Stable (Double A Minus; Outlook: Stable)	200.00	Non-Convertible Debentures
CARE Ratings Limited	CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)	200.00	Market Linked Debentures
CARE Ratings Limited	CARE A1+ (A One Plus)	20.00	Commercial Paper

Note: * (formerly known as SMERA Ratings Ltd)

All of the above ratings indicate a high degree of safety with regard to timely payment of interest and principal.

18. STATUTORY, SECRETARIAL AND COST AUDITORS THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS:

a) Statutory Auditors:

Pursuant to the provisions of Sections 139 and 142 of the Act and Rules made thereunder and Circular issued by Reserve Bank of India vide no. RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'), M/s. S. Bhandari & Co. (Firm Registration No. 00560C), Chartered Accountants were appointed as the Statutory Auditors of the Company, to hold office for 3 years till conclusion of the 18th Annual General Meeting of the Company to conduct audit of accounts of the Company for the financial year ending March 31, 2022, March 31, 2023 and March 31, 2024, at such remuneration plus applicable taxes, if any, as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

M/s. S. Bhandari & Co LLP (Firm Registration No. 000560C/C400334), Chartered Accountants, have confirmed that they are not disqualified within the meaning of Sections 139 and 141 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and aforesaid RBI Guidelines to continue as the Statutory Auditors of the Company.

Further the report of the Statutory Auditors "with an unmodified opinion" along with annexures forms part of the Annual Report. The Auditors' Report to the Shareholders for the year under review does not contain any qualification, reservation, disclaimer or adverse remark.

Further, there was no instance of fraud during the year under review, which required to report under Section 143(12) of the Act and rules framed thereunder by Statutory Auditors of the Company.

b) Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Board has appointed M/s. Ragini Chokshi & Co., Practising Company Secretary as Secretarial Auditor of the Company to conduct Secretarial Audit for the Financial Year 2022-2023. The Secretarial Audit Report for the Financial Year ended March 31, 2023 is annexed herewith marked as Annexure 1 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

In accordance with SEBI Circular no. CIR/CFD/CMD1/27/2019 dated February 08, 2019, the Company has obtained, from the Secretarial Auditors of the Company an Annual Secretarial Compliance Report. The copy of Secretarial Compliance Certificate is available on the Website of the Company: https://www.akgroup.co.in/investor-relation

c) Cost records and Cost Audit

Maintenance of the cost records and requirement of cost audit as prescribed under the provision of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

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

a) Conservation of Energy, Technology absorption and Research and Development:

The operations of the Company are not energy intensive. However adequate measures for conservation of energy usage of alternate sources of energy and investments for energy conservation wherever required have been taken. The Company makes all reasonable efforts towards conservation of energy, protection of environment and ensuring safety. The Company has absorbed new technologies in information and cyber security.

b) Foreign exchange earnings and Outgo:

During the Financial Year under review the Company has neither any earnings nor any outgo in foreign exchange.

20. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them your Directors make the following statements in terms of Section 134(3)(c)and (5) of the Companies Act, 2013:

a) in the preparation of the annual accounts the applicable accounting standards and master directions issued by Reserve Bank of India have been followed along with proper explanation relating to material departures;

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 March 31, 2023 and of the profit of the Company for the FY 2022-2023;

c) 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) the directors have prepared the annual accounts on a going concern basis;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) that system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

21. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCTION AND PROTECTION FUND ('IEPF'):

There are NIL unpaid/unclaimed Dividends in the last year. Hence, no amount was required to be transferred to IEPF pursuant to the provisions of Section 124 of the Companies Act, 2013 during the financial year under review.

22. COMPLIANCE WITH SECRETARIAL STANDARD:

The Company has complied with Secretarial Standards issued by Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

23. PARTICULARS OF EMPLOYEES:

Disclosures pertaining to remuneration and other details as required 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 provided in the Annual Report and is attached as **Annexure - 6** and forms an integral part of this Report.

Further, as per Section 197(14) of the Companies Act, 2013 Mr. A. K. Mittal (DIN: 00698377), Managing Director was not disqualified for receiving any remuneration or commission from A. K. Capital Services Limited ("holding Company") during the year under review.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the statement containing relevant details of the top ten employees in terms of remuneration drawn is available for inspection by the Members at the Registered Office of the Company between 11 a.m. to 2.00 p.m. on any working day (Monday to Friday) up to the date of 17th Annual General Meeting of the Company. Any Member who is interested in obtaining such information may write to the Company Secretary and the same will be furnished on such request.

24. MEETINGS OF THE BOARD:

Regular meetings of the Board are held to discuss and decide on various business policies, strategies, financial matters and other businesses. During the year under review, the Board met six times. The details of the Board Meetings and the attendance of the Directors at the meetings are provided in the Corporate Governance Report, which forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days.

25. CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity. The governance practices and processes ensure that the interest of all stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organisation.

The Company believes and strives to adopt and adhere to the highest standards of corporate governance principles and best practices. With this objective the Company has the Code of Conduct for Directors and Senior Management of the Company.

MANDATORY COMMITTEES

The Board of Directors has eight Mandatory regulatory Committees, viz.

i. Audit Committee
ii. Nomination and Remuneration Committee
iii. Stakeholders' Relationship Committee
iv. Corporate Social Responsibility Committee
v. Risk Management Committee
vi. IT Strategy & Information Systems Security Committee
vii. Asset Lability and Management Committee
viii. Internal Compliant Committee

The details of all the Mandatory Committees along with their composition, terms of reference and meetings held during the year are provided in 'Report on Corporate Governance' forming part of the Annual Report.

NON-MANDATORY COMMITTEES

In addition to the above referred Mandatory Committees, the Board has also formed the following Committees of the Board and delegated powers and responsibilities with respect to specific business, compliance and operation purposes:

I Internal Risk Management Committee
ii. Investment and Credit Committee
iii. Debenture Committee
iv. Finance Committee
v. Banking and Operations Committee
vi. Steering Committee

The key aspects of the Corporate Governance are highlighted in **Annexure-7:**

26. RELATED PARTY TRANSACTIONS:

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company.

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 as required under Indian Accounting Standard IND AS-24 are reported in Note No. 37 of Notes to Accounts. The Company has devised a Policy for dealing with related party transactions for the purpose of identification and monitoring of such transactions.

Pursuant to the Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules 2014 the transactions to be reported under Section 188(1) of the Companies Act, 2013 are mentioned in Form AOC-2 annexed as **Annexure 2.**

The disclosures with respect to related party as specified in Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the financial statements at Note no. 37.

27. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY:

Standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, read with The Companies (Indian Accounting Standards) Rules, 2015 as amended.

The financial statements have been prepared in accordance with Ind AS under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and based on the accounting principle of a going concern in accordance with Generally Accepted Accounting Principles (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Financial Statements are presented in Lakhs or decimal thereof.

The financial statements have been presented in accordance with Schedule III-Division III General Instructions for Preparation of financial statements of a Non-Banking Financial Company (NBFC) that is required to comply with Ind AS.

28. MATERIAL SUBSIDIARY

Pursuant to the provisions of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, including amendments thereto, the Company does not have any material subsidiary.

The Policy for determining the material subsidiaries has been formulated and adopted by the Board. The Policy may be accessed on the website at link:https://www.akgroup.co.in/investor-relation

29. DECLARATION FROM DIRECTORS AND PRACTISING PROFESSIONAL

Based on the written representations received from the directors of the Company as on March 31, 2023, none of the directors of the Company is disqualified to act as a Director as on March 31, 2023.

M/s. Ragini Chokshi & Co, Practicing Company Secretaries and Secretarial Auditor of the Company, have also certified that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI or Ministry of Corporate Affairs or any such other statutory authority. The certificate received from Secretarial Auditor to this effect forms part of this Board's Report.

30. OTHER COMPLIANCES:

a) Directors' appointment and remuneration including criteria for determining qualifications positive attributes and independence of a director:

The Company has a Nomination and Compensation Policy on appointment and remuneration including criteria for determining qualifications, positive attributes and independence of a Director, Key Managerial Personnel and Senior Management Personnel which is annexed herewith as **Annexure 3.** The policy is uploaded on website of the company and can be accessed at https://www.akgroup.co.in/investor-relation.

b) Corporate Social Responsibility Policy and allied disclosures:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135(1) of the Companies Act, 2013 consisting of the following Directors:

Mr. A. K. Mittal (DIN: 00698377) - Managing Director

Mr. Rajiv Kumar Bakshi (DIN: 00264007) - Independent Director

Mr. Khimji Shamji Pandav (DIN: 01070944) - Independent Director

The CSR Committee drives the CSR Programme of the Company. The Company has a Board approved CSR Policy stating out its CSR objectives and approach. The CSR Policy may be accessed on the Company's website at the link:

https://www.akgroup.co.in/investor-relation.

The Annual Report on our CSR activities has been set out as **Annexure 4** to the Directors' Report.

c) Management Discussion and Analysis Report :

The Management Discussion and Analysis report has been set out as **Annexure 5** to the Directors' Report pursuant to compliance with RBI Master Directions and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

d) Loans given, investment made, guarantees given or security provided under Section 186 of the Companies Act 2013:

Pursuant to Section 186(11) of the Act, the provisions related to loans made, guarantees given and securities provided do not apply to the Company it being an NBFC.

However, As regards to loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement as per Accounting Standard. (Please refer to Note 37 to the standalone financial statement).

e) Dividend Distribution Policy:

Your Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out to equity and CCPS holders. The policy is uploaded on website of the company and can be accessed at https://www.akgroup.co.in/investor-relation.

f) Whistle Blower Policy and Establishment of Vigil Mechanism

The Company is committed to maintain and provide to all its employees and directors highest standards of transparency, probity and accountability. The Company endeavours to develop a culture where it is safe and acceptable for all its employees and directors to raise / voice genuine concerns in good faith and in a responsible as well as effective manner.

The Vigil mechanism has been implemented through adoption of 'WHISTLEBLOWER POLICY AND ESTABLISHMENT OF VIGIL MECHANISM' in terms Section 177(9) of Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules 2014 to deal with instance of fraud, mismanagement, malpractices and events which have taken place/suspected to have taken place misuse or abuse of authority fraud or suspected fraud violation of Company's rules manipulations negligence causing danger to public health and safety misappropriation of the Company's funds/assets or resources perforation of confidentiality deliberate violation of law/regulation breach of employees Code of Conduct or rules and other matters or activity on account of which the interest of the Company is affected. The protected disclosures should be reported in writing by the whistle blower through an e-mail or letter to the Chairman of the Audit Committee.

This vigil mechanism of the Company provides adequate safeguard against victimisation of employees and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances.

There was no instance of such reporting received during the year under review and the policy is uploaded on website of the company and can be accessed at https://www.akgroup.co.in/investor-relation.

g) Material changes and commitments affecting the financial position:

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report

h) Details of significant and material orders:

During the financial year under review there were no significant or material order/s passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

i) Recommendation of the Audit Committee:

During the financial year the Board of Directors of the Company has accepted all the recommendation of the Audit Committee.

j) Non-Acceptance of Public Deposits:

The Company is a Non-Deposit taking Systemically Important Non-Banking Financial Company. Hence it has not accepted any Deposits as per the Companies Act, 2013 during the Financial Year ended March 31, 2023. The Company has passed a Board resolution for non-acceptance of deposits from public.

k) Transfer to reserves:

Pursuant to Section 45-IC of the RBI At, 1934, Non-Banking Financial Companies (NBFCs) are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, the Company has transferred INR 1,217.07 Lakhs to reserves during the Financial Year ended March 31, 2023.

l) Change in nature of business:

There has been no change in the nature of business of the Company.

m) Share Capital and Issue of Equity Shares with differential voting rights:

During the year under review there is no change in the shareholding pattern of the Company.

During the year under review the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

n) Prevention of Sexual Harassment:

The Company has in place a Policy in line with the requirements of the Sexual Harassment of the Women at the Workplace (Prevention Prohibition & Redressal) Act 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual and temporary trainees) are covered under this Policy.

There was One complaint received during the Financial Year.

The Annual Report prepared by the Internal Complaints Committee of the Company as per the provisions of Section 21 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 was duly submitted to the District Officer-Women and Child Development located at Chembur, Mumbai

o) The details of application made or any proceeding pending under the insolvency and bankruptcy code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year.

As on March 31, 2023, there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016

p) The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof.

There is no one time settlement done with bank or any financial institution.

q) RBI Guidelines and Compliance:

The Company continues to comply with the Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and all the applicable laws, regulations, guidelines, etc. prescribed by RBI from time to time.

The Company has been identified for categorisation as NBFC-Middle Layer under Scale Based Regulation (SBR), a Revised Regulatory Framework for NBFCs issued by RBI. In compliance with the requirement of Scale Based Regulatory Framework read with Notification dated April 11, 2022 for Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs, the Company is in process for identification and appointment of Chief Compliance Officer of the Company.

The Board of Directors have framed various policies as applicable to the Company. The Board periodically reviews the policies and approves amendments as and when necessary.

r) Evaluation of the Board its Committees and Individual Directors:

Pursuant to the provisions of the Act the Board has carried out an annual evaluation of its own performance and of the individual Directors (including the Chairman) as well as an evaluation of the working of all the Committees of the Board. The Board of Directors were assisted by the NRC in carrying out such evaluation. The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees as the case may be.

The Independent Directors also held a separate meeting to review the performance of the Non-Independent Directors, the Chairman of the Company, the overall performance of the Board along with its Committees. The Independent Directors expressed satisfaction over the performance and effectiveness of the Board, individual Non-Independent Directors and the Chairman.

s) Secretarial Standards:

The Company is in compliance with SS -1 i.e. Secretarial Standard on Meetings of the Board of Directors and SS – 2 i.e. Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

t) Registered Office and other office:

The Registered Office of the Company is situated at 601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz (E),Mumbai – 400 098, Maharashtra.

The Company has a branch office in Delhi situated at 910, 9th Floor, Ansal Bhawan, 16, Kasturba Gandhi Marg, Connaught Place, New Delhi-110001.

u) General Information for Members and Debenture holders:

The Quarterly/half yearly/annual Financial Results of the Company during the FY 2022-2023, respectively was submitted to the Stock Exchange, Debenture Trustee and Debenture Holders in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable. Official news releases including the results are also posted on the Company's website www.akgroup.co.in .

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number ("CIN") allotted to the Company by the Ministry of Corporate Affairs ("MCA") is U51900MH2006PLC214277. The Company has Debentures issued on a private placement basis listed on the Wholesale Debt Market segment of the BSE Limited. Details of Debenture Trustees and the Registrar and Transfer Agents for the Debentures issued by the Company are given below:

Registrar & Share Transfer Agent
Link Intime India Pvt Limited
C 101 247 Park, L B S Marg, Vikhroli West Mumbai 400 083
Contact Person: Mr. Ganesh Jadhav
Tel No: +91 22 49186000; Fax: +91 22 49186060
Email: ganesh.jadhav@linkintime.co.in
Website: www.linkintime.co.in

Debenture Trustee
Catalyst Trusteeship Limited,
604, Windsor Building, Kalina,
Santacruz East, Mumbai – 400098,
Maharashtra, IndiaContact Person: Ms. Priti Shetty
Tel: +91 022-49220555 | Fax: +91 22 4922 0505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com

*The Company has changed/shifted the Registrar & Share Transfer Agent from A. K. Stockmart Private Limited to Link Intime India Private Limited for its unlisted equity and CCPS w.e.f May 19, 2023 for independence and operational convenience.

31. CAUTIONARY STATEMENT:

Statements in the Directors Reports and the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in these statements. The Company does not undertake to update these statements.

32. ACKNOWLEDGEMENTS:

The Directors would like to place on record their gratitude for the valuable guidance and support received from RBI, SEBI, Registrar of Companies, Clients, Consultants, Advisors, Registrar & Share Transfer Agent, Financial Institutions, Business Partners and other government and regulatory agencies and hereby convey their appreciation to A. K. Capital Services Limited (the holding company), customers, bankers, lenders, vendors and all other business associates for the continuous support given by them. The Directors also place on record their appreciation for the commitment, commendable efforts, team work and professionalism of all the employees of the Company and its subsidiaries at all levels for the dedicated services rendered by them. Your Directors look forward to your continuing support.

For and on behalf of the Board of Directors
of A. K. Capital Finance Limited

A. K. Mittal	**Aditi Mittal**
Managing Director	**Director**
(DIN: 00698377)	**(DIN: 00698397)**

Date: July 29, 2023
Place: Mumbai

ANNEXURE-1

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

To,

The Members,

A. K. Capital Finance Limited

CIN- U51900MH2006PLC214277

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by A. K. Capital Finance Limited ("AK Capital Fin"/ "Company") and having its registered office at 601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz East, Mumbai- 400 098. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on such verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31,2023 has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by AK Capital Fin for the financial year ended on March 31,2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder (to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not applicable during the audit period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the audit period)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014; **(Not applicable during the audit period)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008/ The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debt Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable during the audit period)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)**

(h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018; **(Not applicable during the audit period)and**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Non-Convertible Debentures of the Company listed on BSE Limited.

(vi) We have relied on the representation made by the Company and its officer and compliance mechanism prevailing in the Company and on examination of documents on test check basis for compliance of the following specific applicable laws and rules made thereunder, being laws that are applicable to the Company based on their sector/industry;

1) Credit Information Companies (Regulation) Act, 2005 and The Reserve Bank of India Act, 1934 and the directions, regulations, master circulars, circulars issued by Reserve Bank of India thereunder and as applicable to Systemically Important Non Deposit Accepting Non-Banking Financial Companies (NBFC), sector/industry.

2) The Prevention of Money Laundering Act, 2002

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Uniform Listing Agreement(s) entered into by the Company with BSE Limited pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (applicable to debt listed entity).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further, changes in the composition of the Board of Directors that took place during the period under review was carried out with in compliance with provisions of the Act

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events /action reported having major bearing on company's operations;

1) Issue and allotment of 1,620 Non-Convertible Debentures, amounting to INR 162 Crores and the listing of said debentures on Wholesale Debt Market Segment of BSE Limited.
2) Call options were exercised in respect of 3000 Non-Convertible Debentures, amounting to INR 30 Crores
3) Re-purchase of1350 Non-Convertible Debentures, amounting to INR 13.50 Crores
4) Redemption of 17,500 Non-Convertible Debentures, amounting to INR 175 Crores
5) Appointment of Mr. Deepak Maheshwari as an Independent Director and cessation of Mr. Vikas S Agarwal as an Independent Director.
6) Appointment of Ms. Aditi Mittal as an Executive Director and cessation of Ms. Annu Garg as an Executive Director.
7) Appointment of Mr. Mahesh Bhootra as Principal Officer of the Company as per the provisions of RBI & KYC Directions 2016 and Prevention of Money Laundering Act,2002.
8) Appointment of M/s. Bhandari & Co. LLP, Chartered Accountants as Statutory Auditors of the Company for the balance term of 2 years**.**

FOR RAGINI CHOKSHI & CO
Company Secretaries
UMASHANKAR HEGDE
(PARTNER)
M.No: A22133 # CP No- 11161
UDIN: A022133E000323931
ICSI Unique Code: P1988MH05 6900
Peer Review Certificate No -659/2020

Date: 17.05.2023
Place: Mumbai

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

The Members,

A K Capital Finance Limited

CIN- U51900MH2006PLC214277

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR RAGINI CHOKSHI & CO
Company Secretaries
Sd/-
UMASHANKAR HEGDE
(PARTNER)
M.No: A22133 # CP No- 11161
UDIN: A022133E000323931
ICSI Unique Code: P1988MH05 6900
Peer Review Certificate No -659/2020

Date: 17.05.2023
Place: Mumbai

ANNEXURE - 2

Form No. AOC-2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/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 arm's length transactions under third proviso thereto.

I. Details of contracts or arrangements or transactions not at arm's length basis:

All contracts/arrangements/transactions entered into during the year ended March 31, 2023, were at arm's length basis.

II. Details of material contracts or arrangement or transactions at arm's length basis:

a)	Name(s) of the related party and nature of relationship	1. A. K. Capital Services Limited (Holding Company) 2. A. K. Services Private Limited (Enterprise controlled by key management personnel) 3. A. K. Stockmart Private Limited (Fellow subsidiary) 4. Family Home Finance Private Limited (Subsidiary company) 5. India Bond Private Limited (Enterprise controlled by key management personnel) 6. Mr. A. K. Mittal, Managing Director 7. Ms. Aditi Mittal, Director
b)	Nature of contracts/arrangements/ transactions	Investment, Lending and Other normal Business Transactions (Mentioned in the Notes forming part of the financial statements at Note No. 37)
c)	Duration of the contracts/arrangements/ transactions	ongoing basis and depends on the nature of transaction
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year, mentioned in the notes forming part of the financial statements at Note no. 37
e)	Justification for entering into such contracts or arrangements or transactions	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis and competitive price.
f)	Date(s) of approval by the Board, if any	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable. However, the said transactions were part of omnibus list approved by the Audit Committee of the Company.
g)	Amount paid as advances, if any	N. A.

Note: No advance is payable in respect of any of the above transactions.

For and on behalf of A. K. Capital Finance Limited

A. K. Mittal
Managing Director
(DIN: 00698377)

Aditi Mittal
Director
(DIN: 00698397)

Date: July 29, 2023
Place: Mumbai

ANNEXURE - 3

NOMINATION AND REMUNERATION POLICY

1) INTRODUCTION:

The only vital value an enterprise has is the experience, skills, innovativeness and insights of its employees. A. K. Capital Finance Limited (the "Company") believes in transparency in evaluating the performances of its Directors, Key Managerial Personnel's (KMPs), Senior Management and other employees of the Company and paying equitable Compensation to them. The Company recognizes its Directors, Key Managerial Personnel (KMP), Senior Management and its employees as an invaluable asset.

As a part of a good Corporate Governance and in compliance with the Section 178 and Schedule IV of the Companies Act, 2013 including all other applicable rules, regulations, guidelines and laws (including any amendments thereto or re-enactments thereof for the time being in force) and Guidelines issued by RBI on Compensation to KMPs and Senior Management in the NBFC dated April 29, 2022. The Nomination and Remuneration Committee of the Board formulated and the Board of Directors of the Company have reviewed and approved the Nomination and Compensation Policy of the Company. (the "Policy").

The Company being Debt Listed entity mandatorily required constituting Nomination and Remuneration Committee. The responsibility of Remuneration Committee as per the guidelines issued by RBI shall be assigned to NRC of the Board formed in compliance with the applicable provisions of the Companies Act 2013, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Guidelines issued by RBI for payment of Compensation.

2) OBJECTIVES OF THE POLICY:

The Key objectives of the Policy would be:

a) That the level and composition of Compensation is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.

b) That the relationship of Compensation (Variable, Fixed and Bonus) to performance is clear and meets appropriate performance benchmarks

c) That the Compensation to Directors, Key Managerial Personnel (KMP), and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

d) To formulate criteria for evaluation of annual performance of the Board of Directors and Members of other Committees of the Board, KMPs, Senior Management and other employees of the Company and recommend Compensation payable to them to the Board

e) Formulation of criteria for evaluation of Independent Directors and the Board.

f) To lay the principles for fixed/ variable pay structures for Senior Management and KMPs.

g) To guide the Board in relation to appointment and removal of Directors, KMPs and Senior Management.

h) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down.

I) To retain, motivate and promote talent and to ensure their sustainability.

3) DEFINITIONS:

a) ***'Act'*** means the Companies Act, 2013 and the rules framed thereunder.

b) ***'Board of Directors'*** or ***'Board'*** in relation to a company, means the collective body of the directors of the company.

c) ***'Director'*** means a director appointed to the Board of a company.

d) ***'Independent Director'*** means an independent director referred to in sub-section (5) of section 149.

e) '***Key Managerial Personnel'*** means

a) Managing Director, or Chief Executive Officer or Manager and in their absence a Whole-Time Director;

b) Chief Financial Officer; and

c) Company Secretary.

f) ***'Policy'*** means Nomination and Compensation Policy of the Company.

g) ***'Senior Management'*** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads, by whatever name called and the Company Secretary and Chief Financial Officer.

4) EFFECTIVE DATE

This policy shall be effective from the Financial Year 2022-2023.

5) APPLICABILITY OF THE POLICY

This Policy is applicable to:

a) Directors viz. Executive, Non-executive and Independent

b) Key Managerial Personnel

c) Senior Management Personnel

6) NOMINATION AND REMUNERATION COMMITTEE OF THE COMPANY:

a) The Nomination and Remuneration Committee ("the Committee") of the Board shall comprise of at least three Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent. The Chairperson of the Committee shall be an Independent Director.

b) The Committee shall identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down.

c) The Committee shall recommend to the Board the appointment and removal of the Directors and Senior Managers of the Company and shall carry out evaluation of every Director's performance.

d) The Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a director.

e) The Chairperson of the Committee or in his absence any other member of the Committee as authorized by him in this behalf shall attend the General Meetings of the Company.

f) The Committee shall monitor the implementation of this policy and shall timely review this policy and recommend amendment in the policy to the Board of Directors as and when required.

g) The NRC will actively oversee the compensation system's design and operations to ensure that the system operates as intended and is also consistent with the principles outlined by the RBI.

h) The NRC shall work in close coordination with Risk Management Committee to achieve effective alignment between compensation and prudent risk-taking

i) The NRC shall ensure that the cost to income ratio of the Company supports the compensation consistent with maintaining sound capital adequacy ratio.

j) The NRC shall have supervisory oversight regarding implementation of compensation practices and policies of the Company and Human Resource Department will administer the compensation policy by following rules and processes that are objective and transparent. The Company will ensure complete compliance with all disclosure norms as prescribed by the various statutes relevant to the NBFC sector and industry in general.

k) The specific criteria for Malus and Claw back will be reviewed by the NRC annually.

l) The performance parameters & final payout for Cash based incentives and share-linked incentives would be fixed by NRC/Board every year.

7) VOTING:

a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

8) APPOINTMENT AND QUALIFICATION CRITERIA FOR DIRECTOR, KMP AND SENIOR MANAGEMENT:

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/ her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee shall have the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

c) Appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder

d) The Company shall not appoint or continue employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

9) REMOVAL:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

10) RETIREMENT:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ Compensation or otherwise even after attaining the retirement age, for the benefit of the Company.

11) EVALUATION OF EVERY DIRECTOR'S PERFORMANCE:

a) The Nomination and Remuneration Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

b) The performance evaluation of the Directors of the Company shall be done by the Nomination and Remuneration Committee wherein the Director being evaluated shall not participate.

12) TERM / TENURE:

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

a. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

b. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

13) SEPARATE MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company shall hold a separate meeting at least once in year without the attendance of Non-Independent Directors of the Board and Members of Management. All the Independent Directors of the Company shall strive to be present at the meeting.

The meeting shall review the performance of the Non-Independent Directors and the Board as a whole and the Chairperson of the Company taking into account the views of the Executive and Non-Executive Directors.

The meeting shall also assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the board to effectively and reasonably perform their duties.

14) PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

I) General:

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Managing Director/s of the Company and submit a report to the Board of Directors of the Company. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
3. In case of Managing Directors, Whole Time Directors and Managers, Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

II. Guidelines for Compensation to Managerial Person, KMP and Senior Management:

1. **Fixed pay:**

Managerial Person, KMP and Senior Management shall be eligible for a monthly Compensation as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Variable Pay:

The variable pay may be in the form of share linked instruments or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk taking profile of KMPs/ senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher. There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and companywide level. In order to do so, performance measures and their relation to Compensation packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

The Committee post assessment of the performance shall approve the variable pay which may be paid immediately or Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks Components and risk alignment. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board.

The Compensation of Key Managerial Personnel (KMPs) and senior management needs to be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

3. **Guaranteed bonus:**

   Guaranteed bonus may not be paid to KMPs and senior management. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

4. **Minimum Compensation:**

   If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay Compensation to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

5. **Provisions for excess Compensation:**

   If any Managerial Person draws or receives, directly or indirectly by way of Compensation any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

   The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

III. Guidelines for Compensation to Non-Executive / Independent Director:

1. **Compensation / Commission:**

   The Compensation / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

2. **Sitting Fees:**

   The Non- Executive / Independent Director may receive Compensation by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. **Limit of Compensation /Commission:**

   Compensation /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. **Stock Options:**

   An Independent Director shall not be entitled to any stock option of the Company.

15) CONTROL AND ASSURANCE FUNCTION PERSONNEL:

KMPs and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the company. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay.

16) MALUS / CLAWBACK:

The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year. NRC Committee shall identify the vent of subdued or negative financial performance of the Company or any such events wherein immediate attention is required towards implementation Malus/Clawback arrangements. It shall be implemented with the approval of Committee. Compensation will be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others.

- Acts of gross negligence and integrity breach shall be covered under the purview of the compensation policy. Errors of judgment shall not be construed to be breaches under this note.
- The deferred part of the variable pay (performance bonus) will be subject to malus, under which, the Company will prevent vesting of all or part of the variable pay in the event of an enquiry determining gross negligence or integrity breach.
- Employees will be required to sign claw back agreements for the variable pay. In a claw back arrangement, the employee will agree to return, in case asked for, the previously paid variable pay to the Company in the event of an enquiry determining gross negligence or integrity breach, taking into account relevant regulatory stipulations.

The invocation of the malus and clawback clauses may be applicable on entire variable pay. While setting criteria for the application of malus / clawback, the Committee may also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods.

17) AMENDMENT IN POLICY:

The Company shall reserve the rights to make amended to the Policy from time to time as it deems fit in accordance with the applicable laws, rules and regulations for the time being in force.

ANNEXURE - 4

REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2022 – 2023

1. **A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:** : A detailed CSR Policy was framed by the Company with approvals of the CSR Committee and Board of Directors. AK Group believes that true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people

   The Policy, inter alia, covers the following:

   I Objective

   ii. Role of CSR Committee

   iii. List of CSR activities

   iv. CSR Expenditure

   v. Implementation of CSR policy

   vi. Monitoring and reporting Mechanism

   The CSR Policy is in compliance with the provisions of the Companies Act, 2013 ("Act").

   The Company's participation focuses on those funds which shall supplement and complement government efforts to scale up the capacity of the public health system and ability to deal with crisis.

   The Company undertakes/ supports/ finances the projects/funds keeping in view the applicable provisions of Section 135 read with Schedule VII of the Act and CSR Policy of the Company.

2. **COMPOSITION OF CSR COMMITTEE:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. A. K. Mittal	Managing Director	1	1
2.	Mr. Rajiv Kumar Bakshi	Independent Director	1	1
3.	Mr. Khimji Shamji Pandav	Independent Director	1	1

3. **WEB-LINK OF THE DISCLOSURES:**

Composition of CSR committee	https://www.akgroup.co.in/investor-relation
Company's CSR policy	https://www.akgroup.co.in/investor-relation
CSR projects	https://www.akgroup.co.in/investor-relation

4. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NOT APPLICABLE**

5.

   a) Average net profit of the company as per sub-section (5) of section 135: INR 61,39,77,105/-

   b) Two percent of average net profit of the company as per section 135(5): INR 1,22,79,542/-

   c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NA

   d) Amount required to be set off for the financial year, if any: INR 43,663/-

   e) Total CSR obligation for the financial year (b+c-d): INR 1,22,35,879/-

6.

   a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): INR 1,22,50,000

   b) Amount spent on Administrative Overheads: NA

   c) Amount spent on Impact Assessment, if applicable: NA

   d) Total amount spent for the Financial Year (a+b+c): INR 1,22,50,000

e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount (in INR)	Date of transfer
INR 1,22,50,000	Nil	Not Applicable	Not Applicable	Not Applicable	Not Applicable

f) Excess amount for set off, if any:

Sr No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5) (after set off by excess of Rs. 43,663/-)	1,22,35,879
(ii)	Total amount spent for the Financial Year	1,22,50,000
(iii)	Excess amount spent for the Financial year [(ii)]-[(i)]	14,121
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	14,121

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in INR)	Balance Amount in Unspent CSR Account under sub-section 6 of Section 135 (in INR)	Amount spent in the reporting Financial Year (in INR)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in INR)	Deficiency, if any
					Name of the Fund	Amount (in INR)	Date of transfer		
1	2019-20	-	-	-	Prime Minister's National Relief Fund	20,00,000 35,00,000	12/03/2020 20/03/2020	14,89,376	-
					Clean Ganga Fund	10,00,000 23,50,000	13/03/2020 20/03/2020		
					Swachh Bharat Kosh	10,00,000 35,00,000	12/03/2020 20/03/2020		
					PM Cares Fund	1,00,00,000	31/03/2020		
2	2020-21	-	-	-	PM Cares Fund	1,35,00,000	26/03/2021	-	-
3	2021-22	-	-	-	Clean Ganga Fund	30,00,000	24/03/2022	-	-
					Swachh Bharat Kosh	30,00,000	24/03/2022		
					Prime Minister's National Relief Fund	30,00,000	25/03/2022		
					PM Cares Fund	30,00,000	25/03/2022		
	TOTAL	-	-	-					

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

For and on behalf of A. K. Capital Finance Limited

A. K. Mittal
(DIN: 00698377)
Managing Director

Aditi Mittal
(DIN: 00698397)
(Director)

Date: July 29, 2023
Place: Mumbai

ANNEXURE - 5

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF INDIAN ECONOMY:

The Indian economy demonstrated an exceptional performance during FY 2022-23, positioning itself as one of the fastest-growing economies. The nation's GDP growth rate stood at 7%, driven by private sector consumption and increased Government focus on infrastructure development. Despite global macroeconomic challenges and tighter domestic monetary policies aimed at addressing inflationary pressures, the growth momentum remained steady, showcasing the underlying strength of India's economy in recovering and revitalising growth drivers.

The Union Budget FY 2023-24 aimed at enhancing the nation's positioning with increased capital expenditure to Rs. 10 Lac crore, marking an increment of 33% in capital outlay as compared to FY 2022-23. The government's focus on capital expenditure, strong manufacturing capacity utilisation, double-digit credit growth, and moderation in commodity prices are likely to enhance manufacturing and investment activities. This move is highly optimistic for key industries like manufacturing, infrastructure and healthcare coupled with the Government's introduction of various measures to support economic growth including the National Infrastructure Pipeline (NIP) and the ProductionLinked Incentive (PLI) schemes.

Aggregate demand conditions were resilient in Q4 of FY 2022-23, even as private consumption showed some signs of slowdown. A favourable rabi crop is expected to boost rural demand, while the resilience of contact-intensive services is anticipated to support urban demand. Rural demand indicators such as consumer non-durables, tractor and two-wheeler sales registered healthy growth. Whereas Urban demand indicators like passenger vehicle sales and credit card spending registered robust growth in February, while consumer durables contracted in January.

Enterprises in the services and infrastructure sectors exhibit rising optimism about the overall business situation with higher selling prices anticipated to drive profit margin improvement. Investment activity exhibited buoyancy on the back of the Government's thrust on infrastructure spending, high-capacity utilisation, and revival in corporate investment in certain key sectors. Non-food bank credit rose by 15.4% (y-o-y) as of March 2023, and the total flow of resources to the commercial sector has increased by Rs. 26.0 Lac crore during FY 2022-23 as against Rs. 19.0 Lac crore a year ago. The Consumer Confidence survey for March 2023 indicates expectations of improved employment conditions, with marginal declines in sentiments regarding general economic conditions and household income. According to RBI's surveys, both businesses and consumers hold optimistic outlooks for the future. However, the slowdown in global trade and output, coupled with geopolitical tensions, global financial conditions, and market volatility, pose risks to the overall economic outlook

Amidst this volatility, the banking and non-banking financial service sectors in India remain healthy and financial markets have evolved in an orderly manner. The prolonged geopolitical tension between Russia and Ukraine adversely affected global trade and crude oil prices, leading to a tighter inflationary grip. RBI's Monetary Policy Committee increased the policy repo rate under the liquidity adjustment facility (LAF) by 225 basis points from 4.0% to 6.25% between May and December 2022. Headline CPI inflation has gradually declined from its peak of 7.8% in April 2022 to 5.7% in March 2023 and is projected to ease further. The Reserve Bank of India (RBI) projected a headline inflation rate of 6.8% for FY 2022-23, which falls outside its target range. However, this level of inflation is not expected to affect private consumption or discourage investments significantly. Inflation is likely to exceed the central bank's upper target limit of 6% until early Current Year 2023, but it may gradually decrease once higher interest rates are implemented.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Indian financial services sector is a vital component of the country's economy, comprising a diverse range of players such as commercial banks, insurance companies, non-banking financial companies, pension funds, mutual funds and other smaller financial entities. The sector has been evolving over the years, coupled with changes and reforms by the Government and regulatory bodies to strengthen the industry, enhancing its growth prospects.

One of the key growth drivers for the sector has been the increasing focus on financial inclusion and providing better access to finance for the underbanked and underserved sections of the society. This has led to the emergence of digital banking, microfinance, and fintech collaborations that are disrupting traditional banking models.

Despite the uncertain global environment since early 2020, the Indian financial sector has remained stable and resilient. Furthermore, the Non-Banking Financial (NBFC) sector has played a crucial role in bridging the credit gap and supporting the growth of various sectors such as micro, small and medium enterprises (MSMEs), agriculture and affordable housing, among others.

The financial institutions have a vital role in promoting stability and implementing regulatory measures to support households and businesses, especially amid economic crises. At present, the geopolitical conflicts have slowed down countries' post-pandemic recoveries, hastening the normalisation of monetary and fiscal policies.

In India, NBFCs have emerged as the principal institutions providing credit financing to the unorganised and underserved sectors. NBFCs have revolutionised the lending system in India by providing financial inclusion for those who lack easy access to credit. They offer a range of services, including MSME financing, home finance, microfinance, gold loans and other retail segments. On the back of digitalisation and technology, NBFCs are further offering quick and convenient customer financing experience, especially for low-income and untapped segments of the creditworthy population. These companies have unlocked industrial opportunities by leveraging a hybrid model of physical and digital delivery.

Despite facing competition from banks in traditional segments, NBFCs have raised Rs. 700 Billion in equity over the past 3.5 years, improving their gearing levels. With more robust balance sheets, lower leverage and steadily improving funding access, NBFCs are well-positioned to capitalise on credit demand. This could lead to an increase in Assets Under Management (AUM) by 13-14% in FY 2023-24, with a strategic focus on non-traditional segments such as unsecured loans, used vehicles and the MSME sector.

The steady momentum of NBFCs is heavily backed by robust demand for personal loans, which they need for their growth and working capital. According to ICRA Analysis, NBFCs are expected to witness 8-10% growth in AUM in FY 2022- 23 compared to 5-7% growth in FY 2021-22. Despite yield pressure, the sector is also expected to improve its asset quality metrics.

According to the Reserve Bank of India (RBI) data, outstanding bank credit to NBFCs has significantly increased from Rs. 3.68 Lac crore in 2017 to Rs. 13.20 Lac crore as of December 2022. NBFCs are expected to play a crucial role in financing India's transition from the world's fifth-largest to the third-largest economy by the end of this decade. The Government is also focusing on developing NBFCs with high emphasis on driving quality corporate governance across these entities. Following sluggish years amid liquidity stress, NBFCs have bounced back strongly with higher capital levels, reasonable stability in delinquency accounts, better asset quality and larger balance

sheets. Stronger risk assessment frameworks, Government support such as debt moratorium and liquidity enhancement measures and broader economic revival have helped them tide through these challenges and pursue innovative strategies to meet evolving opportunities.

OUTLOOK OF THE COMPANY:

The outlook of the Company for the year ahead is to drive profitable growth across all business segments with conservative lending, active liquidity, asset-liability management and capital conservation. The Company's business team will keenly focus on key customer relationships and aim to grow its structured finance and opportunistic investments in debt markets. The Company, as a whole, will focus on balanced measured growth, asset quality, cross selling opportunities, digital and analytics.

SWOT Analysis:

a) Strengths:

- Strong AK Group brand name.
- Experienced senior management team.
- Well-defined and scalable organizational structure based on product, territory and process knowledge.
- Consistent financial track record with rapid growth in AUM.
- Strong relationships with public, private as well as foreign banks, institutions and investors.

b) Weakness:

- Business and growth directly linked with the GDP growth of the country.
- Company's Customers-SRTOs and FTBs are more vulnerable to negative effects of economic downturn

c) Opportunities:

NBFCs have taken various steps to navigate through the pandemic induced headwinds, stricter and strengthened underwriting norms, use of alternate data sources for underwriting, quickening the pace of digitalisation through use of UPI handles, Bots, IVR's, strengthening of collection teams and focus on safer asset classes.

The aforementioned measures, coupled with greater focus on asset quality, digitalisation across customer lifecycle, co-lending partnerships, effective utilization of structured financing and strengthening of capital base amongst others will hold NBFC's in good stead as they navigate towards a more benign economic environment going forward.

d) Threats:

- Inflation
- Geopolitical crisis
- Longer duration of COVID-19
- Competition from captive finance companies, small banks
- Increase in finance cost due to larger liquidity buffer maintained to face uncertainties of pandemic.

SEGMENT–WISE OR PRODUCT-WISE PERFORMANCE:

A.K. Capital Finance Limited ("herein after referred as AKCFL") operates mainly in a two business i.e. (i) trading and investment in securities and (ii) lending of funds to Indian corporates and individuals. The revenues from trading and investment in securities in FY 2022-2023 were INR 18,023.32 Lakhs and (ii) lending of funds to Indian corporates and individuals segments in FY 2022-2023 were INR 6,832.24 Lakhs.

KEY RISKS & CONCERNS:

AKCFL deals in multiple asset classes and all client segments across the financial markets and is thus exposed to various risks that can be broadly classified as credit risk, market risk, operational risk and other risk as detailed herein:

a) Credit Risk: The credit risk framework of AKCFL ensures prior and periodic comprehensive assessment of every client and collateral. Credit risk monitoring mechanism ensures that exposure to clients is diversified. Careful selection of collateral is the key for a client limit. Effective credit risk management has enabled us to steer through environmental stress conditions with NIL delinquencies since inception.

b) Market Risk: In order to monitor market risk, a comprehensive framework of reports and limits has been put in place that track positions, value at risk and duration of assets. Limits at various levels are defined to capture early warning signals. The risk framework makes certain that the risks are monitored and necessary timely action is taken for every single instance of violation, in case they occur.

Additionally, the asset liability mismatch and margin utilizations are regularly assessed. Liquidity requirements are closely monitored and necessary care is taken to maintain sufficient liquidity cushion for maturing liabilities and for any unforeseen requirements. We also pro-actively modify our liabilities profile in sync with the changing assets profile to ensure that we do not carry any material asset liability mismatch.

c) Operational Risk: Operational risk arises from the failure of systems, people and processes through which we operate. Operational risk covers several sub-categories of risks such as fraud risk, legal risk, reputational risk, environmental risk and physical risk among others. Operational risk framework of AKCFL is designed to balance and check operational risk at key manifestation points. In addition to defining new processes, we have initiated an ongoing review of all critical processes to proactively identify weak controls and strengthen the same. All of the above will also help us in ensuring our compliance with Companies Act 2013 requirement of "adequate internal financial controls system and operating effectiveness of such controls". We continue to have a comprehensive Business Continuity Plan that is periodically tested.

d) Business/Strategic Risk: Business/Strategic risks are risks that affect or are created by an organization's business strategy and strategic objectives. Your company's management of this risk is guided by diversification in its business through various products, customer segments and geographies, balanced growth while maintaining asset liability balance and prudent provisioning policies.

e) **Reputation Risk:** Trust is the foundation for the financial service industry and is critical to building a strong customer franchise. Any adverse stakeholder or public perception about the company may negatively impact our ability to attract and retain customers and may expose us to litigation and regulatory actions. Reputation Risk most often results from the poor management of other risks and can arise from a variety of sources including direct sources like poor financial performance, poor governance and indirect sources like increased operational risk or control failures. The company manages this through a strict code of conduct policy for its employees, good corporate governance policies and an effective customer grievance mechanism. We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any.

f) **Technology Risk:** Technology is rapidly changing the way financial services entities operate and is a key disruptor for the industry. The focus of your company continues to be on digital and is aimed at leveraging digital technology to provide a best in class experience for its customers while simultaneously enhancing productivity and risk management. A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks etc. Disaster recovery and Business Continuity Plans (BCP) have been established and various functional and technology initiatives have been taken to enhance system resiliency. Effective access control mechanism is a key technology control to prevent unauthorised access. The access to business applications is provisioned by an independent team and is provided based on the roles and responsibilities of the user. Technology and Operational controls are implemented to manage privileged access to systems. Cyber threats and the associated risks in the external environment have increased and your company works continuously to improve processes and controls to mitigate these risks. Cyber resilience framework is being established to mitigate the threats such as data breaches, malware, Denial-of-service attacks etc.

g) **Interest Rate Risk:** Interest Rate Risk is the exposure of a company's financial condition to adverse movements in interest rates. Changes in interest rates affect a company's earnings by changing its Net Interest Income (NII). Asset Liability Committee (ALCO) is a decision making management committee responsible for balance sheet planning in your company from risk return perspective including strategic management of interest rate and liquidity risks. Advances Book and Funding strategy are tailored in such a way that repricing of borrowings can be offset by repricing the loans. Earnings impact using traditional gap analysis measures the level of your Company's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis.

h) **Liquidity Risk:** Liquidity Risk is the risk that a Company may not be able to meet its short term financial obligations due to an asset–liability mismatch or interest rate fluctuations. The Board of Directors has delegated the responsibility for ongoing balance sheet Liquidity Risk management to the Asset &Liability Management Committee. The Company's framework for liquidity and interest rate risk management is articulated in its Asset Liability Management Policy that is implemented, monitored and periodically reviewed by the ALCO.

i) **Compliance Risk:** Compliance Risk is defined as the risk of exposure to legal, regulatory sanctions and damage to its reputation as a result of failure or a perceived failure to comply with applicable laws, regulations, and internal policies or prescribed best practices. Your Company has a Compliance Policy to ensure highest standards of compliance. The Compliance team works with business and operations to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorous testing and also putting in place robust internal policies. Products and processes are reviewed for adherence to regulatory norms prior to rollout. Internal policies are reviewed and updated periodically as per agreed frequency or based on market action or regulatory guidelines / action. The compliance team also seeks regular feedback on regulatory compliance from product, business and operation teams through self-certifications and monitoring.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

AKCFL has robust internal audit and control systems across the Group. They are responsible for independently evaluating the adequacy of internal controls and provide assurance those operations and business units adhere to internal policies, processes and procedures as well as regulatory and legal requirements. Internal Audit and Control team defines and reviews scope, coordinates and conducts risk-based Internal Audits with quarterly frequency across AKCFL through external audit firms as well as an in-house team. Certain operational activities are also subject to concurrent audit. Existing audit procedures are reviewed periodically to enhance effectiveness, usefulness and timeliness. The Internal Control Procedures include proper authorization and adherence to authorization matrix, segregation of roles and responsibilities, third party confirmations, physical verification, checks and balances and preventive checks on Compliance Risk and overseeing of periodical financials etc. The internal audit follows Generally Accepted Audit Practices, Internal Audit Standards and Analytical procedures. It entails risk assessment and detailed verification of processes, adequacy of maintenance of accounting records, documentations and supporting, authorizations, review of internal controls, compliance with management policies and laid down procedures, compliance with applicable accounting standards etc. and to verify adherence with applicable statutes, rules, regulation, byelaws and circulars of the relevant statutory and regulatory authorities. It includes consideration of Laws and Regulations in an audit of Financial Statements, system audit, control over assets of the Company, review of related party transactions and reporting them to the Audit Committee, among other things. AKCFL has institutionalized a strong compliance culture across the Group recognizing that transparency and trust amongst all its stakeholders can be achieved only through this. We have a centralized Compliance Department that ensures compliance with all the applicable laws. It also provides advice on general regulatory matters including formulating policies on the Prevention of Insider Trading with the help and guidance of the Board of Directors.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During FY 2022-2023, the Company demonstrated a steady trend. The revenues for the FY 2022-2023 were INR 24,991.82 Lakhs as compared to INR 20,539.09 Lakhs during FY 2021-22. The profit after tax for the FY 2022-2023 was INR 6,071.05 as compared to INR 5,743.48 Lakhs during FY 2021-22.

HUMAN RESOURCES:

At AKCFL, we believe that the employees are the drivers of growth, efficiency, productivity and success. Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. The

Company had 137 employees at the end of the Financial Year 2022-2023. Company has a strong orientation to learning and development. All employees, from a new joiner to a tenured one, are provided tailored learning opportunities as per their role, level and specific focus area. The Company believes in focusing on employee training and development, rigorous leadership engagement, enhanced communication and participative decision making.

Employee health and safety are of utmost importance to us. In order to ensure our employees and their families are adequately protected against the pandemic and to help them build a strong immune system, the Company organized a vaccination drive at the group level in tie-up with a private hospital. The vaccination drive received a good response from the employees at all levels and was a successful initiative on the part of the Company.

OUTLOOK:

As observed in FY 2022-23, the fundamentals of the country's economy remained resilient despite the challenges felt by the global economy. India is further expected to witness a growth of 6.0% in FY 2023-24. RBI projects CPI inflation for Q1 - FY 2023-24 at 5.0% and for Q2 -FY 2023-24 at 5.4% on the assumption of a normal monsoon. Whereas on the inflationary front, it is anticipated that the rates would remain moderate somewhere between 5-6%, due to the Government's adherence to calibrated monetary policies.

The Government's continued focus on infrastructure development, coupled with rising private investment, is providing the necessary momentum for the country's economy to flourish, backed by robust GST collections and forex reserves. The total gross collection for FY 2022-23 stands at Rs. 18.10 Lac crore with revenue increased by 22% that FY 2021-22. Way forward the GST collections would grow in the coming years and will be utilised in the economic development.

The forex reserve stood at USD 595.976 Billion in the first week of May 2023 marking second consecutive weekly rise in reserves. However, a high degree of synchronisation between India's growth cycle with advanced countries urges to remain cautious about plausible hindrances. This could have a significant impact on India's deepening trade and financial connections with advanced economies

The Company has built adequate liquidity buffer to pay all its liabilities over the period of next six months. The Company continues to focus on lending and investment to small companies for onward lending to SME and MSME customers. The Company will enhance its product basket with new structured products catering to a larger universe of both corporate and retail customers.

CAUTIONARY STATEMENT:

This report contains forward-looking statements extracted from reports of Government Authorities / Bodies, Industry Associations etc., available in the public domain, which may involve risks and uncertainties including, but not limited to, economic conditions, government policies, dependence on certain businesses, and other factors. Actual results, performance, or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto. The Company does not undertake to update these statements.

For and on behalf of the Board of Directors
Of A. K. Capital Finance Limited

A. K. Mittal
(DIN: 00698377)
Managing Director

Aditi Mittal
(DIN: 00698397)
Director

Date: July 29, 2023
Place: Mumbai

ANNEXURE - 6

DISCLOSURE IN PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sl. No.	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial year	**Name of the Director**	**Ratio**
		Mr. Atul Kumar Mittal	36.89%
		Ms. Aditi Mittal (Remuneration Paid to Ms. Aditi Mittal from 1st December 2022)	9.22%
		Ms. Annu Garg	N.A
2	The percentage increase in remuneration of each director, Chief Financial Officer and the Company Secretary in the Financial year	**Directors:**	
		*Mr. Atul Kumar Mittal	Nil
		Ms. Annu Garg	N.A
		*Ms. Aditi Mittal	N.A
		Key Managerial Personnel:	
		Mr. Govind Lalwani – Company Secretary	18.72%
		Mr. Mahesh Bhootra – Chief Financial Officer	N.A
		*Remuneration paid to Ms. Aditi Mittal is not comparable with previous year figures. Percentage mentioned above for Mr. Atul Kumar Mittal and Mr. Govind Lalwani is calculated on the basis of fixed remuneration.	
3	The percentage increase in the median remuneration of employees in the Financial year	During FY 2022-2023, the percentage increase in the median remuneration of employees as compared to previous year was approximately 11.50%.	
4	The number of permanent employees on the rolls of Company	There were 137 employees as on March 31, 2023	
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in salary of employees other than managerial personnel is 10.78%. Remuneration paid to Mr. Govind Lalwani, Company Secretary was increased by 18.72% based on the responsibilities entrusted on him. No other KMP's are in receipt of increased remuneration as compared to the previous financial year.	
6	Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that the remuneration is paid as per the Remuneration Policy for the Directors, Key Managerial Personnel and employees.	

For and on behalf of A. K. Capital Finance Limited

A. K. Mittal
(DIN: 00698377)
Managing Director

Aditi Mittal
(DIN: 00698397)
Director

Date: July 29, 2023
Place: Mumbai

REPORT ON CORPORATE GOVERNANCE

ANNEXURE - 7

The Board of Directors presents the Company's Report on Corporate Governance for the financial year ended March 31, 2023, in terms of Regulation 53 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Corporate Governance represents values, culture and behavior of the organization. Further, the term Corporate Governance is wide to encompass processes, accountability and level of transparency deployed by the organization in its functioning. In all the term Corporate Governance covers the conduct of the organization in different situations over a period.

Since, every company/body-corporate is an artificial person created by law, it cannot act on its own. Ultimately, it is the Board of Directors, KMPs' and Senior Management who generally governs the behavior of organization/company, and they are responsible for setting the right culture and values at all levels. Accordingly, presence of human element plays pivotal role in success of corporate governance standards at all levels for any organization. In view of the same, the Company believes that it is the collective responsibility of Board Members, KMPs' and the members of Senior Management to foster a culture in which high standards of ethical behavior, individual accountability and transparent disclosures are ingrained in all its dealings.

A. K. Capital Finance Limited ("Company/the Company") completed the journey of more than 17 Years of its existence and over the years, efforts have been put to enhance the level of compliance standards, processes and practices to ensure transparency in all its dealings. The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity. The governance practices and processes ensure that the interest of all stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organisation.

The Report on Corporate Governance, as per the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and other applicable laws for the time being in force, is as under:

(1) BOARD OF DIRECTORS:

An effective Board of Directors is a pre-requisite for strong and effective Corporate Governance. With the belief that an active, well informed, truly diverse and independent Board of Directors is necessary to ensure the highest standards of Corporate Governance, the Company has a fundamentally strong Board comprising of an optimal combination of executive, non-executive and independent directors so as to preserve and maintain the independence of the Board.

The Company strives to maintain an appropriate balance of skills and experience within the organisation and the

Board in an endeavor to introduce new perspectives while maintaining experience and continuity.

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business, the maximum interval between any two meetings did not exceed one hundred twenty (120) days. The Company adheres to the Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India ("ICSI").

(I) Category of the Board of Directors as on March 31, 2023 and Directors' attendance record

Sr. No.	Name of the Director, DIN Category, and No. of Shares held	Number of directorships	Presence in Committees		No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM held on September 3, 2022
			As a member	As a chairperson			
1	Mr. A. K. Mittal (DIN: 00698377) Promoter & Managing Director No. of Shares held: 2,80,180 No. of CCPS held: 20,00,000	2	2	0	6	6	Yes
2	Mr. Rajiv Kumar Bakshi (DIN: 00264007) Chairman & Independent Director No. of Shares held: Nil	3	5	1	6	6	Yes
3	Mr. Khimji Shamji Pandav (DIN: 01070944) Independent Director No. of Shares held: Nil	2	3	2	6	6	Yes

Sr. No.	Name of the Director, DIN Category, and No. of Shares held	Number of directorships	Presence in Committees		No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM held on September 3, 2022
			As a member	As a chairperson			
4	Ms. Annu Garg (DIN: 07817550) Executive, Woman Director (Resigned w.e.f .December 01, 2022) No. of Shares held: 1 (as Nominee Shareholder)	1	1	0	4	4	Yes
5	Mr. Vikas S Agarwal (DIN: 03582526) Independent Director (Resigned w.e.f. February 06, 2023) No. of Shares held: Nil	1	1	0	5	5	Yes
6	Ms. Aditi Mittal (DIN: 00698397) Executive, Woman Director (Appointed as Director (Executive) w.e.f. December 02, 2022) No. of Shares held: 16,080	2	2	1	1	1	No
7	Mr. Deepak Maheshwari (DIN: 00750047) Independent Director (Appointed as Independent Director w.e.f. February 06, 2023) No. of Shares held: Nil	2	1	0	0	0	No

Notes:

1. Directorships/Memberships in committees of public companies are considered including the directorship/ committee membership held in the Company.
2. The committees considered for above purpose are those prescribed in the Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee.
3. During the Financial Year 2022-23, six Meetings of the Board were held on April 1, 2022, May 21, 2022, July 25, 2022, October 28, 2022, December 02, 2022 and February 06, 2023.
4. All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013 and other applicable laws for the time being in force.
5. Mr. Deepak Maheshwari (DIN: 00750047) was appointed as an Additional Independent Director (Non-Executive) on the Board of the Company with effect from February 6, 2023 and further regularized as Independent Director (Non-Executive) by shareholders in their meeting held on February 27, 2023.
6. Mr. Vikas S Agarwal (DIN: 03582526), Independent Director (Non-Executive) has tendered his resignation as an Independent Director of the Company with effect from February 6, 2023 due to being pre occupied in other work commitments. The same was taken on record by the Board at its meeting held on the same day.
7. Ms. Aditi Mittal (DIN: 00698397) was appointed as an Additional Director (Executive) on the Board of the Company with effect from December 02, 2022 and further regularized as Director (Executive) by shareholders in their meeting held on February 27, 2023.
8. Ms. Annu Garg (DIN: 07817550) Director (Executive) has resigned from the board of the Company with effect from December 01, 2022 due to new assignments and other responsibilities. The same was taken on record by the Board at its meeting held on December 02, 2022.

(ii) Composition of the Board of Directors

The composition of the Board is in consonance with Listing Regulations and in accordance with the applicable provisions of the Companies Act, 2013, as amended from time to time.

Total No. of Directors	5
Total No. of Executive Directors	2
Total No. of Non-Executive Directors	3
Out of Total No. of Non-Executive Directors, No. of Independent Directors	3
Woman Director	1

The Chairman of the Board is Non-Executive Independent Director.

All the independent directors of the Company have provided the declarations to the Board confirming to adherence to the criteria of independence as laid down under Section 149(6) & (7) of the Companies Act, 2013 read with Rule 5 and 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended and the Regulation 16(1)(b) and Regulation 25(8) of the Listing Regulations. Further, in the opinion of the Board, the independent directors fulfill the conditions specified in Listing Regulations and are independent of the management.

(iii) Names of the other listed entities where the director is a director and the category of directorship as on March 31, 2023

Sr. No.	Name of the Director, DIN & Category	Names of the other listed companies where person holds directorship	Category of directorship
1	Mr. A. K. Mittal (DIN: 00698377) Promoter & Managing Director	A. K. Capital Finance Limited	Managing Director
2	Mr. Rajiv Kumar Bakshi (DIN: 00264007) Chairman & Independent Director	Brady and Morris Engineering Company Limited	Non-Executive Independent Director
		N R Agarwal Industries Limited	
3	Mr. Khimji Shamji Pandav (DIN: 01070944) Independent Director	A. K. Capital Services Limited	Non-Executive Independent Director
4	Ms. Aditi Mittal (DIN: 00698397) Executive, Woman Director	A. K. Capital Services Limited	Executive Woman Director

None of the other directors hold position of Directors in other listed entity including high value debt listed companies.

(iv) Retirement by rotation

The Members may note that pursuant to the provisions of Section 152 of the Companies Act, 2013 read with rules made thereunder, two-third of total number of directors of public company shall be persons whose office is liable to retire by rotation. In view of same, except independent directors, the office of all other directors is liable to retire by rotation.

In addition to above, Section 152(6)(c) of the Companies Act, 2013 also provides that out of the total number of directors whose office is liable to retire, one-third of such directors shall be liable to retire by rotation. Section 152(6)(d) of the Companies Act, 2013 also provides that, the directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

In view of the provisions of aforesaid law, Mr. A. K. Mittal, Managing Director (DIN: 00698377) shall be liable to retire by rotation and being eligible offers himself for re-appointment. The brief profile of Mr. A. K. Mittal is also enclosed along with the notice convening 17th Annual General Meeting of the Company.

(v) Details of familiarization program imparted to independent directors

The Company has designed a Familiarization Programs for its Independent Directors which is imparted at the time of appointment of an Independent Director on Board as well as periodically. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to acclimatize them with the processes, business and functionaries of the Company and to assist them in performing their role as Independent Directors of the Company. The familiarization program also covers the training on the enactment of new laws, amendments/ modification in the existing regulation having impact on the Company and/or the role of Independent Directors of the Company. Apart from review of matters as required by the Charter, the Board also discusses various business strategies periodically. This deepens the Independent Directors' understanding and appreciation of Company's business and thrust areas.

Further details of familiarisation programs imparted to independent directors are also disclosed on the website of the Company. The link of the same is re-produced herein below: https://www.akgroup.co.in/investor-relation

(vi) The table below summarizes qualifications, core skills/expertise/competencies with respect to each Directors of the Board required in the context of its business(es) and sector(s):

In terms of the requirement of the Listing Regulations, the Board has identified the skills/expertise/competencies fundamental for the effective functioning of the Company, which are currently available with the Board and the names of directors who possess such skills/expertise/competence.

In the table below, specific areas of focus or expertise of individual Board members have been highlighted, however, the absence of a mark against a member's name does not necessarily mean that the member does not possess the corresponding qualification or skills:

Broad Parameters	Skill-set	A. K. Mittal	Rajiv Kumar Bakshi	K. S. Pandav	Deepak Maheshwari	Aditi Mittal
Industry Knowledge & Experiences	Knowledge of Financial Market & Products	✓	✓	✓	✓	✓
	Knowledge of applicable laws governing business	✓	✓	✓	✓	✓
	Risk Identification & Management	✓	✓	✓	✓	✓
	Knowledge of domestic & international Practice	✓	✓	✓	✓	✓
Technical Skill-set	Marketing & Sales	✓	✓	✓	✓	✓
	Business Operations, Accounts and Tax	✓	✓	✓	✓	✓
	Information Technology	✓	✓	✓	✓	✓
Strategic Expertise	Vision and value creation	✓	✓	✓	✓	✓
	Planning and Strategy	✓	✓	✓	✓	✓
	Strategy Implementation & Change	✓	✓	✓	✓	✓
Behavioral competencies/ personal attributes	Communications & Negotiations	✓	✓	✓	✓	✓
	Leadership	✓	✓	✓	✓	✓
	Stakeholders Relationship	✓	✓	✓	✓	✓
Others	Performance Oriented	✓	✓	✓	✓	✓
	Achieving Change	✓	✓	✓	✓	✓

(vii) Confirmation:

The Board of Directors confirms that in its opinion, the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and the Act and are independent from the Management of the Company.

(viii) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided:

Mr. Vikas S Agarwal (DIN: 03582526), Independent Director (Non-Executive) has tendered his resignation as an Independent Director of the Company with effect from February 6, 2023 due to being pre occupied in other work commitments. The copy of his resignation letter confirming the reason of resignation is available on the website of the Company.

(2) MANDATORY REGULATORY COMMITTEES

The Board has constituted various Committees with their specific terms of reference and scope to take informed decisions in the best interests of the Company in accordance with the Companies Act, 2013, Listing Regulations and other applicable Laws.

(i) AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee which has been formed in pursuance of the Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Purpose and Objective of Audit Committee

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements

Brief description of terms of reference of the Audit Committee:

The Audit Committee performs its role as provided under Listing Regulations, Companies Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 and such other role as may be assigned by the Board from time to time.

The Audit Committee of the Board plays an important role in monitoring/ supervising the financial reporting process, ensuring highest levels of transparency, integrity and quality of reporting process. The Audit Committee is also responsible for selection, evaluation and deciding remuneration payable to Statutory Auditors, secretarial auditors and Internal Auditors of the Company. The Audit Committee, inter-alia scrutinizes the Investments, Borrowings and Related Party Transactions of the Company.

The Audit Committee is guided by its terms of reference. The Charter explaining exhaustive terms of reference is available on the website of the Company. The link of the same is re-produced herein below: https://www.akgroup.co.in/investor-relation

Composition of Audit Committee and Meetings held/ attended by members during Financial Year 2022-2023:

Sr. No	Name of the Members	Category	No. of Audit Committee Meetings held	No. of Meetings attended
1	Mr. Khimji Shamji Pandav Chairman	Non-Executive Independent Director	6	6
2	Mr. Rajiv Kumar Bakshi Member	Non-Executive Independent Director		6
3	Mr. Vikas S Agarwal Member (Ceased to be member w. e. f. February 06, 2023)	Non-Executive Independent Director		4
4	Mr. Deepak Maheshwari Member (Appointed as a Member w. e. f. February 06, 2023)	Non-Executive Independent Director		0

Note:

Mr. Vikas S Agarwal ceased to be a Member of the Committee and Mr. Deepak Maheshwari was appointed as Member of the Committee consequent to reconstitution of the Committee w.e.f. February 06, 2023.

Attendees:

The Internal Auditor, Chief Financial Officer, Company Secretary, other non-member directors and representatives of Statutory Auditors were invited to attend the Audit Committee Meetings as and when necessary, to brief the matters relating to the financial statements of the Company, Audit Findings, and other allied matters. The Audit Committee had reviewed the information stipulated in Part C of Schedule II of the Listing Regulations, (to the extent applicable and available,) during its above meetings. The Company Secretary acts as the Secretary to the Audit Committee.

Mr. Khimji Shamji Pandav, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 03, 2022.

(ii) NOMINATION AND REMUNERATION COMMITTEE

The Company has a qualified Nomination and Remuneration Committee which has been formed in pursuance of the Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Purpose and Objective of Nomination and Remuneration Committee

The purpose of the Nomination and Remuneration Committee is to assist the Board in ensuring that the Board and Committee retain an appropriate structure, size and balance of skills to support the strategic objectives and values of the Company. The Committee assists the Board in meeting its responsibilities regarding the determination, implementation and oversight of senior management remuneration arrangements to enable the recruitment, motivation and retention of senior management.

The Committee oversees arrangements for senior management appointments (including election processes), remuneration, performance management and succession planning.

Brief description of terms of reference of Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs its role as provided under the Listing Regulations, the provisions of the Companies Act, 2013 and such other role as may be assigned by the Board from time to time.

The Committee reviews the matter pertaining to appointment of Directors, Senior Management and KMP's and evaluates their performance. The Committee also sets the benchmark for performance and recommends the remuneration payable to Directors, Senior Management and KMP's. It also assesses the various performance linked incentives/ bonus for key employees of the Company.

The Nomination and Remuneration Committee is guided by its terms of reference. The Charter explaining exhaustive terms of reference is available on the website of the Company. The link of the same is re-produced herein below:

https://www.akgroup.co.in/investor-relation

Composition of Nomination and Remuneration Committee Meetings held/ attended by members during Financial Year 2022-2023:

Sr. No	Name of the Members	Category	No. of NRC Committee Meetings held	No. of Meetings attended
1	Mr. Khimji Shamji Pandav Chairman	Non-Executive Independent Director	4	4
2	Mr. Rajiv Kumar Bakshi Member	Non-Executive Independent Director		4
3	Mr. Vikas S Agarwal Member (Ceased to be member w. e. f. February 06, 2023)	Non-Executive Independent Director		3
4	Mr. Deepak Maheshwari Member (Appointed as a Member w. e. f. February 06, 2023)	Non-Executive Independent Director		0

Note:

Mr. Vikas S Agarwal ceased to be a Member of the Committee and Mr. Deepak Maheshwari was appointed as Member of the Committee consequent to reconstitution of the Committee w.e.f. February 06, 2023.

Criteria for Performance Evaluation of Independent Directors:

The key evaluation criteria for performance evaluation of Independent Directors of the Company are given below:

a)Providing effective leadership and strategic guidance to the management;

b) Understanding the Business, including the Risks and regulatory landscape;

c)Attendance at and active engagement in the discussion of business performance, competitive landscape and strategies;

d) Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices;

e) Nudging for long term focus areas such as Succession Planning, Business Continuity Planning etc.;

f) Management of conflicts in Board discussion;

g) Management of Conflict of Interest;

h) Maintains high level of confidentially;

i) Exercises independent judgement in the best interest of Company;

j) Assistance in implementing best governance practices and monitors the same;

k)Understanding governance, regulatory & oversight role of the Board;

l) Aware of significant risk in the industry and their implications;

m) Fulfills the independence criteria as specified in the Companies Act, 2013 and Listing Regulations and their independence from the management.

Criteria of making payments to non-executive directors:

The Nomination and Remuneration Committee decides the basis for determining the compensation both Fixed and variable payable to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise.

The Committee takes into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013, Listing Regulations and such other factors as may deem fit for determining the compensation. The Board determines the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution, if applicable.

Remuneration of Directors

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity:

Non-Executive Directors are entitled for the sitting fees for attending the meetings of the Board. The remuneration paid to non-executive directors is listed herein below:

Name of the Directors	Sitting fees for the Board Meetings paid/payable for the Financial Year 2022-23 (Amount in INR)
Mr. Khimji Shamji Pandav	4,00,000
Mr. Rajiv Kumar Bakshi	4,00,000
Mr. Vikas S Agarwal	20,00,000
Mr. Deepak Maheshwari	Nil

Executive Directors

Remuneration to Managing Director is recommended by the Nomination and Remuneration Committee which is subsequently approved by Board of Directors and Shareholders.

The details of remuneration paid to the Managing Director during the Financial Year 2022-2023 are as under:

(Amount in INR)

Particulars	Mr. A. K. Mittal	Ms. Aditi Mittal
Salary, bonus and allowances	3,67,00,000	73,00,000
Perquisites (other benefits)	0	0
Total (A)	3,67,00,000	73,00,000
Value of Stock Option	0	0
Value of Sweat Equity	0	0
Others (Retirals)	0	0
Total (B)	3,67,00,000	73,00,000
Total (A+B)	**3,67,00,000**	**73,00,000**

Service Contracts, Notice Period, Severance Fees

The terms of appointment of Executive Directors are governed by the letter of appointment signed with the executive directors and HR Policies of the Company. All the executive directors are required to serve the Notice Period as mandated in the HR Policies of the Company. The terms related to severance fees are also captured in the HR Policy of the Company.

(iii) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has an independent Stakeholders' Relationship Committee which has been formed in pursuance of the sub-section 5 of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Purpose and Objective of Stakeholders' Relationship Committee

The purpose of the Stakeholders Relationship Committee ("SRC") is to assist the Board in understanding and addressing the needs of various stakeholders in a time bound manner. The SRC considers various aspects of interest of the shareholders and other stakeholders'.

Brief Description of Terms of Reference

The Stakeholders' Relationship Committee shall perform its role as provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Companies Act, 2013 and such other role as may be assigned by the Board from time to time.

The Role of Committee includes the following:

a) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

b) Review of measures taken for effective exercise of voting rights by shareholders.

c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

e) Resolving the shareholders grievances to the satisfaction of the shareholder.

The Stakeholder' Relationship Committee is guided by its terms of reference. The Charter explaining terms of reference is also available on the website of the Company. The link of the same is re-produced herein: https://www.akgroup.co.in/investor-relation

Composition of Stakeholders' Relationship Committee and Meetings held/ attended by members of the Committee during Financial Year 2022-23:

Sr. No	Name of the Members	Category	No. of Stakeholders' Relationship Committee Meetings held	No. of Meetings attended
1	Mr. Rajiv Kumar Bakshi Chairman	Non-Executive Independent Director	4	4
2	Mr. A. K. Mittal Member	Managing Director		4
3	Ms. Annu Garg Member (ceased to be a Member w.e.f December 02, 2022)	Executive Woman Director		3
4	Ms. Aditi Mittal Member (appointed as Member w.e.f December 02, 2022)	Executive Woman Director		1

Note: Ms. Annu Garg ceased to be a Member of the Committee and Ms. Aditi Mittal was appointed as Member of the Committee consequent to reconstitution of the Committee w.e.f. December 02, 2022.

Mr. Rajiv Kumar Bakshi, Non-Executive Independent Director heads the Stakeholders' Relationship Committee and Mr. Govind Lalwani, Company Secretary acts as a Compliance Officer for the Committee.

During the year under review, the Company did not receive any complaint from the shareholders and debenture holder.

(iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility ("CSR") Committee is constituted in accordance with Section 135 of the Companies Act, 2013 and applicable rules thereto.

Terms of Reference

The terms of reference of the CSR Committee are as follows:

a) Formulating and recommending to the Board, CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;

b) Making recommendation on the amount of expenditure to be incurred on CSR activities;

c) Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company.

d) To prepare and approve annual action plan for the CSR Activities of the Company.

e) To ensure reporting mechanism relating to CSR activities of the Company.

f) Other activities/ functions as provided under the applicable provisions of the Companies Act, 2013 and rules made thereunder.

The terms of reference and powers of the Corporate Social Responsibility Committee also include all items listed under Section 135 and Schedule VII of the Companies Act, 2013, and rules made thereunder.

Composition of Corporate Social Responsibility Committee and Meeting held/ attended by members of the Committee during Financial Year 2022-2023:

Sr. No	Name of the Members	Category	No. of Corporate Social Responsibility Committee Meeting held	No. of Meeting attended
1	Mr. Rajiv Kumar Bakshi Chairman	Non-Executive Independent Director	1	1
2	Mr. A. K. Mittal Member	Managing Director		1
3	Mr. Khimji Shamji Pandav Member	Non-Executive Independent Director		1

The Company formulated CSR Policy, which is uploaded on the website of the Company, www.akgroup.co.in

The CSR Committee met once during Financial Year 2022-23 on May 21, 2022.

The contributions made by the Company on CSR during the financial year are annexed as **Annexure - 4** to the Board's Report.

(v) RISK MANAGEMENT COMMITTEE:

The Risk Management Committee is constituted in accordance with Regulation 21 of the Listing Regulations.

Terms of Reference:

The terms of reference of the Risk Management Committee are as follows:

a) To formulate a detailed risk management policy which shall include:

- A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- Measures for risk mitigation including systems and processes for internal control of identified risks.
- Business continuity plan.

b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

d) To periodically review the risk management policy, at least once in a year, including by considering the changing industry dynamics and evolving complexity;

e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Composition of Risk Management Committee and Meeting held/ attended by members of the Committee during Financial Year 2022-23:

Sr. No	Name of the Members	Category	No. of Risk Management Committee Meeting held	No. of Meeting attended
1	Mr. A. K. Mittal Chairman	Managing Director	4	4
2	Mr. Rajiv Kumar Bakshi Member	Non-Executive Independent Director		4
3	Ms. Shraddha Joshi Member (ceased to be a Member w.e.f December 02, 2022)	Head Risk		3
4	Ms. Shilpa Sadani Member (appointed as Member w.e.f December 02, 2022)	Head Risk		1

Note: Ms. Shraddha Joshi ceased to be a Member of the Committee and Ms. Shilpa Sadani was appointed as Member of the Committee consequent to reconstitution of the Committee w.e.f. December 02, 2022.

(vi) IT STRATEGY & INFORMATION SYSTEMS SECURITY COMMITTEE:

IT Strategy & Information Systems Security Committee is constituted in accordance with RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to "Information Technology Framework for the NBFC Sector"

Terms of Reference

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the IT Strategy Committee include approving IT strategy & policy documents & ensuring that the management has put an effective strategic planning process in place, ascertaining that management has implemented processes & practices that ensure that the IT delivers value to the business, ensuring IT investments represent a balance of risks & benefits & their budgets are acceptable, monitoring the method that management uses to determine the IT resources needed to achieve strategic goals & provide high level direction for sourcing & use of IT resources and ensuring proper balance of IT investments for sustaining Company's growth & becoming aware about exposure towards IT risks and controls.

Composition of IT Strategy & Information Systems Security Committee and Meeting held/ attended by members of the Committee during Financial Year 2022-2023:

Sr. No	Name of the Members	Category	No. of IT Strategy & Information Systems Security Committee Meeting held	No. of Meeting attended
1	Mr. Rajiv Kumar Bakshi Chairman	Non-Executive Independent Director	3	3
2	Mr. A. K. Mittal Member	Managing Director		3
3	Mr. Amol Jawaharkar Member (ceased to be a member w.e.f November 15, 2022)	Group IT Head & CISO		1
4	Mr. Pratim Tare Member (appointed as member w.e.f February 06, 2023)	Group IT Head & CISO		1

During the Financial Year 2022-23, Three Meetings of the IT Strategy & Information Systems Security Committee were held on April 5, 2022, January 07, 2023 and March 27, 2023.

Note: Mr. Amol Jawaharkar ceased to be a Member of the Committee w.e.f. November 15, 2022 and Mr. Pratim Tare was appointed as Member of the Committee consequent to reconstitution of the Committee w.e.f. February 06, 2023.

(vii) ASSET LIABILITY AND MANAGEMENT COMMITTEE:

Asset Liability and Management Committee is constituted in accordance with RBI Regulation.

Terms of Reference

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the Committee includes: a) Reviewing the returns filed with RBI b) Formulate standards on desired maturity profile of Loan assets. c) Monitoring maturity profile of outstanding and incremental assets and liabilities. d) Deciding Interest rates that can be offered by the Company pursuant to the prevailing interest rates offered by peers and competitors. e) Product pricing for advances. f) To decide on the source and combination of or sale of loan assets. g) To develop the funding policy of the company in light of Interest rate Movements h) Discussing on the financials for the quarter ended. i) To exercise powers in accordance with the ALM Policy of the Company.

Composition of Asset Liability and Management Committee and Meeting held/ attended by members of the Committee during Financial Year 2022-2023:

Sr. No	Name of the Members	Category	No. of Asset Liability and Management Committee Meeting held	No. of Meeting attended
1	Mr. A. K. Mittal	Managing Director, Chairman	4	4
2	Ms. Aditi Mittal (appointed as member w.e.f December 02, 2022)	Member		1
3	Mr. Vikas S Agarwal (ceased to be a member w.e.f February 06, 2023)	Member		3
4	Ms. Shraddha Joshi (ceased to be a member w.e.f December 02, 2022)	Member		3
5	Mr. Rahul Agarwal	Member		4
6	Mr. Mahesh Bhootra	Member		4

During the Financial Year 2022-23, four Meetings of the Asset and Liability Management Committee were held on May 21, 2022, July 25, 2022, October 28, 2022 and February 06, 2023.

(viii) INTERNAL COMPLAINT COMMITTEE:

Terms of Reference

Formed under the as per 'The Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013' to deal with the sexual harassment complaints of women at workplace.

Composition of Internal Compliant Committee and Meeting held/ attended by members of the Committee during Financial Year 2022-2023:

Sr. No	Name of the Members	Category	No. of Internal Complaint Committee Meeting held	No. of Meeting attended
1	Ms. Annu Garg	Presiding Officer (Group Level)	4	4
2	Ms. Lajwanti Jhamnani	Member (Group Level)		4
3	Ms. Priya Raje	Member (Group Level)		4
4	Ms. Bhumika Kaith	Member (Group Level)		4

During the Financial Year 2022-23, four Meetings of the Internal Complaint Committee were held on April 15, 2022, July 15, 2022, October 17, 2022 and January 12, 2023.

OTHER COMMITTEES

In addition to the above referred Committees, which are constituted pursuant to the Corporate Governance Code, the Board has constituted the following Committees and delegated thereto powers and responsibilities with respect to specific purposes:

a) Internal Risk Management Committee
b) Investment and Credit Committee
c) Debenture Committee
d) Finance Committee
e) Banking and Operations Committee
f) Steering Committee

(3) ANNUAL GENERAL MEETINGS

All the resolutions moved at the last Annual General Meeting (AGM) of the Company were passed with requisite majority of members voted and attending the AGM.

The date, time and venue of the last three AGM's of the Company are as follows:

Financial Year	Date	Time	Venue	Whether any Special resolutions passed
2021-22	September 03, 2022	11.00 a.m.	*601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz (E),Mumbai – 400 098	Yes
2020-21	August 28, 2021	10.00 a.m.	*30-39, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai- 400 021	Yes
2019-20	July 30, 2020	11.00 a.m.	*30-39, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai- 400 021	Yes

*Pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April, 2020, 13th April, 2020, 5th May, 2020 and December 28, 2022, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the Listing Regulations, the last Three AGM's (14th,15th and 16th) of the Company were conducted through VC/OAVM Facility, which does not require physical presence of Shareholders at a common venue. The deemed venue for the last Three AGM's (14th, 15th and 16th) was the Registered Office of the Company.

Further, One Extra-ordinary General Meetings (EOGM) was held during the financial year. The date, time and venue of EOGM of the Company are as follows:

Financial Year	Date	Time	Venue	Whether any Special resolutions passed
2022-23	February 27, 2023	11.00 a.m.	601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz (E),Mumbai – 400 098	Yes

No postal ballot was conducted during the Financial Year 2022-23.

Currently, the Company do not have any plans with respect to passing of resolutions through Postal Ballot.

However, considering the business requirement(s) the Company may prefer to pass appropriate resolution through circulation(s)/ postal ballot. The procedure for Postal Ballot shall be communicated together with notice of passing resolution through Postal Ballot, if required.

(4) MEANS OF COMMUNICATION:

i. The quarterly, half yearly and annual financial results of the Company are regularly submitted to the BSE Limited, where the Non-Convertible Debentures of the Company are listed in accordance with the Listing Regulations and are generally published in an English newspaper (Financial Express).

ii. The Company has its own website (www.akgroup.co.in) and the information relating to the Company and its services is displayed on its website. The Company's results and official news releases, if any, are displayed on the website of the Company.

iii. During the year under review, the Company did not have any institutional investors or analysts. Thus, the Company was not required to make any presentations to the institutional investors or analysts.

(5) GENERAL SHAREHOLDER INFORMATION:

i. Details of the 17th Annual General Meeting of the Company

The 17th Annual General Meeting of the Company will be held on 9th day of September, 2023 at 11.00 a.m., through Video Conferencing/ Other Audio Visual Means (VC/ OAVM), which does not require physical presence of members at a common venue.

Guidelines for participation in the AGM through VC/ OAVM are laid down in the Notice convening the said meeting and have also been uploaded on the Company's website at https://www.akgroup.co.in/investor-relation

ii. Financial year of the Company

The financial year of the Company covers the period from April 1 to March 31.

iii. Dividend payment date

The payment of dividend, if any, shall be paid on or before,8th October, 2023.

iv. Listing of Equity Shares on Stock Exchanges:

The non-convertible securities of the Company are listed on the Wholesale Debt Market segment of BSE Limited. The Company has paid the requisite annual listing fees for the Financial Year 2023-2024 to BSE Limited.

v. Stock Code

The equity shares of the Company are not listed on the Stock Exchange, hence the Stock code is not applicable.

vi. Market Price data- high, low during each month in last financial year:

Not applicable, as the equity shares of the Company are not listed.

vii. Performance in comparison to broad based indices: BSE Sensex, CRISIL Index

Not applicable, as the equity shares of the Company are not listed.

viii. Confirmation/ Undertaking:

The Directors of the Company be and hereby confirm that in no event the Securities of the Company were suspended from trading during the Financial Year 2022-23.

ix. Distribution of Shareholding

Shareholding Pattern of the Company as on March 31, 2023;

EQUITY SHAREHOLDING (A)			
Sr. No.	**Name of Shareholder**	**No. of equity shares held**	**Percentage**
1.	A. K. Capital Services Limited	2,29,97,486	98.73
2.	Mr. A. K. Mittal	2,80,180	1.20
3.	Ms. Aditi Mittal	16,080	0.07
4.	Mr. Sanjiv Kumar	1*	0.00
5.	Mrs. Kavita Garg	1*	0.00
6.	Mr. Mitesh Kapadia	1*	0.00
7.	Ms. Annu Garg	1*	0.00
	Total (A)	**2,32, 93,750**	**100.00**

CCPS SHAREHOLDING (B)			
Sr. No.	**Name of Shareholder**	**No. of CCPS held**	**Percentage**
1.	A. K. Capital Services Limited	45,00,000	69.23
2.	Mr. A. K. Mittal	20,00,000	30.77
	Total (B)	**65,00,000**	**100.00**

* Nominee Shareholders of A. K. Capital Services Limited

x. Dematerialization of shares and liquidity

As on March 31, 2023, the total equity share capital and compulsory convertible preference share capital of the Company was held on dematerialized form with A. K. Stockmart Private Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

xi. Outstanding Global Depository Receipts ("GDRs") / American Depository Receipts ("ADRs") / Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on March 31, 2023, the Company did not have any outstanding GDRs/ADRs/Warrants. The Company has issued 6,500,000 Compulsory Convertible Preference Shares (CCPS) of INR 100 each fully paid-up. The Company has only one class of CCPS fully participating with equity having par value of INR 10 per share. CCPS shall be converted in the ratio of 2: 1 i.e. 2 CCPS of face value of INR 100 each shall be convertible into 1 Equity Share of face value of INR 10 each and Security Premium of INR 190 each. The CCPS holders may convert in full / (part) at any time after three months from the date of issue but before the expiry of eighty four months from the date of issue (i.e. September 28, 2017) of the CCPS. If the CCPS are not converted within 84 months from the date of issue, then the CCPS shall be automatically converted into equity shares.

xii. Commodity Price Risk Or Foreign Exchange Risk And Hedging Activities

The Members of the Company may note that Company is not involved in the Commodities Market. Further the operations of the Company are not exposed to Foreign Exchange Risk and Hedging Activities.

xiii. Plant locations

Since the Company is engaged in the business of providing financial services, including investment and funding to its corporate and institutional clients, the Company does not have any manufacturing units/ plants.

xiv. Address for Correspondence:

Investors and shareholders can correspond with the share transfer agent of the Company or the Company at the following addresses:

Registrar to an Issue and Share Transfer Agent
Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West)
Mumbai - 400 083
Contact Person: Mr. Ganesh Jadhav
Tel: +91 22 49186000 | Fax: +91 22 49186060
E-mail: ganesh.jadhav@linkintime.co.in
Website: www.linkintime.co.in

The Company Secretary
A. K. Capital Finance Limited
601-602, 6th Floor, Windsor, Off CST Road, Kalina,
Santacruz - (East), Mumbai – 400 098
Tel: +91 22 67546500 | Fax: +91 22 66100594
E-mail: cs@akgroup.co.in Website: www.akgroup.co.in

For queries relating to the financial statements and investors information, other than those relating to shares/ dividend, please write to:

Chief Financial Officer
A. K. Capital Finance Limited

601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz - (East), Mumbai – 400 098
Tel: +91 22 67546500 | Fax: +91 22 66100594
E-mail: akmumbai@akgroup.co.in | Website: www.akgroup.co.in

xv. Share transfer system:

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25,2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR–4, the format of which is available on the Company's website under the weblink at https://www.akgroup.co.in/ investor relation and on the website of the Company's RTA . It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

xvi. List of all credit Rating obtained by the Company

The credit rating details are disclosed in the Directors Report forming part of this Annual Report.

(6) OTHER DISCLOSURES:

i Disclosure on Materially Significant Related Party Transactions that may have potential conflict with the Interest of Listed Entity at Large:

All the Related Party Transactions (RPTs) that were entered during the Financial Year 2022-2023 were on arm's length basis and were in the ordinary course of business. The Company presents a statement of related party transactions before the Audit Committee on a quarterly basis specifying inter alia the nature & value of the transactions. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and/or repetitive in nature.

However, the disclosure of transactions with related party for the year, as per Indian Accounting Standard-24 - Related Party Disclosures (IND AS-24), is given in Notes to the Accounts section of the Annual Report.

Further, disclosure required under Schedule V Part A of Listing SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to related party transactions is furnished in Notes to the Accounts section of the Annual Report.

All Related Party Transactions as required under Indian Accounting Standards-24 are reported in Note No. 37 of Notes to the Consolidated Financial Statements and Note No. 37 of Notes to the Standalone Financial Statements of your Company.

ii. No material penalty or strictures has been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any other Statutory Authorities, on any matter related to the capital markets, during the last three years.

iii. The Audit Committee has established a Vigil Mechanism and adopted a Whistle-Blower Policy, which provides a formal mechanism for all Directors and employees of the Company to approach the Audit Committee and make protective disclosures to the Committee about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conducts or ethic policy. The Company affirms that no Director or employee has been denied access to the Audit Committee.

iv. **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the mandatory requirements of the Schedule V of the Listing Regulations. The status of compliance with the non-mandatory requirements of this clause has been detailed herein:

Adoption of Non-mandatory requirement:

Part C of Schedule V of the Listing Regulations states that non-mandatory requirements may be implemented at the discretion of the Company. However, disclosures on compliance with mandatory requirement and adoption / non-adoption of non-mandatory requirements shall be made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements as specified in sub-regulation 1 of Regulation 27 of the Listing Regulations are as follows:

a) The Board:

The Company does not defray any expenses of the Chairman's Office.

b) Shareholder Rights:

The Company's quarterly, half-yearly and yearly results are furnished to BSE Limited and are also published in the newspapers and on the website of the Company and therefore results were not separately sent to the Members.

c) Modified opinion(s) in Audit Report:

For the Financial Year ended March 31, 2023, the Independent Auditors have given unmodified opinion on the Company's Financial Statements. The Company continues to adopt best practices to ensure the regime of unmodified Financial Statements.

d) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:

The Company has appointed separate persons to the post of Chairperson and the Managing Director. The Chairperson of the Board is a Non-executive Independent Director and is not related to the Managing Director as per the definition of the term "relative" as defined the Companies Act, 2013.

e) Reporting of the Internal Auditor:

The Internal Auditor reports directly to the Audit Committee of the Company and report of internal auditors was placed before audit committee and board of directors on quarterly basis.

v. **Policy on determining Material Subsidiary**

The Policy for determining the material subsidiaries has been formulated and adopted by the Board. The Policy may be accessed on the Company's website at link:

https://www.akgroup.co.in/investor-relation

vi. **Policy on dealing with Related Party Transactions**

In accordance with the provisions of Listing Regulations, the Company has formulated a Policy on Materiality and Dealing with Related Party Transactions. It can be accessed on the Company' website at the link:

https://www.akgroup.co.in/investor-relation

vii. The Company is not exposed to commodity price risk or foreign exchange risk and hedging activities.

viii. **Certificate from Practicing Company Secretary:**

The Certificate from the Practicing Company Secretary, M/s. Ragini Chokshi & Co., Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed/ continuing as directors of the Company by SEBI and/or Ministry of Corporate Affairs and/or any such authority forms part of this Annual Report.

ix. The Members of the Company are informed that the Board has accepted all the recommendations of its Committees.

x. M/s. S Bhandari & Co LLP, Chartered Accountants, [Firm Registration No.: 000560C/C400334] is the Statutory Auditor of the Company. The remuneration paid to the Statutory Auditors for the Services rendered during Financial Year 2022-23 is disclosed in the Financial Statements of the Company. The Subsidiaries of the Company have not availed any Services from the statutory auditors of the Company.

Neither the Company nor its subsidiaries have availed the Services of any network firm/ network entity of which statutory auditor is a part.

xi. Details of fees paid/payable to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditor is a part, by the Company and its subsidiaries, during the year, are given below:

Facility	By the Company	By the Subsidiaries	Total Amount ₹ in Lakh
Statutory Audit	4.74	1.50	6.24
Tax Audit	0.65	0.00	0.65
Other Services	1.47	0.00	1.47
Total	**6.68**	**1.50**	**8.36**

xii. **Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has constituted the Internal Complaints Committee (ICC) consisting of such members and representatives as prescribed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with the rules made thereunder.

During the financial year 2022-23, 1 complaint in the nature of sexual harassment was reported at workplace of the Company.

xiii. Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested: please refer Note 37 of the standalone financial statement of the Company.

xiv. Details of material subsidiaries of the listed entity in the financial year 2022-23; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:

As on March 31, 2023, there is no material subsidiary of the Company.

xv. The Members are informed that the Company has complied with all the conditions as specified in para (2) to (10) of the Schedule V of the Listing Regulation to the extent applicable to the Company.

xvi. The disclosures in relation to adoption of discretionary requirements as specified in Part E of Schedule II are provided in Clause 6 (iv) of the Corporate Governance Report.

7. Disclosures of compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the Listing Regulations:

The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 62 of the SEBI Listing Regulations as applicable to the Company during the year under review.

8. Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account:

As per Listing Regulations, the Company reports that the Company has not transferred any equity shares in demat suspense account/unclaimed suspense account at any point of time.

9. CEO/CFO Certification:

The CEO/CFO have certified to the Board, inter alia the accuracy of financial statements and adequacy of internal controls for the financial year ended March 31, 2023, as required under Regulation 17(8) read with Part B of Schedule II of Listing Regulations. The said certificate is annexed to and forms part of this Report.

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management, which is posted on the website of the Company. The Code lays down, in detail, the standards of business conduct, ethics, and governance. The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct in respect of the Financial Year 2022-23.

For A. K. Capital Finance Limited

A. K. Mittal
Managing Director
(DIN: 00698377)

Place: Mumbai
Date: July 29, 2023

CERTIFICATE FROM THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To,
The Board of Directors,
A. K. Capital Finance Limited

A. We have reviewed financial statements and the cash flow statement for the Financial Year 2022-23 and we certify that:
   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls of which we are aware.

D. We have indicated to the auditors and the Audit committee that there were:
   1. no significant change in internal control over financial reporting during the year;
   2. no significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3. there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For A. K. Capital Finance Limited

A. K. Mittal
Managing Director
(DIN: 00698377)

Mahesh Bhootra
Chief Financial Officer

Place: Mumbai
Date: July 29, 2023

To,
The Members of A. K. Capital Finance Limited
601-602, 6th Floor, Windsor,
Off CST Road, Kalina, Santacruz ,
Mumbai -400 098

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **A. K. Capital Finance Limited** having **(CIN: U51900MH2006PLC214277)** and having registered office at 601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz , Mumbai -400 098 (hereinafter referred to as 'the Company'), produced before us, by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from to time).

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its Officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of the Company, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of the Director	Designation	Date of Last Appointment	DIN
1	Mr. Rajiv Kumar Bakshi	Non-Executive Chairman & Non Executive Independent Director	01-04-2019	00264007
2	Ms. Aditi Mittal**	Executive Director	02-12-2022	00698397
3	Mr. A.K. Mittal*	Managing Director	30-11-2022	00698377
4	Mr. Khimji Shamji Pandav	Non-Executive Independent Director	11-08-2018	01070944
5	Ms. Annu Garg^	Executive Director	02-04-2019	07817550
6	Mr. Vikas S Agarwal^	Non-Executive Independent Director	25-10-2021	03582526
7	Mr. Deepak Maheshwari**	Non-Executive Independent Director	06-02-2023	00750047

*Date of Re-appointment effected during financial year | ** Appointed during the financial year | ^ Resigned during the financial year.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

For Ragini Chokshi & Co,
Company Secretaries
Sd/-
Umashankar K. Hegde
Partner
M.No- ACS 22133 # C.P. No-11161
UDIN: A022133E000324050 ICSI Unique Code: P1988MH05 6900
Peer Review Certificate No -659/2020

Place: Mumbai
Date: May 17, 2023

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members
A. K. Capital Finance Limited
601-602, 6th Floor, Windsor, Off CST Road,
Kalina, Santacruz - (East), Mumbai – 400 098

We have examined all relevant records of A.K. Capital Finance Limited (the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the High Value Debt Listed Companies for the financial year ended 31st March 2023 stipulated under Regulations 16 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. Further, it is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated for High Value Debt Listed Companies in the SEBI Listing Regulations for the year ended on March 31, 2023.

FOR RAGINI CHOKSHI & CO,
Company Secretaries
Sd/-
UMASHANKAR K HEGDE
PARTNER
M. No- A22133 # C.P NO- 11161
UDIN: A022133E000324105 ICSI Unique Code: P1988MH05 6900
Peer Review Certificate No -659/2020

Place: Mumbai
Date: May 17, 2023

INDEPENDENT AUDITOR'S REPORT

To
The Members of
A. K. Capital Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial statements of A. K. Capital Finance Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Standalone Statement of profit and loss (including other comprehensive income), the Standalone Statement of changes in equity and the Standalone Statement of cash flows for the year then ended, and notes to the Standalone Financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015 as amended ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity and its cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Sr. No.	Key Audit Matter	Auditor's response
1(a)	**Measurement of investments in accordance with Ind AS 109 "Financial Instruments"** (note 1, 4, 5, 38, 39 and 40 to the Standalone Financial Statements) On initial recognition, investments are recognized at fair value, in case of Investments which are recognised at fair value through profit and loss (FVTPL) subsequently, its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the investments. The Company's investments are subsequently classified into following categories based on the objective of its business model to manage the cash flows and options available in the standard: • Debt instruments at amortised cost • Debt instruments and other instruments at fair value through profit or loss (FVTPL) • Equity instruments measured at fair value through other comprehensive income FVTOCI.	**Principal audit procedures** • Obtained an understanding of Company's business model assessed in accordance with Ind AS 109; • Evaluated the Company's assessment of business model; • Obtained an understanding of the determination of the measurement of the investments and tested the reasonableness of the significant judgments applied by the management; • Evaluated the design of internal controls relating to the measurement and also tested the operating effectiveness of the aforesaid controls; • Ensured that the Company has used valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs, • Obtained and assessed the valuation certificate of independent valuer in respect of fair value of investments; and • Assessed the appropriateness of the disclosure in the standalone financial statements in accordance with the applicable financial reporting framework.

Sr. No.	Key Audit Matter	Auditor's response
	The Company has assessed following two business model: - Held to collect contractual cash flows - Realising cash flows through the sale of investments. The Company makes decisions based on the assets' fair values and manages the assets to realise those fair values. Since valuation of investments involves critical assumptions, significant risk in valuation and complexity in assessment of business model and fair valuation, the valuation of investments as per Ind AS 109 is determined to be a key audit matter in our audit of the standalone financial statements.	
1 (b)	**Impairment loss on investments measured at amortized cost:** (note 1, 4, 38 and 39 to the Standalone Financial Statements) Recognition and measurement of impairment relating to the investments measured at amortized cost involves significant management judgment and as per the requirements of Ind AS 109, credit loss assessment is based on management's ECL model. Management exercises judgment in determining the quantum of loss based on a range of factors. The most significant areas are: - Credit ratings of the investments; - Investment staging criteria; - Calculation of probability of default rate / Loss given default rate; - Consideration of probability weighted scenarios; and - Forward looking macro-economic factors. The Company considered current and anticipated future economic conditions relating to industries the Company deals. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its investments to estimate the probability of default in future. There is a large increase in the data inputs required for the computation of ECL of investments. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model and therefore we identified allowance for credit losses of investments as a key audit matter.	**Principal audit procedures** • Analysed the methodology for the allowance for credit losses. • For a sample of investments and allowance for the credit loss thereon, we tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information. • We also assessed whether the impairment methodology used by the Company is in line with Ind AS 109 "Financial instruments" requirements. Particularly, we assessed the approach of the Company regarding definition of default, Probability of Default, Loss Given Default and incorporation of forward-looking information for the calculation of ECL. • Verified the computation of the allowance for credit losses and tested the mathematical accuracy; and • Assessed the appropriateness of the disclosure in the. Standalone financial statements in accordance with the applicable financial reporting framework.
2	**Loans and impairment loss allowance** (note 1, 3, 38 and 39 of the Standalone Financial Statements) The value of loans as at March 31, 2023 is significant and there is a high degree of complexity and judgment involved for the Company in estimating individual and collective credit impairment provisions and write-offs against these loans. Recognition and measurement of impairment relating to the loans measured at amortized cost involves significant management judgment and as per the requirements of Ind AS 109, credit loss assessment is based on management's ECL model. The Company's impairment allowance is computed based on estimates including the historical default and loss ratios. Management exercises judgment in determining the quantum of loss based on a range of factors.	**Principal audit procedures** We have started our audit procedures with understanding of the internal control environment related to loans and impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company. We also assessed whether the impairment methodology used by the Company is in line with Ind AS 109 "Financial instruments" requirements. Particularly, we assessed the approach of the Company regarding definition of default, Probability of Default, Loss Given Default and incorporation of forward-looking information for the calculation of ECL.

Sr. No.	Key Audit Matter	Auditor's response
	• The most significant areas are: - Credit ratings of the parties to whom loans have been given; - Loans staging criteria; - Calculation of probability of default rate / Loss given default rate; - Consideration of probability weighted scenarios; and - Forward looking macro-economic factors. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its loans to estimate the probability of default in future. There is a large increase in the data inputs required for the computation of ECL of loans. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model and therefore we identified allowance for credit losses of loans as a key audit matter.	For loans which are assessed for impairment on a portfolio basis we performed particularly the following procedures: • We read and understood the methodology and policy laid down for loans given by the Company; • We have verified loan agreements and related financial and non-financial covenants on sample basis; • We have verified the existence of recovery process plan in the event of default; • We have verified the historical trends of repayment of principal amount of loan and repayment of interest; • We tested the reliability of key data inputs and related management controls; • We checked the stage classification as at the balance sheet date as per definition of default of the Company; • We have assessed the assumptions made by the Company in making provision considering forward looking Information.
3	**Related party transactions and disclosures** (as described in note 37 of the Standalone Financial Statements) The Company has undertaken transactions with its related parties in the normal course of business. We have identified the accuracy and completeness of related party transactions, evaluation of arm's length basis, disclosure of such transactions in the standalone financial statements and regulatory compliance thereon during the year ended March 31, 2023, as a key audit matter.	**Principal audit procedures** • Obtained, read and assessed the Company's policies, processes and procedures in respect of identifying related parties, evaluation of arm's length, obtaining necessary approvals, recording and disclosure of related party transactions, including compliance of transactions and disclosures in accordance with the regulations. • We tested, on a sample basis, related party transactions with the underlying contracts and other supporting documents for appropriate authorization and approval for such transactions. • We read minutes of meeting of the Board and its relevant committee meetings and minutes of meetings of those charged with governance in connection with transactions with related parties affected during the year and Company's assessment of related party transactions being in the ordinary course of business at arm's length and in accordance with the regulations. • Assessed and tested the disclosures made in accordance with the requirements of Ind AS and the applicable regulations.
4	**IT Systems and Controls** The financial accounting and reporting, especially in relation to debt securities, are fundamentally reliant on IT systems and IT controls for processing significant transaction volumes and other calculations, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Access management, change management, segregation of duties, reconciliation controls and security controls are key areas of focus regarding financial accounting and reporting.	**Principal audit procedures** • Obtained a detailed understanding and assessed whether the general IT controls, IT policies and procedures designed and implemented by the management are adequate and operating effectively. • Broadly reviewed & tested the IT systems and internal controls in place. • Also placed reliance on the work of IT system auditor after observance of the relevant provisions of applicable auditing standards. • Based on our review no material weakness was found in the IT Systems and Controls.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The above- referred information is expected to be made available to us after the date of this audit report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management for standalone financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), changes in Equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of changes in equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B' to this report; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid or provided to its directors during the year is in accordance with the provision of Section 197 of the Act;

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. The dividend on compulsory convertible preference shares, declared and paid by the company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act, 2013

      vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For S Bhandari & Co. LLP
Chartered Accountants
(FRN: 000560C/C400334)
UDIN: 23401084BGZBZF7027

(Rupal Kumbhat)
Partner
Membership No. 401084
Date: 20 May 2023
Place: Mumbai

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT ON FINANCIAL STATEMENTS OF A. K. CAPITAL FINANCE LIMITED, FOR THE YEAR ENDED 31ST MARCH 2023.

i. According to the information and explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that-

(a) In respect of the Company's Property, Plant and Equipment:

A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

B. The company is maintaining proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us, and the books of account and records examined by us in the normal course of audit, the Company has conducted physical verification of all of its fixed assets as on 31st March 2023 which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and no discrepancy was noticed on such verification.

(c)The title deeds of immovable properties disclosed in the financial statements are held in the name of the Company.

(d)The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e)No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) According to the information and explanations given to us, and the books of account and records examined by us in the normal course of audit, the inventory of stock of securities has been held in the dematerialized form. The shares and securities held in the dematerialized form have been verified with the demat account statements at reasonable intervals. In our opinion, the coverage and procedure of verification by the management is appropriate. No material discrepancies were noticed on verification between the stock as per demat statement and the book.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

iii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. However, the company being a registered NBFC has made investments in companies and granted loans to companies, firms, Limited Liability Partnerships or other parties, during the year, in respect of which, we state that:

a. As the company is a Non-Banking Finance Company, having principal business to give loan, thus clause 3(iii)(a) is not applicable.

b. In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

c. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per the stipulation except for few loan accounts in case of Direct Assignment loan portfolio of the company.

d. The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than 90 days; refer note 48 of the standalone financial statements for summarized details of such loans/advances. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. According to the information and explanation made available to us, reasonable steps are being taken by the Company for recovery thereof.

e. As the company is a Non-Banking Finance Company, having principal business to give loan, thus clause 3(iii)(e) is not applicable.

f. The company has granted loans which are repayable on demand aggregating to 115.00 Lacs to related parties as defined in clause (76) of section 2 of the Companies Act, 2013 which forms 12.56% of the total loans granted during the year

iv. According to the information and explanations given to us, and the books of account and records examined by us in the normal course of audit, in respect of the loans granted, the company has compiled with the provisions of Sec 185 and 186 of Companies Act, 2013, as applicable. Further, the Company has not given any guarantee and security in terms of Section 186 of the Act.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the requirement of maintenance of cost records specified by the Central Government under section 148 (1) of the Act is not applicable to the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.

vii. According to the information and explanations given to us and the books of account and records examined by us in the normal course of audit:

a) The Company has been generally regular in depositing undisputed statutory dues including, Income Tax, Service tax, Goods & Service tax, cess and other applicable statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2023 for a period more than six months from the date, they became payable.

b) There are no disputed statutory dues pending as on 31st March 2023.

viii. According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. According to the information and explanations provided to us and lender's balance confirmations/statement of accounts received, and the books of account and records examined by us in the normal course of audit, we state that:

a) There is no default on the part of the company in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b) The company has not been as a declared wilful defaulter by any bank or financial institution or other lender.

c) The term loans obtained during the year were applied for the purpose for which they were raised.

d) The funds raised on short term basis have not been utilised for long term purposes.

e) During the year, the company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries, associates or joint ventures.

f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. According to the information and explanation given to us: -

(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. According to the information and explanations given to us, the books of accounts & records examined and audit procedure performed, by us, in the normal course of audit we state that:

(a)No fraud on or by the Company has been noticed or reported during the year, nor we have been informed of any such case by the Management.

(b)No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c)No whistle blower complaints have been received by the company during the year.

xii. According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements (Refer note 37 of financial statement) as required by the applicable accounting standards.

xiv. According to the information and explanations given to us, the books of accounts & records examined and audit procedure performed, by us, in the normal course of audit, we state that:

(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit as provided to us, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the said clause of the Order is not applicable to the company.

xvi. a) The company is required to be registered under section 45- IA of the Reserve Bank of India Act, 1934 and the registration certificate has been obtained by the company.

b) The company is registered Non-Banking Finance Company under Section 45-IA of the Reserve Bank of India Act, 1934 and having a valid registration certificate from Reserve Bank of India Act.

c) According to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

d) According to the information and explanations given to us, the company does not have more than one core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016).

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xii. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. This matter has been disclosed in note 34 to the standalone financial statements. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For S Bhandari & CO LLP
Chartered Accountants
(FRN: 000560C/ C400334)

(Rupal Kumbhat)
Partner
Membership No. 401084
UDIN: 23401084BGZBZF7027

Date: 20 May 2023
Place: Mumbai

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT ON EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of A. K. Capital Finance Limited as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statement based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over financial reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute Of Chartered Accountants Of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statement and their operating effectiveness.

Our audit of internal financial controls with reference to standalone financial statement included obtaining an understanding of internal financial controls with reference to standalone financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statement.

Meaning of Internal Financial Controls with reference to standalone financial statement

A company's internal financial control with reference to standalone financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statement includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles and Ind AS, and those receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statement

Because of the inherent limitations of internal financial controls with reference to standalone financial statement, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statement to future periods are subject to the risk that the internal financial control with reference to standalone financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial control system with reference to standalone financial statement and such internal financial controls were operating effectively as at March 31, 2023, based on the criteria for internal control with reference to standalone financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S Bhandari & CO LLP
Chartered Accountants
(FRN: 000560C/ C400334)
UDIN: 23401084BGZBZF7027

(Rupal Kumbhat)
Partner
Membership No. 401084

Date: 20 May 2023
Place: Mumbai

AUDITOR'S ADDITIONAL REPORT

The Board of Directors,
A.K. Capital Finance Limited,
601-602, 6th Floor, Windsor, Off CST Road,
Kalina, Santacruz (east), Mumbai- 400098

Report on the Financial Statements

We report that the statutory audit of A. K. Capital Finance Limited ("the Company") was conducted by us in pursuance of the provisions of the Companies Act, 2013 and we have annexed hereto a copy of our Audit Report dated May 20, 2023. along with a copy of each of the audited balance sheet as at March 31, 2023, statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows of the Company for the year ended on March 31, 2023 along with the documents declared by the relevant Act to be part of, or annexed to, the statement of profit and loss and the balance sheet.

In addition to the said report made under Section 143 of the Companies Act, 2013 ('the Act') on the standalone financial statements of the Company for the year ended March 31, 2023 and as required by Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('The Directions'), issued by the Reserve Bank of India ('RBI') vide notification No. DNBS PPD.03/66.15.001/2016-17/ dated September 29, 2016 pursuant to the powers conferred in terms of Sub-Section (1A) of Section 45MA of the Reserve Bank of India Act, 1934, we report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable, as follows:

Management's Responsibility for the standalone financial statements

The Company's management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Company's management is responsible for ensuring that the Company complies with the requirements of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (the 'Master Directions'). This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the Master Directions.

Auditor's Responsibility

Pursuant to the requirements of the Directions, it is our responsibility to examine the books of account and records of the Company and report on the matters specified in the Directions, to the extent applicable to the Company.

We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.'

Conclusion

Based on our examination of the standalone financial statements as at and for the year ended March 31, 2023, books of account and other records of the Company as produced for our examination and according to the information and explanations given to us, we further report that:

1. **Para 3 (A)**

   (i) The Company is engaged in the business of Non-Banking Financial Company as defined under clause (ii) of Section 45-IC of the Reserve Bank of India Act, 1934. The Company has obtained a Certificate of Registration numbered N-13.01991 from Mumbai R.O. of the Reserve Bank of India (RBI) dated May 24, 2011 as amended on January 15, 2019 issued by Mumbai Regional office for registration as a "Non-Banking Financial Company (not accepting public deposits)" in lieu of the earlier certificate no. N-05.06698 dated July 12, 2007 issued by Kolkata R.O. of the RBI.

   (ii) On the basis of the financial statements for the year ended March 31, 2023 audited by us and as per Paragraph 5 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is entitled to continue to hold such Certificate of Registration in terms of its asset pattern as on March 31, 2023.

   (iii) Based on the net owned fund requirement as laid down in Paragraph 5 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is meeting the required net owned fund requirement.

2. Para 3 (B)

As indicated in Clause (1) above, since the Company has Certificate of Registration as "Non-Banking Financial Company Not Accepting Public Deposits", the matters referred to in Para 3(B) of the Directions are not applicable to the Company.

3. Para 3(C)

(i) The Board of Directors has passed a resolution in the meeting of Board of Directors held on April 01, 2022 for the non-acceptance of any public deposits.

(ii) The Company has not accepted any Public Deposit during the year.

(iii) The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 in the preparation of standalone financial statements for the year ended March 31, 2023.

(iv) The Company being a Systemically Important Non- Deposit taking NBFC as defined in Paragraph 3 (xxxi) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

(a) The Capital adequacy ratio as disclosed in the return submitted to the RBI in form DNBS-03 has been correctly arrived at and such ratio is in compliance with the minimum capital to risk asset ratio ('CRAR') prescribed by RBI; and

(b) The Company has furnished to the RBI, the statement of capital funds, risk assets/ exposures and risk asset ratio (DNBS-03) within the stipulated period.

(v) Based on the criteria set forth by the RBI in Paragraph 3(xx) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 for classification of NBFC's as NBFC-MFI's, the Company is not classified as a Micro Finance Institution with reference to the business carried on by it during the year ended March 31, 2023.

4. Para 3 (D)

(vi) Since as per RBI, the Company is required to hold Certificate of Registration, the matters referred to in Para 3(D) of the Directions are not applicable to the Company.

Restrictions of use

We have no responsibility to update this Report for events and circumstances occurring after the date of this report.

This report is issued pursuant to our obligations under Non-banking Financial Companies Auditors' report (Reserve Bank) Directions, 2016 to submit a report on additional matters as stated in the Directions to the RBI. Our report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S Bhandari & CO LLP
Chartered Accountants
(FRN: 000560C/ C400334)
UDIN: 23401084BGZBZF7027

Rupal Kumbhat
Partner
Membership No.: 401084

Dated: May 20, 2023
Place : Mumbai

BALANCE SHEET AS AT MARCH 31, 2023

₹ in Lakhs

	Note No.	As at 31-03-2023	As at 31-03-2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2(a)	1,533.91	1,092.81
(b) Bank balances other than (a) above	2(b)	533.26	17.00
(c) Loans	3	55,091.88	39,209.84
(d) Investments	4	128,268.85	96,316.35
(e) Other financial assets			
(i) Stock of securities	5	47,085.53	67,378.59
(ii) Other financial assets	6	3,385.84	2,422.92
Total financial assets		**235,899.27**	**206,437.51**
(2) Non-financial assets			
(a) Current tax assets (net)		-	13.24
(b) Investment properties	7	-	992.18
(c) Property, plant and equipment	8	2,264.93	2,168.46
(d) Capital Work in Progress	9	-	153.78
(e) Intangibles assets	10	6.05	14.58
(f) Other non financial assets	11	240.69	292.11
(g) Assets held for sale	7(d)	875.00	-
Total non-financial assets		**3,386.67**	**3,634.35**
TOTAL ASSETS		**239,285.94**	**210,071.86**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	12	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		254.82	153.97
(b) Debt securities	13	64,731.41	70,401.82
(c) Borrowings (other than debt securities)	14	96,929.48	67,964.31
(d) Deposits	15	33.69	32.94
(e) Other financial liabilities	16	4,828.94	4,781.87
Total financial liabilities		**166,778.34**	**143,334.91**
(2) Non-financial liabilities			
(a) Current tax liabilities (net)		3.77	-
(b) Provisions	17	190.82	125.67
(c) Deferred tax liabilities (net)	18	149.92	150.64
(d) Other non-financial liabilities	19	642.13	202.91
Total non-financial liabilities		**986.64**	**479.22**
TOTAL LIABILITIES		**167,764.98**	**143,814.13**
EQUITY			
(a) Equity share capital	20(a)	8,829.38	8,829.38
(b) Other equity	20(b)	62,691.58	57,428.35
TOTAL EQUITY		**71,520.96**	**66,257.73**
TOTAL LIABILITIES AND EQUITY		**239,285.94**	**210,071.86**
Significant accounting policies	**1**		

The accompanying notes (1 to 69) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal
Managing Director
DIN: 00698377

Rajiv Kumar Bakshi
Chairman &
Independent Director
DIN : 00264007

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
ACS: A38806

Place: Mumbai
Dated: May 20, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

Particulars	Note No.	Current Year 2022-2023	Previous Year 2021-2022
Revenue from operations			
Interest income	21	17,426.99	13,970.69
Fees and commission income	22	1,269.65	614.67
Net gain on fair value changes	23	5,712.71	5,338.08
Net gain on derecognition of financial instruments under amortised cost category	24	480.78	552.15
Rental income		98.61	48.05
Total revenue from operations		**24,988.74**	**20,523.64**
Other income	25	3.08	15.45
Total income		**24,991.82**	**20,539.09**
EXPENSES			
Finance costs	26	10,149.39	8,179.61
Fees and commission expenses	27	1,603.15	1,396.73
Impairment on financial instruments (net)	28	28.36	(531.90)
Employee benefits expenses	29	3,580.66	2,774.49
Depreciation and amortization expense		334.12	226.09
Other expenses	30	1,279.79	974.23
Total expenses		16,975.47	**13,019.25**
Profit before exceptional items and tax		**8,016.35**	**7,519.84**
Exceptional items		**-**	**-**
Profit before tax		**8,016.35**	**7,519.84**
Tax expense:			
Current tax		1,948.00	**1,425.00**
Prior period tax adjustments		(11.35)	**(9.26)**
Deferred tax expense/ (credit)		8.65	**360.62**
Profit for the year [A]		**6,071.05**	**5,743.48**
Other comprehensive income, net of tax			
Item that will not to be reclassified to the statement of profit and loss		(37.17)	(7.02)
Less: Income tax expense on above		9.35	1.77
Other comprehensive income for the year [B]		**(27.82)**	**(5.25)**
Total comprehensive Income for the year [A+B]		**6,043.23**	**5,738.23**
Earnings per equity share (₹)	35		
Basic earnings per share		22.87	21.64
Diluted earnings per share		22.87	21.64
Significant accounting policies	1		

The accompanying notes (1 to 69) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal
Managing Director
DIN: 00698377

Rajiv Kumar Bakshi
Chairman &
Independent Director
DIN : 00264007

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
ACS: A38806

Place: Mumbai
Dated: May 20, 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

	Current Year 2022-2023	Previous Year 2021-2022
Cash flow from/(used in) operating activities		
Profit before tax	8,016.35	7,519.84
Adjustment for:		
Depreciation and amortisation	334.12	226.09
Loss / (Profit) on sale of property, plant and equipment	(0.49)	-
Expected Loss on sale of Assets held for sale	101.29	-
Gain on waiver of Lease Rental	-	(8.90)
Amortisation of processing fees income	108.22	(73.32)
Amortisation of processing fees expenses	2.30	2.65
Loss / (Profit) on modification due to restructuring of loan	-	(6.55)
Rental income	(98.61)	(48.05)
Unwinding Income	(14.31)	(13.46)
Net gain on fair value changes on investments	(1,821.03)	(1,984.70)
Net (gain) / loss on derecognition of financial instruments under amortised cost category	(480.78)	(552.15)
Net gain on fair value changes on stock of securities - unrealised	(797.51)	(818.77)
Effective interest rate on held till maturity securities	1.38	5.42
Interest Reversal on restructuring of loan	2.11	3.63
Interest income on investments	(8,576.85)	(7,398.80)
Impairment on financial instruments	28.36	(531.90)
Interest expenses	10,149.39	8,179.61
Movement in working capital:		
Increase/(decrease) in trade payable and other financial liabilities	252.24	(104.21)
(Increase)/decrease in trade receivables and other financial assets	(585.74)	1,526.25
(Increase)/decrease in loans	(16,055.62)	(6,003.90)
(Increase)/decrease in stock of securities	21,090.57	(14,425.27)
(Increase)/decrease in other non financial assets	15.66	(4.76)
Increase/(decrease) in provision	27.98	19.07
Increase/(decrease) in deposits	0.75	3.05
Increase/(decrease) in other non financial liabilities	439.22	101.02
Cash generated from/(used in) operations	**12,139.00**	**(14,388.11)**
Income tax paid	(1,923.34)	(1,489.03)
Cash generated from/(used in) operations [A]	**10,215.66**	**(15,877.14)**
Cash flow from/(used in) investing activities		
Proceeds from sale / (payment for purchases) of investments (net)	(29,615.80)	3,061.94
Payment for acquisition of property, plant and equipments including capital advances	(272.51)	(148.27)
Payment for acquisition of intangible assets	-	(23.19)
Proceeds from redemption / (payment) of fixed deposit	(516.26)	(17.00)
Rent received	98.61	53.52
Interest received	8,212.60	8,299.76
Cash generated from/(used in) investing activities [B]	**(22,093.36)**	**11,226.76**
Cash flow from/(used in) financing activities		
Proceeds from long-term borrowings	41,100.00	40,000.00
Repayment of long-term borrowings	(26,924.50)	(30,844.22)
Proceeds from / (repayment) of short-term borrowings (net)	9,152.70	4,590.69
Repayment of lease liabilities	(171.96)	(35.04)
Dividends paid	(780.00)	(780.00)
Interest paid	(10,057.44)	(7,856.96)
Cash generated from/(used in) financing activities [C]	**12,318.80**	**5,074.47**
Net increase/(decrease) in cash and cash equivalents [A+B+C]	**441.10**	**424.09**
Add: Cash and cash equivalents at the beginning of the year	1,092.81	668.72
Cash and cash equivalents at the end of the year	1,533.91	1,092.81

Reconciliation of liabilities arising from financing activities

₹ in Lakhs

Particular	Long-term borrowings	Short-term borrowings	Lease liabilities	Interest on above borrowings
As at 31 March 2022	**85,667.25**	**52,698.88**	**959.70**	**3,664.42**
Cash Flows	14,175.50	9,152.70	(251.38)	(10,057.44)
Transaction cost	(53.81)	20.37	-	79.42
Interest accrual	-	-	79.42	10,066.27
As at 31 March 2023	**99,788.94**	**61,871.95**	**787.74**	**3,752.67**

Significant accounting policies -See note 1

The accompanying notes (1 to 69) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal
Managing Director
DIN: 00698377

Rajiv Kumar Bakshi
Chairman &
Independent Director
DIN : 00264007

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
ACS: A38806

Place: Mumbai
Dated: May 20, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

A EQUITY SHARE CAPITAL

	Number of shares	Amount
Equity Shares		
At 31 March 2021	**23,293,750**	**2,329.38**
Changes in equity share capital due to prior period errors	-	-
Restated balance at 31 March 2021	**23,293,750**	**2,329.38**
Issue of share capital	-	-
At 31 March 2022	**23,293,750**	**2,329.38**
Changes in equity share capital due to prior period errors	-	-
Restated balance at 31 March 2022	**23,293,750**	**2,329.38**
Issue of share capital	-	-
At 31 March 2023	**23,293,750**	**2,329.38**

COMPULSORY CONVERTIBLE PREFERENCE SHARES

	Number of shares	Amount
At 31 March 2021	**6,500,000**	**6,500.00**
Changes in compulsory convertible preference share capital due to prior period errors	-	-
Restated balance at 31 March 2021	**6,500,000**	**6,500.00**
Issue of share capital	-	-
At 31 March 2022	**6,500,000**	**6,500.00**
Changes in compulsory convertible preference share capital due to prior period errors	-	-
Restated balance at 31 March 2022	**6,500,000**	**6,500.00**
Issue of share capital	-	-
At 31 March 2023	**6,500,000**	**6,500.00**
Total equity share capital		**8,829.38**

B OTHER EQUITY

₹ in Lakhs

Particulars	Reserves and surplus			Items of other comprehensive income		Total
	Special reserve	Securities premium	Retained earnings	Actuarial gain/ (loss) on defined benefits obligations	Equity instruments through other comprehensive income	
Balance at 31 March 2021	**5,703.93**	**27,321.88**	**21,101.63**	**(29.08)**	**(1,628.24)**	**52,470.12**
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at 31 March 2021	**5,703.93**	**27,321.88**	**21,101.63**	**(29.08)**	**(1,628.24)**	**52,470.12**
Profit for the year	-	-	5,743.48	-	-	**5,743.48**
Other comprehensive income net of tax for the year	-	-	-	(5.25)	-	**(5.25)**
Transfer (to) /from reserves	1,149.00	-	(1,149.00)	-	-	-
Dividend paid on CCPS	-	-	(780.00)	-	-	**(780.00)**
Balance at 31 March 2022	**6,852.93**	**27,321.88**	**24,916.11**	**(34.33)**	**(1,628.24)**	**57,428.35**
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at 31 March 2022	**6,852.93**	**27,321.88**	**24,916.11**	**(34.33)**	**(1,628.24)**	**57,428.35**
Profit for the year	-	-	6,071.05	-	-	**6,071.05**
Other comprehensive income net of tax for the year	-	-	-	(27.82)	-	**(27.82)**
Transfer (to) /from reserves	1,217.07	-	(1,217.07)	-	-	-
Dividend paid on CCPS	-	-	(780.00)	-	-	**(780.00)**
Balance at 31 March 2023	**8,070.00**	**27,321.88**	**28,990.09**	**(62.15)**	**(1,628.24)**	**62,691.58**

Significant accounting policies (refer note 1)

The accompanying notes (1 to 69) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal
Managing Director
DIN: 00698377

Rajiv Kumar Bakshi
Chairman &
Independent Director
DIN : 00264007

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
ACS: A38806

Place: Mumbai
Dated: May 20, 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 1

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

A. K. Capital Finance Limited (hereinafter referred to as the Company) was incorporated on February 3, 2006. It is a Subsidiary of A. K. Capital Services Limited; SEBI Category I Merchant Banker in India. The Company is registered with Reserve Bank of India as Systemically Important -Non Deposit taking -Non Banking Finance Company (NBFC). The Company is also member of the CBLO Segment of The Clearing Corporation of India Limited (CCIL) and the Company is classified as a Qualified Institutional Buyer (QIB) under SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 vide SEBI notification dated May 31, 2017. The Company is primarily involved in Debt Market and is into trading of Debt securities (Non-SLR) and Investment in Government securities (SLR) and other securities . The Company provides funding to the Corporates and other entities, thereby catering to the diversified needs of the clients. The Company also offers multitude of fee-based financial services to its Corporate and Institutional clients, across various business sectors. The registered address of the Company is situated at 601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz East, Mumbai - 400098. The financial statements are approved for issue by the Company's Board of Directors on 20 May 2023.

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruements which are measured at fair values, and on the basis of accounting principle of a going concern in accordance with generally accepted accounting principles (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Financial Statements are presented in Lakhs or decimal thereof unless otherwise specified.

The financial statements have been presented in accordance with Schedule III-Division III General Instructions for Preparation of financial statements of a Non-Banking Financial Company (NBFC) that is required to comply with Ind AS.

1.02 Functional and presentation currency

Items included in the financial statements of Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). Indian rupee is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest lakh, unless otherwise stated

1.03 Use of estimates

The preparation of financial statements in conformity of Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the year. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumption having the most significant effect on the amounts recognised in the financial statements are:

- Valuation of financial instruments
- Measurement of defined employee benefit obligation
- Useful life of property, plant and equipment
- Useful life of investment property
- Provisions

1.04 Fair value measurement and heirarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.05 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Ind AS 115 "Revenue from contracts with Customers"provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

A) Identify the contract(s) with a customer;

B) Identify the performance obligations;

C) Determine the transaction price;

D) Allocate the transaction price to the performance obligations;

E) Recognise revenue when or as an entity satisfies performance obligation.

Interest income

a) Under Ind AS 109, Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through Profit and loss (FVTPL).

The EIR in case of a financial aset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instruments in estimating the cash flows

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premium or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carying amount of the assets.

Fees and commission income

Revenue from fee-based activities are recognized when the services are rendered. Fees earned from contract with customer is recognised as and when performance obligation is satisfied. Fees or compnents of fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

Net gain on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Company on the balace sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under revenue from operations and if there is a net loss, the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTL and debt instruments measured at Fair value through Other Comprehensive Income (""FVOCI"") is recognised in net gain\loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortised is presented separetely under the respective head in the Statement of Profit and Loss

Dividend income

Dividend income is recognised

a. When the right to receive the payment is established.

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

1.06 Taxes

The tax expense for the period comprises of current tax and deferred tax. Tax is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised in the other comprehensive income or equity. In which case, the tax is also recognised in other comrehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Current income taxes are recognized in profit or loss except to the extent that the tax relates to items recognized outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subjected to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised , based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exist to set-off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.07 Property, plant and equipment

Property, plant and equipement are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation

Depreciation is calculated as per the estimated useful life of assets prescribed by the Schedule II to the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition of assets

An item of property plant & equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement when the asset is derecognised.

1.08 Investment properties

Property that is held for long term rental yield or for capital appreciation or both , and that is not occupied by the Company, is classified as Investment property. Investors properties measured initially at cost including related transactions cost and where applicable borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is incurred the carrying amount of replaced part is derecognised.

Investment properties other than land are depreciated as per the estimated useful life of assets prescribed by the Schedule II to the Companies Act 2013 i.e. 60 years for office premises.

1.09 Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. In accordance with Ind AS 105, the Company is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1.10 Intangible assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation and

impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

Derecognition of assets

An item of intangible asset and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement when the asset is derecognized.

Intangible assets comprising of Software are amortised on a straight line basis over its estimated useful life or maximum 5 years, whichever is shorter.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.12 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The contingent liability is not recognized in books of account but its existence is disclosed in financial statements.

A contingent assets, where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions in Ind AS 37.

1.13 Impairment of assets

a) Financial Assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized as an impairment gain or loss in the Statement of profit or loss.

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery. The Company may apply enforcement activities to certain qualifying financial assets written off.

b) Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset. unless the asset does not generate cash inflows that are largely independent of those from other assets.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

(a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

(b) The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

(c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

(d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). In making this

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

Amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

Fair value through profit and loss (FVTPL): A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, is recognised in the Statement of Profit and Loss.

Fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Statement of Profit and Loss.

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables and loans are initially recognized at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(a) **Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(b) **Measured at fair value through other comprehensive income:** Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity in the Statement of Profit and Loss.

(c) **Measured at fair value through profit or loss:** A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value , the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised in the Statement of Profit and Loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. All financial liabilities are recognised initially at fair value and in the case of borrowings trade payables and other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade payables, deposits and other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

(a) **Borrowings:** Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(b) **Trade and Other Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

(c) Deposits:

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

1.15 Investments in equity instruments of subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and carrying amounts are recognised in the Statement of Profit and Loss.

1.16 Segment Reporting:

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

Segment information

Companies whole business is being considered as one segment.

1.17 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

1.18 Retirement benefits

i) Defined contribution plans (Provident fund)

In accordance with Indian Law, eligible employees receive benefits from Provident Fund and Labour welfare fund which is defined contribution plan. In case of Provident fund, both the employee and employer make monthly contributions to the plan, which is administrated by the Government authorities, each equal to the specific percentage of employee's basic salary. The Company has no further obligation under the plan beyond its monthly contributions. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

ii) Defined benefit plans (Gratuity)

In accordance with applicable Indian Law, the Company provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lumsump payment to vested employees, at retirement or termination of employment, and amount based on respective last drawn salary and the years of employment with the Company. The Company's net obligation in respect of the Gratuity Plan is calculated by estimating the amount of future benefits that the employees have earned in return of their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service cost and the fair value of plan assets are deducted. The discount rate is yield at reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service cost and the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contribution to the plan.

The Company recognises all remeasurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity.

iii) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as a related service provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.19 Lease

As a lessee:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

As a lessor:

Leases under which the company does not transfer substantially all the risks and rewards of ownership are classified as operating leases. Rental income arises from operating leases is accounted for on straight line basis over the lease term, and is included in rental income in Statement of Profit and Loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Contingent rents are recognised as revenue in the period in which they are earned.

1.20 Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.21 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements -

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023.

Ind AS 12 - Income Taxes -

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 2	As at 31-03-2023	As at 31-03-2022
(a) CASH AND CASH EQUIVALENTS		
Cash on hand	3.91	11.22
Balances with banks	1,530.00	1,081.59
	1,533.91	**1,092.81**
(b) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Fixed deposits with bank*	533.26	17.00
	533.26	**17.00**

* Lien against overdraft accounts with banks and term loan accounts with financial institutions

NOTE - 3 LOANS (AT AMORTISED COST)		
(A) Loans		
(i) Loans repayable on demand	7,500.00	4,500.00
(ii) Term loans	47,888.12	34,964.07
Total (A) - Gross	**55,388.12**	**39,464.07**
Less: Impairment loss allowance	**296.24**	**254.23**
Total (A) - Net	**55,091.88**	**39,209.84**
(B)		
(i) Secured by tangible and other assets	50,842.80	33,799.39
(ii) Unsecured	4,545.32	5,664.68
Total (B) - Gross	**55,388.12**	**39,464.07**
Less: Impairment loss allowance	**296.24**	**254.23**
Total (B) - Net	**55,091.88**	**39,209.84**
(C)		
(I) Loans in India		
(i) Public sector	-	-
(ii) Others	55,388.12	39,464.07
(II) Loans outside India	-	-
Total (C) - Gross	**55,388.12**	**39,464.07**
Less: Impairment loss allowance	**296.24**	**254.23**
Total (C) - Net	**55,091.88**	**39,209.84**

Refer Note - 48

3 (a)Disclosure in relation to loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are;

	As on 31 March 2023	
(a) REPAYBLE ON DEMAND	**Amount of loan or advance in the nature of loans outstanding (₹ In lakhs)**	**Percentage to the loan or advance in the nature of loans outstanding**
Type of Borrower		
Promoters	-	-
Directors	-	-
KMPs	-	-
Related parties	9,192.86	16.60%

	As on 31 March 2022	
REPAYBLE ON DEMAND	**Amount of loan or advance in the nature of loans outstanding (₹ In lakhs)**	**Percentage to the loan or advance in the nature of loans outstanding**
Type of Borrower		
Promoters	-	-
Directors	-	-
KMPs	-	-
Related parties	4,500.00	11.40%

(b) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are without specifying any terms or period of repayment as on 31 March 2023 and 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 3 (CONTD.)

3 (b) (a) CREDIT QUALITY OF ASSETS

₹ in Lakhs

Particular	As at 31-03-2023	As at 31-03-2022
Stage 1	55,358.75	39,464.07
Stage 2	20.42	-
Stage 3	8.95	-

(b) (i) An analysis of changes in gross carrying amount and corresponding Impairment Loss allowances in relation to lending as at 31 March 2023 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount opening balance	39,464.07	-	-
New assets orginated / repaid (excluding write offs)	15,929.90	-	-
Transfer to / from Stage 1	-	35.22	8.95
Transfer to / from Stage 2	(35.22)	-	-
Transfer to / from Stage 3	-	(8.95)	-
Amount written off	-	(5.85)	-
Gross carrying amount closing balance	55,358.75	20.42	8.95

(b) (ii) An analysis of changes in gross carrying amount and corresponding Impairment Loss allowances in relation to lending as at 31 March 2022 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount opening balance	33,433.53	-	-
New assets orginated / repaid (excluding write offs)	6,047.11	-	-
Transfer to Stage 1	-	16.57	-
Transfer to Stage 2	(16.57)	-	-
Transfer to Stage 3	-	-	-
Amount written off	-	(16.57)	-
Gross carrying amount closing balance	39,464.07	-	-

(c) (i) Reconciliation of Impairment Loss allowances in relation to lending as at 31 March 2023 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Impairment Loss allowance opening balance	**254.23**	**-**	**-**
New assets orginated / repaid (excluding write offs)	47.86	-	-
Transfer to / from Stage 1	-	35.22	8.95
Transfer to / from Stage 2	(35.22)	-	-
Transfer to / from Stage 3	-	(8.95)	-
Amount written off	-	(5.85)	-
Impairment Loss allowance closing balance	**266.87**	**20.42**	**8.95**

(c) (ii) Reconciliation of Impairment Loss allowances in relation to lending as at 31 March 2022 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Impairment Loss allowance opening balance	**134.58**	**-**	**-**
New assets orginated / repaid (excluding write offs)	136.22	-	-
Transfer to Stage 1	-	16.57	-
Transfer to Stage 2	(16.57)	-	-
Transfer to Stage 3	-	-	-
Amount written off	-	(16.57)	-
Impairment Loss allowance closing balance	**254.23**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 4

INVESTMENTS

₹ in Lakhs

As at 31-03-2023						
Particulars	Amortised cost	At fair value		Subtotal	At cost	Total
		Through other comprehen-sive Income*	Through profit or loss			
(I) Government securities	**-**	**-**	**37,200.37**	**37,200.37**	**-**	**37,200.37**
i) Quoted	-	-	37,200.37	37,200.37	-	37,200.37
(II) Debt securities	**21,131.47**	**-**	**51,906.17**	**51,906.17**	**-**	**73,037.64**
i) Quoted	21,131.47	-	51,906.17	51,906.17	-	73,037.64
(III) Pass through certificates	**10,720.03**	**-**	**-**	**-**	**-**	**10,720.03**
i) Quoted	10,387.72	-	-	-	-	10,387.72
ii) Unquoted	332.31	-	-	-	-	332.31
(IV) Alternative Investment Fund	**-**	**-**	**5,223.68**	**5,223.68**	**-**	**5,223.68**
i) Unquoted	-	-	5,223.68	5,223.68	-	5,223.68
(V) Equity instruments						
i) Unquoted	-	-	-	-	-	-
- in other companies	**-**	**-**	**-**	**-**	**-**	**-**
221,000 Equity shares of Neesa Leisure Limited of ₹10 each*	**-**	**-**	**-**	**-**	**-**	**-**
(VI) Others	**-**	**-**	**-**	**-**	**2,116.87**	**2,116.87**
- in subsidiaries	**-**	**-**	**-**	**-**	**2,116.87**	**2,116.87**
20,000,000 Equity shares of Family Home Finance Private Limited of ₹ 10 each	-	-	-	-	2,116.87	2,116.87
Total – Gross (A)	**31,851.50**	**-**	**94,330.22**	**94,330.22**	**2,116.87**	**128,298.59**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	31,851.50	-	94,330.22	94,330.22	2,116.87	128,298.59
Total (B)	**31,851.50**	**-**	**94,330.22**	**94,330.22**	**2,116.87**	**128,298.59**
Less: Allowance for Impairment loss (C)	**29.74**	**-**	**-**	**-**	**-**	**29.74**
Total – Net D= (A)-(C)	**31,821.76**	**-**	**94,330.22**	**94,330.22**	**2,116.87**	**128,268.85**

₹ in Lakhs

As at 31-03-2022						
Particulars	Amortised cost	At fair value		Subtotal	At cost	Total
		Through other comprehen-sive Income*	Through profit or loss			
(I) Government securities	**-**	**-**	**6,396.18**	**6,396.18**	**-**	**6,396.18**
i) Quoted	-	-	6,396.18	6,396.18	-	6,396.18
(II) Debt securities	**26,986.33**	**-**	**35,707.44**	**35,707.44**	**-**	**62,693.77**
i) Quoted	26,986.33	-	35,707.44	35,707.44	-	62,693.77
(III) Pass through certificates	**25,158.77**	**-**	**-**	**-**	**-**	**25,158.77**
i) Quoted	24,230.05	-	-	-	-	24,230.05
ii) Unquoted	928.72	-	-	-	-	928.72
					-	-
(IV) Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
i) Unquoted						
- in other companies	-	-	-	-	-	-
221,000 Equity shares of Neesa Leisure Limited of ₹ 10 each*	-	-	-	-	-	-
(V) Others	**-**	**-**	**-**	**-**	**2,116.87**	**2,116.87**
- in subsidiaries	-	-	-	-	2,116.87	2,116.87
20,000,000 Equity shares of Family Home Finance Private Limited of ₹ 10 each	-	-	-	-	2,116.87	2,116.87
Total – Gross (A)	**52,145.10**	**-**	**42,103.62**	**42,103.62**	**2,116.87**	**96,365.59**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	52,145.10	-	42,103.62	42,103.62	2,116.87	96,365.59
Total (B)	**52,145.10**	**-**	**42,103.62**	**42,103.62**	**2,116.87**	**96,365.59**
Less: Allowance for Impairment loss (C)	**49.24**	**-**	**-**	**-**	**-**	**49.24**
Total – Net D= (A)-(C)	**52,095.86**	**-**	**42,103.62**	**42,103.62**	**2,116.87**	**96,316.35**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 5 STOCK OF SECURITIES (measured at fair value through profit or loss)	As at 31-03-2023	As at 31-03-2022
(I) Debt securities		
Quoted	45,520.63	65,851.61
(II) Exchange traded funds		
Quoted	1,564.90	1,526.98
Total – Gross (A)	**47,085.53**	**67,378.59**
(i) Stock of securities outside India	-	-
(ii) Stock of securities in India	47,085.53	67,378.59
Total (B)	**47,085.53**	**67,378.59**

NOTE - 6 OTHER FINANCIAL ASSETS		
Deposits		
Earnest money deposits	3.00	3.00
Rental deposits		
i) with relatives and directors	90.41	82.95
ii) with other parties	82.86	81.02
Other deposits	254.39	138.33
Interest accrued but not due on Investments / stock of securities	1,465.78	1,102.90
Receivable from/Balance with stock broker	1,421.28	1,006.08
Income Receivable From AIF Fund	59.48	-
Other receivables	8.64	8.64
Total	**3,385.84**	**2,422.92**

₹ in Lakhs

NOTE - 7 INVESTMENT PROPERTIES	Building under lease	Total
Gross block		
As at 31 March 2021	1,070.00	1,070.00
Additions	-	-
Disposals	-	-
As at 31 March 2022	**1,070.00**	**1,070.00**
Additions	-	-
Disposals	-	-
Transfer to assets held for sale	1,070.00	1,070.00
As at 31 March 2023	**-**	**-**
Accumulated depreciation		
As at 31 March 2021	59.99	59.99
Additions	17.83	17.83
Disposals	-	-
As at 31 March 2022	**77.82**	**77.82**
Additions	15.89	15.89
Disposals	-	-
Impairment loss on assets held for sale	101.29	101.29
Transfer to assets held for sale	195.00	195.00
As at 31 March 2023	**-**	**-**
Net Block		
As at 31 March 2022	**992.18**	**992.18**
As at 31 March 2023	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

7(a) RECONCILIATION OF CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

As on 31st March 2023, the Company had entered into Agreement To Sell (ATS), to sell the aforesaid investment property (comprising of two units) on 11th January 2023 and 27th March, 2023 for an agreed total consideration of Rs. 875 lakhs for both the units, out of which Rs. 370 lakhs had been received upto 31st March 2023 and remaining amount received subsequently before execution of Sale Deed. The Sale deed for the said property has been executed on 6th April 2023. Accordingly, the asset value has been impaired to the agreed sale consideration and transferred to Asset held for Sale.

As on 31st March 2022, the fair value of the aforesaid investment properties has been arrived at on the basis of valuation carried out by an external independent valuer registered with the authority which governs the valuer in India. The fair value measurement for investment property has been categorised as Level 2 fair value based on the inputs to the valuation technique used. Considering the type of the asset, market approach (sales comparable method) to estimate the fair value of the subject property is adopted.

₹ in Lakhs

Particular	Building under lease	Total
As at 31 March 2021	**1,200.73**	**1,200.73**
Changes in the fair value	129.42	129.42
Closing balance as on 31 March 2022	**1,330.15**	**1,330.15**
Changes in the fair value	(455.15)	(455.15)
Closing balance as on 31 March 2023	**875.00**	**875.00**

7(b) DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTIES

₹ in Lakhs

Particular	Current Year 2022-2023	Previous Year 2021-2022
Rental income derived from investment properties	**98.61**	**48.05**
Less: Direct operating expenses (including repairs & maintenance) generating rental income	0.91	1.09
Less: Direct operating expenes (including repairs & maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation & indirect expenses	**97.70**	**46.96**
Less: Depreciation	15.89	17.83
Profit arising from investment properties before indirect expenses	**81.81**	**29.13**

7 (c) THE TITLE DEED OF ALL IMMOVABLE PROPERTIES ARE HELD IN THE NAME OF THE COMPANY

DESCRIPTION OF ITEM OF PROPERTY	BUILDING
Description of item of property	875.00
Net realisable value (transferred to asset held for sale)	Company
Title deeds held in the name of	No
Whether title deed holder is relative of promoter/director or employee of promoter/director	20-Nov-17
Property held since which date	NA
Reason for not being held in the name of the Company	

7(d) ASSETS HELD FOR SALE

PARTICULARS	Building under lease	Total
As at 31 March 2023	875.00	875.00
Total	**875.00**	**875.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 8
PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Particulars	Computers	Office equipments	Furniture and fixtures	Vehicles	Building Owner-occupied property	Leasehold Improvements	Building Right-of-use (Refer note 35)	Total
Cost								
As at 31 March 2021	79.02	15.42	51.39	86.46	1,238.05	-	339.14	1,809.48
Additions	15.79	6.98	2.44	-	-	-	1,011.36	1,036.57
Disposals	-	-	-	-	-	-	339.14	339.14
As at 31 March 2022	**94.81**	**22.40**	**53.83**	**86.46**	**1,238.05**	**-**	**1,011.36**	**2,506.91**
Additions	23.56	17.70	24.13	35.60	96.59	208.59	-	406.17
Disposals	-	0.49	-	-	-	-	-	0.49
As at 31 March 2023	**118.37**	**39.61**	**77.96**	**122.06**	**1,334.64**	**208.59**	**1,011.36**	**2,912.59**
Depreciation:								
As at 31 March 2021	40.72	11.75	21.44	43.17	82.75	-	281.77	481.60
Additions	14.08	2.17	5.71	10.27	21.28	-	142.48	195.99
Disposals	-	-	-	-	-		339.14	339.14
As at 31 March 2022	**54.80**	**13.92**	**27.15**	**53.44**	**104.03**	**-**	**85.11**	**338.45**
Additions	20.35	4.33	7.86	13.26	21.83	28.49	213.58	309.70
Disposals	-	0.49	-	-	-		-	0.49
As at 31 March 2023	**75.15**	**17.76**	**35.01**	**66.70**	**125.86**	**28.49**	**298.69**	**647.66**
Net Block								
As at 31 March 2022	**40.01**	**8.48**	**26.68**	**33.02**	**1,134.02**	**-**	**926.25**	**2,168.46**
As at 31 March 2023	**43.22**	**21.85**	**42.95**	**55.36**	**1,208.78**	**180.10**	**712.67**	**2,264.93**

1) Building include premises hypothecated against loan taken having net block of as at 31 March 2023 ₹ 654.64 lakhs (as at 31 March 2022 ₹ 667.48 lakhs).

2) Building include premises situated at Chennai mortgaged against non convertible debentures issued having net block as at 31 March 2023 of ₹ 9.48 lakhs (as at 31 March 2022 ₹ 9.66 lakhs).

3) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets).

4) The title deed of all immovable properties are held in the name of the Company

₹ in Lakhs

Description of item of property	Building	Building	Building	Building	Total
Gross carrying value	731.70	10.50	495.85	96.59	1,334.64
Title deeds held in the name of	Company	Company	Company	Company	Company
Whether title deed holder is relative of promoter/director or employee of promoter/director	No	No	No	No	No
Property held since which date	28-Mar-14	13-Jul-17	20-Nov-17	23-Nov-22	
Reason for not being held in the name of the Company	NA	NA	NA	NA	NA

NOTE - 9
CAPITAL-WORK-IN-PROGRESS (CWIP)

₹ in Lakhs

	As at 31-03-2023	As at 31-03-2022
Leasehold improvements	-	153.78
Total	**-**	**153.78**
(a) (i) CWIP aging schedule-Projects in progress		
Less than 1 year	-	153.78
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**-**	**153.78**

(a) (ii) There is no capital-work-in-progress which are temporarily suspended as on March 31, 2023 and March 31, 2022

(b) There is no capital-work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 10
INTANGIBLE ASSETS

	Software	Total
Cost		
As at 31 March 2021	58.92	58.92
Additions	0.29	0.29
Disposals	-	-
As at 31 March 2022	**59.21**	**59.21**
Additions	-	-
Disposals		-
As at 31 March 2023	**59.21**	**59.21**
Accumulative amortisation:		
As at 31 March 2021	32.36	32.36
Additions	12.27	12.27
Disposals	-	-
As at 31 March 2022	**44.63**	**44.63**
Additions	8.53	8.53
Disposals		-
As at 31 March 2023	**53.16**	**53.16**
Net book value:		
As at 31 March 2022	**14.58**	**14.58**
As at 31 March 2023	**6.05**	**6.05**

1) The Company has not revalued any of its Intangible Assets

₹ in Lakhs

NOTE - 11
OTHER NON-FINANCIAL ASSETS

	As at 31-03-2023	As at 31-03-2022
Balance with government authorities	179.70	226.30
Prepaid expenses	57.98	63.79
Other advances	3.01	2.02
Total	**240.69**	**292.11**

NOTE - 12
TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	254.82	153.97
Total	**254.82**	**153.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Following disclosures as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 has been made to the extent information available with the Company:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

Outstanding of Undisputed Trade Payable from due date of payment;

Particulars	As at 31-03-2023 Others	As at 31-03-2022 Others
Unbilled	5.85	6.53
Less than 1 year	248.34	145.50
1-2 years	0.63	1.50
2-3 years	-	0.33
More than 3 years	-	0.11
Total	**254.82**	**153.97**

(i) There are no outstanding of disputed trade payable from due date of payment as on 31 March 2023 and 31 March 2022

(ii) There are no outstanding of undisputed or disputed trade payable from micro, medium and small enterprises from due date of payment as on 31 March 2023 and 31 March 2022.

(iii) There are no unbilled disputed dues as on 31 March 2023 and 31 March 2022

₹ in Lakhs

NOTE - 13 DEBT SECURITIES (AT AMORTISED COST)	As at 31-03-2023	As at 31-03-2022
Non-convertible debentures (Refer note no. 46)	64,731.41	70,401.82
Total (A)	**64,731.41**	**70,401.82**
Debt securities in India	64,731.41	70,401.82
Debt securities outside India	-	-
Total (B)	**64,731.41**	**70,401.82**

(Secured by a first charge over the identified "business assets" i.e. securities/receivables of the Company and a Pari-passu charge over the immovable properties of the Company situated at Chennai.)

13 (a) The Company has registered all the charges towards outstanding secured debt securities issued outstanding as on 31 March 2023 and 31 March 2022. There is no satisfaction of charge pending on secured debt securities issued which are matured or repurchased during the financial year ended 31 March 2023 and 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 14
BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

₹ in Lakhs

	As at 31-03-2023	As at 31-03-2022
(a)Term loans		
(i) from banks*	24,802.63	14,838.94
(ii) from NBFC**	10,254.90	426.49
(b) Loans repayable on demand		
(i) from banks***	30,871.95	38,237.36
(ii) from NBFC****	6,500.00	-
(c) Other loans		
Collaterlised Borrowing and Lending Obligation (CCIL)*****	24,500.00	4,700.00
Repo account******	-	9,761.52
Total (A)	**96,929.48**	**67,964.31**
Borrowings in India	96,929.48	67,964.31
Borrowings outside India	-	-
Total (B)	**96,929.48**	**67,964.31**
Secured	96,929.48	67,964.31
Unsecured	-	-
Total (C)	**96,929.48**	**67,964.31**

* Loan from banks are repayable in 6 semi-annually, 12 to 20 quarterly and 36 monthly installments along with interest from the date of loan. The loans are secured by Pari- passu first charge by way of hypothecation/assignment of assets financed including current and future receivables of the Company, in favour of the security trustee.

**(a) Housing loan from NBFC is repayable in 180 equated monthly installments along with interest from the date of loan. The loans are secured by mortgage of premises at Delhi, purchased there against.

**(b) Loan from NBFC is repayable in equated monthly installments after a principal moratorium period of 6 months along with interest from each tranche of disbursement. The loans are secured by exclusive charge by way of hypothecation on the identified book debts and receivables of the loans provided by the Company.

*** (A) Loan repayable on demand from bank is secured against pledge/lien on government securities and other debt securities and demand promissory note. The Holding Company, A. K. Capital Services Limited has given corporate guarantee on loan taken by Company from banks as disclosed in Note 37- Related Party Disclosure.

***(B) Loan against receivables is secured by first pari passu charge by way of hypothecation/ assignment of assets financed including current and future receivables of the company, in favour of the security trustee.

****Loan from NBFCs is secured against pledge on approved list of debt securities of the NBFCs.

***** Loan from Collaterlised Borrowing and Lending Obligation (CCIL) is secured against lien on government securities and deposit.

****** Secured against corporate debt securities under repo transactions.

14 (a) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

14 (b) The quarterly returns and / or statements of current assets filed by the Company with banks or financial institutions are in agreement with books of accounts and there is no discrepancies in the same.

14 (c) The Company is not declared a wilful defaulter by any bank or financial institution or other lender.

14 (d) The Company has registered all the charges towards secured borrowings outstanding as on 31 March 2023 and 31 March 2022. There is no satisfaction of charge pending on secured borrowings which are repaid during the financial year ended 31 March 2023 and 31 March 2022.

14 (e) Refer Note - 61

NOTE - 15
DEPOSITS (AT AMORTISED COST)

₹ in Lakhs

	As at 31-03-2023	As at 31-03-2022
Rental deposits	33.69	32.94
Total	**33.69**	**32.94**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 16
OTHER FINANCIAL LIABILITIES

	As at 31-03-2023	As at 31-03-2022
Interest accrued but not due on borrowings	3,752.67	3,664.42
Creditors for capital goods	10.11	30.72
Lease liabilities	787.74	959.70
Employee dues	271.43	125.41
Other payables	6.99	1.62
Total	**4,828.94**	**4,781.87**

NOTE - 17
PROVISIONS

Provision for employee benefits		
Gratuity (Refer note no.41)	190.82	125.67
Total	**190.82**	**125.67**

NOTE - 18
DEFERRED TAX (ASSETS) / LIABILITIES (NET)

Deferred tax liabilities		
On account of:		
Depreciation	156.79	151.89
Fair value gain on investments in debt securities	245.74	164.57
Transaction cost on financial liabilities	-	0.40
Gain on modication due to restructuring of loan	0.20	0.73
Less: Deferred tax assets:		
Depreciation on Investment property and assets held for sale	(49.08)	(19.59)
Impairment allowance on loans and advances	(74.56)	(63.98)
EIR on HTM Securities	(7.07)	(6.73)
Impairment allowance on investments	(7.48)	(12.39)
Right-of-use and lease liabilities	(28.47)	(21.92)
Transaction cost on financial liabilities	(0.18)	-
Expenses allowable on payment basis (gratuity)	(48.03)	(31.63)
Transaction cost on financial assets	(37.94)	(10.71)
Deferred tax (assets) / liabilities (net)	**149.92**	**150.64**

NOTE - 19
OTHER NON-FINANCIAL LIABILITIES

	As at 31-03-2023	As at 31-03-2022
Statutory dues	272.13	202.91
Advance received for assets held for sale	370.00	-
Total	**642.13**	**202.91**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 20

(a) EQUITY SHARE CAPITAL

(i) Equity shares

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of Shares	Amount ₹ in Lakhs	Number of Shares	Amount ₹ in Lakhs
Authorized:				
Equity shares of ₹ 10 each	30,000,000	3,000.00	30,000,000	3,000.00
Preference shares of ₹ 100 each	6,500,000	6,500.00	6,500,000	6,500.00
		9,500.00		**9,500.00**
Issued, subscribed and paid-up:				
Equity shares of ₹ 10 each fully paid up	23,293,750	2,329.38	23,293,750	2,329.38
Compulsorily convertible preference shares of ₹ 100 each fully paid up	6,500,000	6,500.00	6,500,000	6,500.00
		8,829.38		**8,829.38**

Details of the shares held by its holding company (i.e. A. K. Capital Services Limited):

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
Equity shares of ₹10 per share	22,997,490	98.73%	22,997,490	98.73%
Preference shares of ₹ 100 per share	4,500,000	69.23%	4,500,000	69.23%

Details of shareholders holding more than 5% equity shares in the Company :

Name of Shareholder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	22,997,490	98.73%	22,997,490	98.73%

Details of shares held by promoters in the Company :

Name of Shareholder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	22,997,490	98.73%	22,997,490	98.73%
A. K. Mittal	280,180	1.20%	280,180	1.20%
Aditi Miital	16,080	0.07%	16,080	0.07%

The is no percentage change in the shareholding of promoters during the financial year ended 31 March 2023 and 31 March 2022

The reconciliation of the number of shares outstanding:

Particulars	As at 31-03-2023	As at 31-03-2022
Shares at the beginning of the year	23,293,750	23,293,750
Add :Shares issued during the year	-	-
Shares at the end of the year	**23,293,750**	**23,293,750**

(ii) Compulsory convertible preference shares

Details of shareholders holding more than 5% compulsory convertible preference shares in the Company on reporting date:

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	4,500,000	69.23%	4,500,000	69.23%
A. K. Mittal	2,000,000	30.77%	2,000,000	30.77%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Details of shares held by promoters in the Company :

Name of the holder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage holding	Number of shares	Percentage holding
A. K. Capital Services Limited	4,500,000	69.23%	4,500,000	69.23%
A. K. Mittal	2,000,000	30.77%	2,000,000	30.77%

The is no percentage change in the shareholding of promoters during the financial year ended 31 March 2023 and 31 March 2022

The reconciliation of the number of Compulsory convertible preference shares outstanding:

Particulars	As at 31-03-2023	As at 31-03-2022
Shares at the beginning of the year	6,500,000	6,500,000
Add :Shares issued during the year	-	-
Shares at the end of the year	**6,500,000**	**6,500,000**

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.

In the event of the liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Rights, preferences and restrictions attached to Non Cumulative Compulsory Convertible Preference Shares

The Company has issued 6,500,000 Compulsory Convertible Preference Shares (CCPS) of Rs 100 each fully paid-up. The Company has only one class of CCPS fully participating with equity having par value of Rs.10 per share.

Each CCPS shall carry a dividend of 12% per annum exclusive of any applicable taxes, up to the date of their conversion into equity shares of the Company,subject to the approval of the Board of Directors and Shareholders of the Company. The dividend on CCPS shall be on Non-Cumulative basis.CCPS shall be converted in the ratio of 2: 1 i.e. 2 CCPS of face value of Rs. 100 each shall be convertible into 1 Equity Share of face value of Rs. 10 each and Security Premium of Rs.190 each. The CCPS holders may convert in full/ (part) at any time after three months from the date of issue but before the expiry of eighty four months from the date of issue (i.e.28 September 2017) of the CCPS. If the CCPS are not converted within 84 months from the date of issue, then the CCPS shall be automatically converted into equity shares.

₹ in Lakhs

(b) Other equity	As at 31-03-2023	As at 31-03-2022
Special reserve		
At the beginning of the year	6,852.93	5,703.93
Add: Current year transfer	1,217.07	1,149.00
Closing balance of special reserve (A)*	**8,070.00**	**6,852.93**
Security Premium Account		
At the beginning of the year	27,321.88	27,321.88
Add: Current year transfer	-	-
Closing balance of security premium account (B)	**27,321.88**	**27,321.88**
Other comprehensive income		
At the beginning of the year	(1,662.57)	(1,657.32)
Add: Other comprehensive income for the year	(27.82)	(5.25)
Closing balance of other comprehensive income (C)	**(1,690.39)**	**(1,662.57)**
Retained earnings		
At the beginning of the year	24,916.11	21,101.63
Add: Profit for the year	6,071.05	5,743.48
Less: Dividend paid on CCPS	780.00	780.00
Less: Transfer to special reserve	1,217.07	1,149.00
Closing balance of retained earnings (D)	**28,990.09**	**24,916.11**
Total (A+B+C+D)	**62,691.58**	**57,428.35**

Refer Note - 61

*Special Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 ("the RBI Act"). In terms of Section 45-IC of the RBI Act, a Non-banking Finance Company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purpose specified by the RBI.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 21
INTEREST INCOME

₹ in Lakhs

Particulars	Current Year 2022-2023			Previous Year 2021-2022		
	On financial assets measured at amortised cost	Interest income on securities classified at fair value through profit or loss	Total	On financial assets measured at amortised cost	Interest income on securities classified at fair value through profit or loss	Total
Interest on loans	5,492.47	-	5,492.47	4,090.57	-	4,090.57
Processing fees income	70.12	-	70.12	81.82	-	81.82
Interest income from investments	4,642.29	3,934.56	8,576.85	2,751.27	4,647.53	7,398.80
Interest income from stock of securities	-	3,252.98	3,252.98	-	2,384.82	2,384.82
Interest on deposits with banks	14.25	-	14.25	0.95	-	0.95
Other interest income	20.32	-	20.32	13.73	-	13.73
Total	**10,239.45**	**7,187.54**	**17,426.99**	**6,938.34**	**7,032.35**	**13,970.69**

₹ in Lakhs

NOTE - 22
FEES AND COMMISSION INCOME

	Current Year 2022-2023	Previous Year 2021-2022
Syndication and other fees	1,269.65	614.67
Total	**1,269.65**	**614.67**

NOTE - 23
NET GAIN/(LOSS) ON FAIR VALUE CHANGES

Net gain/(loss) on financial instruments at fair value		
-Investments	1,821.03	1,984.70
-Stock of securities	3,891.68	3,353.38
	5,712.71	**5,338.08**
Net gain/(loss) on financial instruments at fair value		
-Realised	5,028.75	4,650.93
-Unrealised	683.96	687.15
Total	**5,712.71**	**5,338.08**
Additional Information :		
Profit / (loss) on sale of Investments (actual) (A)	1,721.51	2,041.50
Net gain/(loss) on investments due to fair value change (B)		
-Realised	213.07	74.82
-Unrealised	(113.55)	(131.62)
Total (A+B)	**1,821.03**	**1,984.70**
Profit on sale of stock of securities (actual) (C)	3,668.69	2,361.08
Net gain/(loss) on stock of securities due to fair value change (D)		
-Realised	(574.52)	173.53
-Unrealised	797.51	818.77
Total (C+D)	**3,891.68**	**3,353.38**

NOTE - 24
NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

On financial instruments measured at amortised cost		
Loans (in form of unlisted debentures)	392.10	-
Investments	88.68	552.15
Total	**480.78**	**552.15**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

	Current Year 2022-2023	Previous Year 2021-2022
NOTE - 25		
OTHER INCOME		
Profit on sale of property, plant and equipment (net)	0.49	-
Gain on modification due to restructuring of loan	-	6.55
Gain on Waiver of Lease Rental	-	8.90
Other income	2.59	-
Total	**3.08**	**15.45**
NOTE - 26		
FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)		
Interest on borrowings	4,597.78	1,428.55
Interest on debt securities	5,468.49	6,718.33
Interest on income tax	3.70	0.01
Other interest expense	79.42	32.72
Total	**10,149.39**	**8,179.61**
NOTE - 27		
FEES AND COMMISSION EXPENSE		
Incentive expenses	1,603.15	1,396.73
Total	**1,603.15**	**1,396.73**
NOTE - 28		
IMPAIRMENT OF FINANCIAL INSTRUMENTS		
On financial instruments measured at amortised cost		
Loans (net)	42.01	119.65
Investments (Refer note no.39)	(19.50)	(668.12)
Write off - loans and advances	5.85	16.57
Total	**28.36**	**(531.90)**
NOTE - 29		
EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	3,449.87	2,710.85
Gratuity	39.61	30.63
Employers contribution to provident fund	54.74	19.85
Staff welfare expenses	36.44	13.16
Total	**3,580.66**	**2,774.49**
NOTE - 30		
OTHER EXPENSES		
Rent, taxes and energy costs	35.62	30.60
Travelling expense	186.44	91.36
Repairs and maintenance	40.46	25.07
Advertisement and business promotion expenses	22.74	52.60
Auditor's fees and expenses		
-for audit fees	4.74	4.04
-for tax audit fees	0.65	0.65
-for other services	1.47	2.49
Legal and professional charges	272.98	236.97
Corporate social responsibilities (Refer note no.34)	122.50	120.00
Insurance expenses	23.18	22.78
Impairment loss on assets held for sale	101.29	-
Communication costs	14.47	14.05
Software expenses	243.42	222.18
Director's fees, allowances and expenses	30.34	19.90
Miscellaneous expenses	179.49	131.54
Total	**1,279.79**	**974.23**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 31
OTHER COMPREHENSIVE INCOME

	Current Year 2022-2023	Previous Year 2021-2022
Items that will not be reclassified to profit or loss		
a. Remeasurement of defined benefit obligation	(37.17)	(7.02)
b. Equity instruments through other comprehensive income	-	-
Total	**(37.17)**	**(7.02)**

NOTE - 32
SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108, the Company operates in a single operating segment i.e. "Financing and Investment Activity" within India. Accordingly, no separate disclosure is required. The Board of Directors of the Company are collectively Chief Operating Decision Makers (CODMs) of the Company.

NOTE - 33

The ratios pertaining to Capital to risk-weighted assets ratio (CRAR), Tier I CRAR and Tier II CRAR have been duly disclosed in Note 53 of the financial statements. Liquidity Coverage Ratio is not applicable to the Company.

NOTE - 34
CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water, promoting education, promoting gender equality, empowering women and ensuring environmental sustainability.

₹ in Lakhs

Particulars	Amount
Amount required to be spent by the company during the year	122.80
Less: Previous years' excess	(0.44)
Net amount required to be spent by the Company during the financial year	**122.36**
Amount of expenditure incurred	122.50
Short fall / (Excess) in CSR Expenditure	(0.14)
Total of previous year shortfall	Nil
Reason for shorfall	NA
Nature of CSR activities	Contribution to any fund set up by the Central Government for socio-economic development and relief qualifies
Details of related party transaction	NA

NOTE - 35
EARNINGS PER SHARE (EPS)

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Net profit after tax available for equity share holders (₹ in lakhs.) [A]	6,071.05	5,743.48
Weighted average number of equity shares outstanding during the year for basic and diluted earnings per share (Nos.)* [B]	26,543,750	26,543,750
Basic earnings per share (₹) [A/B]	22.87	21.64
Diluted earnings per share (₹) [A/B]	22.87	21.64
Nominal value of share (₹)	10.00	10.00

*Weighted average number of equity shares outstanding includes weighted average numbers of compulsorily convertibles preference shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 36
LEASE COMMITMENTS AS LESSEE:

(I) Lease commitments as lessee:

The Company has entered into agreements for taking on lease certain guest house and office on lease and licence basis. The lease term is for a period ranging from 36 to 60 months. The Company has contracts which have fixed rentals.

Following are the changes in the carrying value of right-of-use assets (disclosed under note 8 - property, plant and equipment) for the year ended 31 March 2023:

₹ in Lakhs

Particulars	Building Right-of-use
Opening gross block value of account on adoption of Ind AS 116	**1,011.36**
Measurment on account of adoption of Ind AS 116	-
Deduction on account of termination of lease	-
Closing gross block value of account on adoption of Ind AS 116	**1,011.36**
Opening accumulated depreciation of account on adoption of Ind AS 116	**85.11**
Depreciation charged for the year	213.58
Deduction on account of termination of lease	-
Closing accumulated depreciation of account on adoption of Ind AS 116	**298.69**
Closing net block value as at 31 March 2023	**712.67**

Carrying value of lease liabilities is disclosed under note 17 - other financial liabilities at ₹ 787.74 Lakhs as at 31-March-2023.

The following is the movement in lease liabilities during the year ended 31 March 2023

₹ in Lakhs

Particulars	As at 31-03-2023
Balance at the beginning of the year	959.70
Additions	-
Finance cost accrued during the year	79.42
Gain loss on waiver of rent	-
Payment of lease liabilities	(251.39)
Balance at the end of the year	**787.73**

Contractual maturities of lease liabilities:

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

₹ in Lakhs

Particulars	As at 31-03-2023
Not later than one year	251.39
Later than one year and not later than five years	678.58
More than five years	-

The cash outflow of lease payments with respect to the above lease recognised in the statement of profit and loss for the financial year 2022-2023 is ₹ 251.39 lakhs.

(II) Where the Company is lessor:

The future minimum lease payments receivable as per the lease agreements are as follows:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Not later than one year	-	-
Later than one year and not later than five years	-	-

The amount of minimum lease payments with respect to the above lease recognised in the statement of profit and loss for the financial year 2022-2023 is ₹ 98.61 lakhs and for financial year 2021-2022 is ₹ 48.05 lakhs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 37
RELATED PARTY RELATIONSHIPS:

Related party relationships:

Holding company

A. K. Capital Services Limited

Subsidiary company

Family Home Finance Private Limited

Fellow subsidiary

A. K. Stockmart Private Limited
A. K. Capital Corporation Private Limited
A. K. Wealth Management Private Limited

Key managerial personnel

Mr. A. K. Mittal (Managing director)
Mrs.Aditi Mittal (From 02 December 2022) (Executive Director)
Ms. Annu Garg (Upto 02 December 2022) (Executive Director)
Mr. Rajiv Kumar Bakshi (Independent director)
Mr. Khimji Shamji Pandav (Independent director)
Mr. Deepak Maheshwari (From 06 February 2023) (Independent Director)
Mr. Vikas S Agarwal (From 25 October 2021-Upto 06 February 2023) (Independent director)
Mr. Raghubinder Rai Bajaj (Upto 29 January 2022) (Independent director)
Mr. Mahesh Bhootra (Chief financial officer)
Mr. Govind Lalwani (Company secretary)

Relatives of key managerial personnel

Mrs. Anshu

Enterprise controlled by key management personnel

A. K. Services Private Limited
Family Home Consultancy Services Private Limited
India Bond Private Limited

Notes:

a) The related party relationships have been determined on the basis of the requirements of the Indian Accounting Standard (Ind AS) - 24 'Related Party Disclosures' and the same have been relied upon by the auditors.

b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 37
RELATED PARTY DISCLOSURES - (CONTD.)

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Brokerage paid		
A. K. Stockmart Private Limited	88.21	95.09
Demat charges paid		
A. K. Stockmart Private Limited	1.43	0.55
Key managerial remuneration *		
Short term benefits	454.94	404.71
Director's sitting fees	28.00	18.75
Rent paid		
Mrs. Aditi Mittal	24.00	24.00
Investment in Subsidiary Company		
Family Home Finance Private Limited (including securities premium of Rs.116.87 lakhs)	-	1,015.87
Interest income on loan given		
A. K. Services Private Limited	686.54	592.25
A. K. Capital Services Limited	-	282.87
Family Home Finance Private Limited	56.93	-
Loan given		
A. K. Services Private Limited (Revolving Credit Sanction Limits amounting upto a maximum amount of Rs.10,000 lakhs (Previous Year Rs.9,500 Lakhs))	13,500.00	32,389.41
A. K. Capital Services Limited (Revolving Credit Sanction Limits amounting (Current year NIL) (Previous year upto a maximum amount of Rs.5,000 lakhs upto 31st December 2021 and Rs.3500 lakhs from 16th February 2022 to 31st March 2022)	-	28,600.00
Family Home Finance Private Limited (Term Loan Sanction Limit amounting to Rs.2,000 lakhs (Previous Year Rs.Nil))	1,800.00	-
Repayment of loan given		
A. K. Services Private Limited (Revolving Credit Sanction Limits amounting upto a maximum amount of Rs.10,000 lakhs (Previous Year Rs 9,500 Lakhs))	10,500.00	32,839.41
A. K. Capital Services Limited (Revolving Credit Sanction Limits amounting (Current year NIL) (Previous year upto a maximum amount of Rs.5,000 lakhs upto 31st December 2021 and Rs.3500 lakhs from 16th February 2022 to 31st March 2022)	-	28,600.00
Family Home Finance Private Limited (Term Loan Sanction Limit amounting to Rs.2,000 lakhs (Previous Year Rs.Nil))	107.14	-
Purchase of securities (excluding accrued interest)		
A. K. Stockmart Private Limited	1,597.95	29,314.21
A. K. Services Private Limited	9,928.57	27,760.52
A. K. Capital Services Limited	41,108.92	74,969.15
A. K. Wealth Management Private Limited	-	204.47
A. K. Capital Corporation Private Limited	-	202.58
Family Home Finance Private Limited	-	341.88
Family Home Consultancy Services Private Limited	-	141.41
A. K. Mittal	-	114.05
Sale of securities (excluding accrued interest)		
A. K. Stockmart Private Limited	4,652.77	1,687.47
A. K. Services Private Limited	1,051.91	11,660.81
A. K. Capital Services Limited	37,709.13	47,030.97
Support Services		
Family Home Finance Private Limited	6.00	-
Repayment of security deposit for rented premises		
A. K. Mittal	-	100.00
Anshu	-	50.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 37
RELATED PARTY DISCLOSURES - (CONTD.)

₹ in Lakhs

Related party transactions during the year:	Current Year 2022-2023	Previous Year 2021-2022
Issuences of Non Convertible Debentures (excluding accrued interest)		
A. K. Services Private Limited	7,900.00	-
Repurchase of Non Convertible Debentures issued		
A. K. Capital Services Limited	-	1,250.00
Interest Expenses on Non Convertible Debentures		
A. K. Capital Services Limited	-	51.51
Incentive expenses		
A. K. Services Private Limited	-	162.98
India Bond Private Limited	364.57	34.12
Software expenses		
India Bond Private Limited	176.00	144.00

₹ in Lakhs

Related party closing balances:	For the year ended 31-March 2023	For the year ended 31-March 2022
Balances Receivable	1,421.28	1,006.08
A. K. Stockmart Private Limited (towards Stock Broking Contractual Obligations)		
Trade payable		
A. K. Stockmart Private Limited	0.23	0.22
India Bond Private Limited	111.53	6.15
Loans outstanding		
A. K. Services Private Limited	7,500.00	4,500.00
Family Home Finance Private Limited	1,692.86	-
Security deposit		
Aditi Mittal	100.00	100.00
Guarantee	27,500.00	27,500.00
Corporate Guarantee given by holding company to bank for working capital demand loan taken by the Company		

Note - Transaction amount is excluding taxes wherever applicable.

* Key managerial remuneration related to retirement benefits (i.e. gratuity) are recognised under employee benefits expenses in statement of profit and loss along with other employees gratuity costs of the Company based on the actuarial valuation carried out by independent actuary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 38
FINANCIAL INSTRUMENTS

The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit risk, Liquidity risk and Market risk.

The carrying value and fair value of financial instrument by categories as of 31 March 2023 were as follows:

₹ in Lakhs

Particulars	At amortised cost	At fair value through profit and loss	At fair value through other comprehensive Income	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents	1,533.91	-	-	1,533.91	1,533.91
Bank balances other than (a) above	533.26	-	-	533.26	533.26
Loans	55,091.88	-	-	55,091.88	55,538.07
Investments	31,821.76	94,330.22	-	126,151.98	126,356.93
Stock of securities	-	47,085.53	-	47,085.53	47,085.53
Other financial assets	1,860.58	1,525.26	-	3,385.84	3,385.84
TOTAL	**90,841.39**	**142,941.01**	**-**	**233,782.40**	**234,433.54**
Liabilities:					
Trade payables	254.82	-	-	254.82	254.82
Debt Securities	64,731.41	-	-	64,731.41	64,752.00
Borrowings	96,929.48	-	-	96,929.48	97,024.76
Deposits	33.69	-	-	33.69	33.69
Other financial liabilities	4,828.94	-	-	4,828.94	4,828.94
TOTAL	**166,778.34**	-	**-**	**166,778.34**	**166,894.21**

The carrying value and fair value of financial instrument by categories as of 31 March 2022 were as follows:

₹ in Lakhs

Particulars	At amortised cost	At Fair value through profit and loss	At fair value through other comprehensive Income	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents	1,092.81	-	-	1,092.81	1,092.81
Bank balances other than (a) above	17.00	-	-	17.00	17.00
Loans	39,209.84	-	-	39,209.84	39,488.29
Investments	52,095.86	42,103.62	-	94,199.48	94,539.88
Stock of securities	-	67,378.59	-	67,378.59	67,378.59
Other financial assets	1,320.02	1,102.90	-	2,422.92	2,422.92
TOTAL	**93,735.53**	**110,585.11**		**204,320.64**	**204,939.49**
Liabilities:			-		
Trade payables	153.97	-	-	153.97	153.97
Debt Securities	70,401.82	-	-	70,401.82	70,402.00
Borrowings	67,964.31	-	-	67,964.31	68,046.56
Deposits	32.94	-	-	32.94	32.94
Other financial liabilities	4,781.87	-	-	4,781.87	4,781.87
TOTAL	**143,334.91**	-		**143,334.91**	**143,417.34**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 39
RISK MANAGEMENT

Financial risk management

The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit risk, Liquidity risk and Market risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Credit Risk

Loans

Credit risk is controlled by analysing the credit limits and creditworthiness of the customer on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. An impairment analysis is performed at each reporting date on a portfolio basis. The Company holds collateral as security against the loans. The impairment of the credit risk on the loan is carried out through a detailed ECL model. The ECL model provides for the ECL on a 12 month ECL basis for standard to stage 1 Assets whereas the same is calculated based on a lifetime ECL for stage 2 & 3 level assets. The ECL is calculated based on a probability default (PD)X exposure at default (EAD) X (Loss given default X discount rate - LGD)). The Company calculates the PD by taking into account the past historical trends of the portfolio and its credit performance based on a homogenous charateristic of the underlying portfolio. This is calculated based on a 12 month PD perspective. In case of Impaired assets where lifetime PD is applied, the PD is extrapolated to take into account the probability of default over the life time of asset.

a) The following table gives details in respect of fees and income from loans generated from top customer and top 5 customers:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Revenue from top customer	686.54	592.25
Revenue from top 5 customers	1,791.40	1,773.65

Investments in debt securities measured at amortised cost

Expected credit losses are measured at an amount equal to the 12 months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The impairment of the credit risk on the investments is carried out through a detailed ECL model. The ECL model provides for the ECL on a 12 month ECL basis for standard to stage 1 Assets whereas the same is calculated based on a lifetime ECL for stage 2 & 3 level assets. The ECL is calculated based on a probability default (PD)X exposure at default (EAD) X (Loss given default X discount rate - LGD)). The Company calculates the PD by taking into account the past historical trends of the portfolio and its credit performance based on a homogenous charateristic of the underlying portfolio. This is calculated based on a 12 month PD perspective. In case of Impaired assets where lifetime PD is applied, the PD is extrapolated to take into account the probability of default over the life time of asset.

Exposure to credit risk

Financial asset for which loss allowance is measured using expected credit loss model:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Financial assets at amortised cost		
Loans	55,388.12	39,464.07
Investments	31,851.50	52,145.10
Other financial assets	1,860.58	1,320.02
At end of the year	**89,100.20**	**92,929.19**

The Company's exposure to customers is diversified and no single customer contributes to more than 15% of outstanding loans, investment, and other financial assets which are measured at amortised cost as at 31 March 2023 and 31 March 2022.

The Company has used a practical expedient by computing the expected credit loss allowance for loans and investment taking into account historical credit loss experience.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

Balances with banks:

The Company holds cash and cash equivalents with bank, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 39
RISK MANAGEMENT (CONTD.)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest rate risk exposure mainly from changes in rate of interest on borrowing, loans & securities. The following table analyse the breakdown of the interest bearing financial assets and liabilities by type of interest rate:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Financial assets		
Interest bearing		
- fixed interest rate		
Bank balances other than cash and cash equivalent	533.26	17.00
Loans	16,022.80	22,405.69
Investments	97,618.52	76,657.57
Stock of securities	44,354.23	56,327.48
- floating interest rate		
Loans	39,365.31	17,058.38
Investments	23,339.53	17,591.15
Stock of securities	1,166.40	9,524.13
- non interest bearing		
Cash and cash equivalent	1,533.91	1,092.81
Investment	7,340.55	2,116.87
Stock of securites	1,564.90	1,526.98
Other financial assets	3,385.84	2,422.92
Financial Liabilities		
Interest bearing		
- fixed interest rate		
Borrowings	95,282.94	87,859.55
Lease liabilities	787.74	959.70
- floating interest rate		
Borrowings	66,377.96	50,506.58
- non interest bearing		
Trade payable	254.82	153.97
Deposits	33.69	32.94
Other financial liabilities	4,041.19	3,822.17

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Increase in basis points	50.00	50.00
Effect on profit before tax	(12.53)	(31.66)
Decrease in basis points	50.00	50.00
Effect on profit before tax	12.53	31.66

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 39
RISK MANAGEMENT (CONTD.)

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt and overdraft from banks at an optimised cost.

The Company's maximum exposure to liquidity risk for the components of the balance sheet at 31 March 2023 and 31 March 2022 is the carrying amounts. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The Company's major financial liabilities include term loans and non convertible debentures with maturity profile ranging between 0 to 10 years and short term borrowings are generally payable within one year. The average credit period taken to settle trade payables is about 30 days. The other payables are with short-term durations. The following table analysis undiscounted financial liabilities by remaining contractual maturities:

₹ in Lakhs

Particulars	On demand	Less than 3 months	3 to12 months	1 to 5 years	>5 years	Total
As at 31 March 2023						
Borrowings including debt securities	-	61,286.81	23,711.83	90,795.08	-	**175,793.72**
Trade and other payables		254.82	-	-	-	**254.82**
Deposits	-	33.69	-	-	-	**33.69**
Other financial liabilities	-	2,669.92	491.72	1,809.51	-	**4,971.15**
	-	**64,245.24**	**24,203.55**	**92,604.59**	**-**	**181,053.38**
As at 31 March 2022						
Borrowings including debt securities	-	71,907.19	5,893.54	75,117.10	31.20	**152,949.03**
Trade and other payables	-	153.97	-	-	-	**153.97**
Deposits	-	32.94	-	-	-	**32.94**
Other financial liabilities	-	3,485.11	588.44	929.96	-	**5,003.51**
	-	**75,579.21**	**6,481.98**	**76,047.06**	**31.20**	**158,139.45**

Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The Company manages its capital structure and makes adjustment in light of changes in business condition. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep optimum gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Borrowings including debt securities	161,660.89	138,366.13
Trade payables	254.82	153.97
Other financial liabilities	4,828.94	4,781.87
Deposits	33.69	32.94
Less: cash and cash equivalents	(2,067.17)	(1,109.81)
Net debt (A)	**164,711.17**	**142,225.10**
Equity share capital	8,829.38	8,829.38
Other equity	62,691.58	57,428.35
Total member's capital (B)	**71,520.96**	**66,257.73**
Capital and net debt (C=A+B)	**236,232.13**	**208,482.83**
Gearing ratio (%) (A/C)	**69.72**	**68.22**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the aforesaid financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 40

FAIR VALUE HIERARCHY

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets measured at fair value on a recurring basis as of 31 March 2023: ₹ in Lakhs

Particulars	As at 31-03-2023	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Government securities at FVTPL	37,200.37	-	37,200.37	-
Debt instruments at FVTPL	51,906.17	-	51,906.17	-
Alternative Investment Fund at FVTPL	5,223.68		5,223.68	-
Equity instruments at FVTOCI	-	-	-	
Stock of securities				
Debt instruments at FVTPL	45,520.63	-	45,520.63	-
Exchange Traded funds at FVTPL	1,564.90	1,564.90	-	-

The following table presents fair value hierarchy of assets measured at fair value on a recurring basis as of March 31, 2022: ₹ in Lakhs

Particulars	As at 31-03-2022	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Government securities at FVTPL	6,396.18	-	6,396.18	-
Debt instruments at FVTPL	35,707.44	-	35,707.44	-
Equity instruments at FVTOCI	-	-	-	-
				-
Stock of securities				
Debt instruments at FVTPL	65,851.61	-	65,851.61	-
Exchange Traded funds at FVTPL	1,526.98	1,526.98	-	-

Description of techniques and valuation inputs used for Level II and Level III hierarchy are under:

Assets class	Fair value hierarchy	Valuation techniques and inputs
Debt instruments, Government securities, commercial paper and state development loan measured at FVTPL	Level II	Valuation techniques and inputs in order of first preference are as under: 1.Cost of securities only if the securities are allotted within last 20 days or purchased within 7 days from the measurement date, or Latest traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-7 days, whichever is later 2.Weighted average (appropriate weight considered by the company) of; -Future cash flows which are discounted using a discount rate arrived at by adding the spread provided by FIMMDA and -Latest subsequent traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-7 days 3.Future cash flows are discounted using a discount rate arrived at by adding the spread provided by FIMMDA or other approved agencies and annualised government security yield provided by regulatory authorities.
Alternative Investment Fund (AIF) measured at FVTPL	Level II	The valuation is done based on the rating agency valuation provided by the Alternative Investment Fund (AIF).
Unquoted equity instruments measured at FVOCI	Level III	Based on unobservable inputs which generally approximates to the carrying value of the investments unless significantly impaired. Fair value has been considered Nil for significantly impaired investments. Sensitivity change in the unobservable input does not have a significant impact in its value and accordingly, sensitivity disclosure is not given.

The management assessed that cash and cash equivalents, Trade receivable and other financial asset, trade payables and other financial liabilities approximate their carrying amount largely due to short term maturity of these instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 41
EMPLOYEE BENEFIT OBLIGATION

A. Defined Contribution Plans

The following amount recognized as an expense in statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Contribution to provident fund	54.74	19.85

B. Defined Benefit Plans

The Company has a unfunded defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service as per the provision of the Payment of Gratuity Act, 1972 with total ceiling on gratuity of ₹ 20.00 Lacs (31 March 2022 - ₹ 20.00 Lacs)

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
(a) Statement of profit and loss		
Net employee benefit expense recognised in the employee cost		
Current service cost	30.41	23.75
Past service cost	-	-
Interest cost on defined benefit obligation	9.20	6.88
(Gain) / losses on settlement	-	-
Total expense charged to profit and loss account (included in salaries, wages and incentives) (A)	**39.61**	**30.63**
(b) Amount recorded in Other Comprehensive Income (OCI)		
Opening amount recognised in Other Comprehensive Income outside profit and loss account		
Remeasurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(1.19)	(1.86)
Actuarial loss / (gain) arising from change in demographical assumptions	0.05	1.58
Actuarial loss / (gain) arising on account of experience changes	38.31	7.30
Amount recognised in Other Comprehensive Income (B)	**37.17**	**7.02**
Gratuity expense recognised in the statement of profit and loss and Other Comprehensive Income (A+B)	**76.78**	**37.65**
(c) Reconciliation of net liability / asset		
Opening defined benefit liability / (assets)	125.67	99.58
Expense charged to profit & loss account	39.61	30.63
Amount recognised in outside profit and loss account	37.17	7.02
Benefit paid	(11.63)	(11.56)
Closing net defined benefit liability / (asset)	**190.82**	**125.67**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 41
EMPLOYEE BENEFIT OBLIGATION (CONTD.)

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
(d) Movement in benefit obligation and balance sheet		
Opening defined benefit obligation	125.67	99.58
Current service cost	30.41	23.75
Past service cost	-	-
Interest on defined benefit obligation	9.20	6.88
Remeasurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(1.19)	(1.86)
Actuarial loss / (gain) arising from change in demographic assumptions	0.05	1.58
Actuarial loss / (gain) arising on account of experience changes	38.31	7.30
Benefits paid / payable	(11.63)	(11.56)
Closing defined benefit obligation [liability / (asset)] recognised in balance sheet	**190.82**	**125.67**
(e) The principal assumptions used in determining gratuity benefit obligation for the company's plans are shown below:		
Discount rate	7.50%	7.32%
Salary escalation rate (p.a.)	5.00%	5.00%
Withdrawal rate		
Upto 30 Years	29.00%	30.00%
Upto 31-44 Years	25.00%	27.00%
Above 45 Years	23.00%	23.00%
Mortality pre-retirement	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

(f) A quantitative analysis for significant assumption is as shown below:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Indian gratuity plan:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Assumptions -Discount rate		
Sensitivity Level (a hypothetical increase / (decrease) by)	0.50%	0.50%
Impact on defined benefit obligation -increase of sensitivity level	(3.16)	(1.98)
Impact on defined benefit obligation -decrease of sensitivity level	3.27	2.05
Assumptions -Future salary escalations rates		
Sensitivity Level (a hypothetical increase / (decrease) by)	0.50%	0.50%
Impact on defined benefit obligation-increase of sensitivity level	3.33	2.09
Impact on defined benefit obligation-decrease of sensitivity level	(3.25)	(2.04)

The following payments are expected contributions to the defined benefit plant in future years.

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Within 1-2 year	81.27	59.75
2-3 year	97.03	76.55
3-4 year	122.75	96.00
4-5 year	129.48	113.25
5-6 year	146.29	130.97

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.21 years (31 March 2022- 6.97 years)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 42
INCOME TAX

₹ in Lakhs

	Particulars	Current Year 2022-2023	Previous Year 2021-2022
A	**The major components of income tax expense for the years are:**		
	Current income tax:		
	Current income tax charge	1,948.00	1,425.00
	Adjustments in respect of previous year	(11.35)	(9.26)
	Deferred tax:		
	Relating to origination and reversal of temporary differences	8.65	360.62
	Income tax expense reported in the statement of profit or loss	**1,945.30**	**1,776.36**
B	**The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:**		
	Profit before income tax	8,016.35	7,519.84
	Rate of Income tax	25.17%	25.17%
	Computed expected tax expenses	2,017.55	1,892.59
	Tax effect due to non-deductible items	35.95	46.94
	Tax effect due to deductible items	(10.69)	(9.18)
	Tax effect due to recognition / non recognition of deferred tax assets / (liabilities)	(87.97)	(140.43)
	Adjustments in respect of current income tax of previous year	(11.35)	(9.26)
	Others	1.81	(4.30)
	Income tax expense reported in the statement of profit or loss	**1,945.30**	**1,776.36**
C	**The Gross movement in the current income tax asset/(Liability) for the year ended 31 March 2023 and 31 March 2022 is as follows**		
	Net current income tax asset/(liability) at the beginning of the year	13.24	(60.04)
	Income tax paid	1,923.34	1,489.03
	Current tax expenses	(1,948.00)	(1,425.00)
	Interest on tax expenses	(3.70)	(0.01)
	Excess provision of earlier year	11.35	9.26
	Net current income tax asset/(liability) at the end of the year	**(3.77)**	**13.24**
D	**The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:**		
	Net deferred tax asset/(liability) at the beginning of the year	**(150.64)**	**208.19**
	Property plant and equipments	(4.90)	(8.04)
	Investment property and assets for sale	29.49	4.49
	Gratuity	16.40	6.57
	Disallowance of share issue expenses	-	(3.54)
	Impairment allowance on loans and advances	10.58	30.11
	EIR on HTM Securities	0.34	10.55
	Right-of-use and lease liabilities	6.55	22.56
	Impairment allowance on investments	(4.91)	(168.16)
	Fair value gain on investments in debt securities	(81.17)	(234.86)
	Processing fees expenses	0.58	0.67
	Processing fees income	27.23	(18.45)
	Gain loss on restructuring of loan	0.53	(0.73)
	Net deferred tax asset/(liability) at the end of the year	**(149.92)**	**(150.64)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 43
DISAGGREGATED REVENUE INFORMATION

The table below represents disaggregation of company's revenue from contracts with the customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

₹ in Lakhs

Particluars	Current Year 2022-2023	Previous Year 2021-2022
Type of goods or service		
Fees and commission Income	1,269.65	614.67
Total revenue from contracts with the customers	**1,269.65**	**614.67**
Geographical markets		
-India	1,269.65	614.67
-Outside India	-	-
Total revenue from contracts with the customers	**1,269.65**	**614.67**
Relation with customer		
-Non related party	1,269.65	614.67
-Related Party	-	-
Total revenue from contracts with the customers	**1,269.65**	**614.67**
Timing of revenue recognition		
-Service transferred over a period of time	-	-
-Service transferred over a point of time	1,269.65	614.67
Total revenue from contracts with the customers	**1,269.65**	**614.67**

Geographical revenue is allocated based on the location of the services.

NOTE - 44
SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are described below. The Company's assumptions and estimates are based on parameters available at the time of preparation of financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the postemployment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

Based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity has been re-assessed during the year ended 31 March 2023. For the purpose of assessing the attrition rate, the Company considered the historical attrition trend and expected rate based on such trend/ experience. The change in assumption resulted in a increase of closing gratuity by Rs. 37.17 Lakhs, for the year ended 31 March 2023.

Further details about gratuity obligations are given in Note - 41.

(b) Valuation of financial instruments other than those measured at amortised cost

The Company measures certain financial instruments on fair value basis at each balance sheet date. The details of Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) are further detailed out in Note - 40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(c) Impairment allowance for investments and loans

Recognition and measurement of impairment relating to the investments and loans measured at amortized cost involves significant management judgment and as per the requirements of Ind AS 109, credit loss assessment is based on management's ECL model. Management exercises judgment in determining the quantum of loss based on a range of factors. The most significant areas are:

- Credit ratings of the investments and loans;
- Investment and loans staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and
- Forward looking macro-economic factors.

The Company considered current and anticipated future economic conditions relating to industries the Company deals. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its investments to estimate the probability of default in future.

(d) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

NOTE - 45

CODE ON SOCIAL SECURITY, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and the Rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from the stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account the same once the rules are notified and become effective.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 46

DETAILS OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

A Details of secured redeemable non-convertible debentures as at 31 March 2023

Name of Security	Number	Amount (₹ in lakhs)	Allotment Date	Redemption Date
0.00% Non Convertible Debentures - Series MLD- I	1090.00	10,900.00	26-May-22	26-May-24
0.00% Non Convertible Debentures - Series MLD- 2	530.00	5,300.00	27-Jun-22	27-Jun-24
9.60% Non Convertible Debentures - Series B-I	1,600.00	1,600.00	07-Mar-17	07-Mar-24
9.60% Non Convertible Debentures - Series B-III	2,600.00	2,600.00	09-Mar-17	09-Mar-24
9.60% Non Convertible Debentures - Series B-VI	500.00	500.00	20-Mar-17	20-Mar-24
9.60% Non Convertible Debentures - Series B-VII	1,500.00	1,500.00	21-Mar-17	21-Mar-24
8.00% Non Convertible Debentures - Series S	14,300.00	14,300.00	28-May-21	28-May-24
9.00% Non Convertible Debentures - Series E-II	5,852.00	5,852.00	10-Aug-17	10-Aug-24
9.40% Non Convertible Debentures - Series H	7,000.00	7,000.00	06-Dec-17	06-Dec-24
8.05% Non Convertible Debentures - Series T	500.00	5,000.00	30-Mar-22	30-Mar-25
9.75% Non Convertible Debentures - Series K	6,700.00	6,700.00	28-Jun-18	28-Jun-25
9.95% Non Convertible Debentures - Series N	3,500.00	3,500.00	18-Sep-18	18-Sep-25

1. Face value of all the non convertible debentures is ₹1,00,000 except Series T, Series MLD-1 and MLD-2
2. Face value of Series T,Series MLD-1 and MLD-2 non convertible debentures is ₹10,00,000.
3. Non convertible debentures Series B, Series E, Series K, Series H, Series N, Series S, Series T, Series MLD-1 and Series MLD-2 are redeemable at a call option in the range of 12 months to 48 months.

B Details of secured redeemable non-convertible debentures as at March 31, 2022

Name of Security	Number	Amount (₹ in lakhs)	Allotment Date	Redemption Date
9.40% Non Convertible Debentures - Series I	5,000.00	5,000.00	03-Apr-18	04-Apr-22
8.00% Non Convertible Debentures - Series Q	5,000.00	5,000.00	05-Oct-20	05-Apr-22
8.00% Non Convertible Debentures - Series R	7,500.00	7,500.00	15-Oct-20	15-Apr-22
9.75% Non Convertible Debentures - Series L	2,500.00	2,500.00	29-Jun-18	29-Jun-23
9.60% Non Convertible Debentures - Series M	500.00	500.00	28-Aug-18	28-Aug-23
9.60% Non Convertible Debentures - Series B-I	1,750.00	1,750.00	07-Mar-17	07-Mar-24
9.60% Non Convertible Debentures - Series B-III	2,600.00	2,600.00	09-Mar-17	09-Mar-24
9.60% Non Convertible Debentures - Series B-VI	500.00	500.00	20-Mar-17	20-Mar-24
9.60% Non Convertible Debentures - Series B-VII	1,500.00	1,500.00	21-Mar-17	21-Mar-24
8.00% Non Convertible Debentures - Series S	14,500.00	14,500.00	28-May-21	28-May-24
9.00% Non Convertible Debentures - Series E-II	6,452.00	6,452.00	10-Aug-17	10-Aug-24
9.40% Non Convertible Debentures - Series H	7,000.00	7,000.00	06-Dec-17	06-Dec-24
8.05% Non Convertible Debentures - Series T	500.00	5,000.00	30-Mar-22	30-Mar-25
9.75% Non Convertible Debentures - Series K	7,100.00	7,100.00	28-Jun-18	28-Jun-25
9.95% Non Convertible Debentures - Series N	3,500.00	3,500.00	18-Sep-18	18-Sep-25

1. Face value of all the non convertible debentures is ₹1,00,000 except Series T
2. Face value of Series T non convertible debentures is ₹10,00,000.
3. Non convertible debentures Series B, Series E, Series H, Series I, Series K, Series L, Series M, Series N, Series Q,Series R, Series S and Series T are redeemable at a call option in the range of 12 months to 48 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 47

Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies as on 31 March 2023

(i) Funding Concentration based on significant counterparty (both deposits and borrowings):

Sr. No.	Number of Significant Counterparties	Amount (₹ in Crores)	% of Total deposits	% of Total Liabilities
1	25	1,347.65	NA	80.33%

Notes:

a. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Systemically Important Non-Deposit taking Non-Banking Finance Company total liabilities.

b. Total liabilities have been computed as Total Assets less Equity share capital less Reserves & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits): - Not Applicable

(iii) Top 10 borrowings:

Sr. No.	Amount (₹ in Crores)	% of Total Borrowings
1	963.04	59.57%

Notes:

a. Total Borrowings have been computed as Gross Total Debt basis extant regulatory ALM guidelines.

(iv) Funding Concentration based on significant instrument/product:

Sr. No.	Name of the instrument/product	Amount (₹ in Crores)	% of Total Liabilities
1	Non-convertible debentures	647.31	38.58%
2	Working Capital	373.72	22.28%
3	Term loans	350.58	20.90%
4	CCIL	245.00	14.60%

(v) Stock Ratios:

Sr. No.	Particulars	% as on 31 March 2023
1	Commercial Paper to Total Liabilities	NA
2	Commercial Paper to Total Assets	NA
3	NCDs (Original Maturity < 1 year) to Total Liabilities	NA
4	NCDs (Original Maturity < 1 year) to Total Assets	NA
5	Other Short Term Liabilities to Total Liabilities	47.74%
6	Other Short Term Liabilities to Total Assets	33.47%

Notes:

a. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Systemically Important Non-Deposit taking Non-Banking Finance Company total liabilities.

b. Total liabilities have been computed as Total Assets less Equity share capital less Reserves & Surplus and computed basis extant regulatory ALM guidelines.

(vi) Institutional set-up for liquidity risk management:

Asset Liability Management and Liquidity Risk Management Policy of the Company is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific.

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Company also has Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The RMC has the primary responsibility of evaluating overall risks faced by the NBFC including liquidity risk, interest rate risk and market risk. The meetings of RMC are held at periodic intervals. The minutes of RMC are placed before the Board of Directors in its next meeting for its perusal/approval/ratification.

The Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset liability management of the Company from risk-return perspective and within the risk appetite and guardrails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provide guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held at periodic intervals. The minutes of ALCO are placed before the Board of Directors in its next meeting for its perusal/approval/ratification.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 48

Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 as required by notification DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020

₹ in Lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	55,358.75	266.87	55,091.88	284.44	(17.57)
	Stage 2	20.42	20.42	-	0.08	20.34
Subtotal		**55,379.17**	**287.29**	**55,091.88**	**284.52**	2.77
Non Performing Assets						
Sub-standard	Stage 3	8.95	8.95	-	8.95	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		8.95	8.95	-	8.95	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	**Stage 1**	**55,358.75**	**266.87**	**55,091.88**	**284.44**	**(17.57)**
	Stage 2	**20.42**	**20.42**	**-**	**0.08**	**20.34**
	Stage 3	**8.95**	**8.95**	**-**	**8.95**	**-**
		55,388.12	**296.24**	**55,091.88**	**293.47**	**2.77**

Note: The assets includes loans and advances only

NOTE - 49

Disclosures as required by RBI Notification No. RBI/2020-21/16DOR.No.BP.BC/3/21.04.048/2020-21dated 6 August 2020 "Resolution Framework for COVID-19-related Stress"read with RBI Notification No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 ""Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" (the Notification) are given as under.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year (A)	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans	Nil	Nil	Nil	Nil	Nil
Corporate persons					
- of which, MSMEs	Nil	Nil	Nil	Nil	Nil
- others	690.00	Nil	Nil	40.00	650.00
Total	690.00	Nil	Nil	40.00	650.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 50

Disclosures pursuant to Master Direction - Reserve Bank of India (Transfer of loan Exposures) Directions, 2021 In terms of RBI circular RBI/DOA/2021-22/16 OOR.5TR. REC.51/21.04.048/2021-22 dated 24 September, 2021;

(a) (i) Details of loans not in default acquired through direct assignments during the year ended 31 March 2023 - Nil

(a) (ii) Details of loans not in default through assignments transferred during the year ended 31 March 2023 - Nil

(b) Details of stressed loans transferred or acquired, during the year ended 31 March 2023 - Nil

NOTE - 51

The Company's existing definition of default i.e. Days Past Due approach is in line with the RBI circular dated 12 November 2021 read with circular dated 15 February 2022. Accordingly the same does not have any impact on the financial statments for the year ended 31 March 2023 as the Company continues to prepare the financial statements in accordance with the applicable IND-AS guidelines and the RBI Circular dated 13 March 2020.

NOTE - 52

The following table sets out the disclosure as required by the notification no. DNBS. 200 /CGM(PK)-2008 dated 1 August 2008 and DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 issued by RBI as amended from time to time.

I) Capital — ₹ In Crores

	Items	Current Year 2022-2023	Previous Year 2021-2021
i)	CRAR (%)	33.56	32.94
ii)	CRAR - Tier I capital (%)	33.40	32.79
iii)	CRAR - Tier II capital (%)	0.16	0.15
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

1. Value of investments — ₹ In Crores

i)	Gross value of investments		
	- In India	1,282.99	963.66
	- Outside India,	-	-
ii)	Provisions for depreciation		
	- In India	0.30	0.49
	- Outside India,	-	-
iii)	Net Value of Investments		
	- In India	1,282.69	963.17
	- Outside India,	-	-

2. Movement of provisions held towards depreciation on investments — ₹ In Crores

i)	Opening balance	0.49	7.17
ii)	Add : Provisions made during the year	-	-
iii)	Less : Write-off / write-back of excess provisions during the year	(0.19)	(6.68)
iv)	Closing balance	0.30	0.49

iii) Derivatives

The Company did not have any transactions in Derivatives.

iv) Disclosures relating to Securitisation - Deleted

v) **Asset Liability Management**

Maturity pattern of certain items of Assets and Liabilities as at 31 March 2023

₹ In Crores

Particulars	1 day to 7 days	Over 7 days to 14 days	Over 14 days to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	3.55	1.14	0.02	-	4.71
Advances	0.16	-	20.70	27.21	19.03	58.49	178.47	184.54	53.56	13.22	555.38
Investments	395.29	23.43	14.62	245.75	246.86	25.79	41.84	245.25	36.82	22.69	1,298.34
Stock of securities	184.64	175.87	-	53.20	53.20	-	-	-	-	-	466.91
Borrowings	248.16	-	5.94	172.02	194.75	75.51	131.31	791.38	36.22	-	1,655.29
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items of Assets and Liabilities as at March 31, 2022

₹ In Crores

Particulars	1 day to 7 days	Over 7 days to 14 days	Over 14 days to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	2.44	1.14	0.02	-	**3.60**
Advances	0.30	-	65.24	16.91	18.79	54.77	87.25	120.56	8.97	22.08	**394.87**
Investments	75.25	15.55	13.64	190.28	190.48	49.94	99.41	220.86	104.29	22.69	**982.39**
Stock of securities	231.11	209.46	15.22	104.91	104.91	-	-	-	-	-	**665.61**
Borrowings	253.17	25.01	142.84	207.64	112.00	13.58	26.17	511.84	128.50	0.39	**1,421.14**
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	**-**
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	**-**

Note: Advances includes loans and advances in the nature of loans and excludes advances recoverable in cash or kind or for value to be received, advance payment of taxes and deposits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

vi) Exposures

₹ in Crores

A. Exposures to real estate sector	Current Year 2022-2023	Previous Year 2021-2022
a) Direct exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	-	-
(iii)Investments in Mortgage Backed Securities (MBS) and securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
Total Exposure to Real Estate Sector	-	-
b) Indirect exposure		
(I) funded and Non Funded Exposures through Housing Finance Companies (HFCs)	103.25	72.87
Total Exposure to Real Estate Sector	**103.25**	**72.87**
c) Direct Investment		
(i) Commercial Real Estate -	-	-
(ii) Investments in Mortgage Backed Securities (MBS) and securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
Total Exposure to Real Estate Sector	-	-
d) Indirect Investment		
(i) Funded and Non Funded Exposures through Housing Finance Companies (HFCs)	**139.20**	**88.97**
Total Investment Exposure to Real Estate Sector	**139.20**	**88.97**
*Investments Exposure means Investment in Mortgaged Backed Securities and other securitized exposures		

₹ in Crores

B. Exposures to Capital Market	Current Year 2022-2023	Previous Year 2021-2022
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	21.17	21.17
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
		-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii)all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	21.17	21.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

C. Details of financing of parent company products

The Company did not have any financing of parent company's products.

D. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

Single Borrower Limit (SGL) / Group Borrower Limit (GBL) has not been exceeded the prudential exposure limits during the year by the Company.

E. Unsecured Advances

The Company has an outstanding advances of Rs. 45.45 Crores as unsecured advances as on 31 March 2023.

vii) Miscellaneous

A. Registration obtained from other financial sector regulators

There is no other registration obtained from any other financials sector regulators.

B. Disclosure of Penalties imposed by RBI and other regulators

There is no penalty imposed by RBI and other regulators.

C. Related Party Transactions

I All material transactions with related parties are disclosed in Note 37 of the Financial Statements.

ii) The Company have the policy on dealing with Related party Transactions and it is disclosed on group website www.akgroup.co.in

D. Rating assigned by credit rating agencies and migration of rating during the year

During the current year, the credit rating agencies have assigned the following credit ratings to the Company:

1 - Non-Convertible Debentures - BWR AA+
2 - Non-Convertible Debentures - BWR AA
3 - Non-Convertible Debentures - BWR AA -
4 - Long Term Bank Facilities - BWR AA-
5 - Non-Convertible Debentures - ACUITE AA+
6 - Non-Convertible Debentures - ACUITE AA
7 - Non-Convertible Debentures - ACUITE AA -
8 - Non-Convertible Debentures - CARE AA-
9 - Long Term / Short Term Bank Facilities - CARE AA-
10 - Commercial Paper - CARE A1+

E. Remuneration of Directors

During the year, sitting fees has been paid to a non-executive directors amounting to Rs. 0.28 Crores.

F. Net Profit or Loss for the year, prior period items and changes in accounting policies

There are no prior period items and change in accounting policies except as reported in the Financial Statements.

G. Revenue Recognition

There are no such circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties..

H. Indian Accounting Standard 110 - Consolidated Financial Statements (CFS)

The Company has a subsidiary company - Family Home Finance Private Limited which was incorporated on 29 June 2017. The consolidated financial statements are separately presented.

(viii) Additional Disclosures

A. Provisions and Contingencies

₹ in Crores

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		Current Year 2022-2023	Previous Year 2021-2022
i)	Provisions for depreciation on Investments	(0.20)	(6.68)
ii)	Provision towards NPA	0.09	-
iii)	Provision made towards Income tax (Including Deferred tax and Earlier period tax adjustments)*	19.55	17.78
iv)	Other Provision and Contingencies (Employee Benefits)*	0.87	0.38
v)	Impairment on loans and advances (net)	0.33	1.20

* including recognised in other comprehensive income

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

B. Draw Down from Reserves

There have been no drawdown from Reserves.

₹ in Crores

C. Concentration of Deposits, Advances, Exposures and NPAs		As at 31-03-2023
a.	**Concentration of Deposits (for deposit taking NBFCs)**	
	Total Deposits of twenty largest depositors	Not Applicable
	Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	Not Applicable
b.	**Concentration of Advances**	
	Total Advances to twenty largest borrowers	499.37
	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	90.23%
c.	**Concentration of Exposures**	
	Total Exposure to twenty largest borrowers / customers (Including interest accrued and due)	499.73
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	90.22%
d.	**Concentration of NPAs**	
	Total Exposure to top four NPA accounts	0.09
e.	**Sector-wise NPAs**	
	Sector	% of NPAs to Total Advances in that Sector
	Agriculture & allied activities	-
	MSME	3.80%
	Corporate borrowers	-
	Services	-
	Unsecured personal loans	-
	Auto Loans	-
	Other personal Loans	-

D. Movements of NPAs

Particulars		Current Year 2022-23	Previous Year 2021-2022
(i)	Net NPAs to Net Advances (%)	-	-
(ii)	Movement of NPA (Gross)		
	(a) Opening Balance	-	-
	(b) Additions during the year	0.09	-
	(c) Reductions during the year	-	-
	(d) Closing Balance	0.09	-
(iii)	Movement of Net NPA		
	(a) Opening Balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing Balance	-	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening Balance	-	-
	(b) Provisions made during the year	0.09	-
	(c) Write-off / write-back of excess provisions	-	-
	(d) Closing Balance	0.09	-

E. Overseas Assets

During the year, there are no overseas assets in the Company.

F. Off-Balance Sheet SPVs sponsored

During the year, there are no off-balance sheet SPVs sponsored by the Company.

G. Disclosure of Complaints

During the year, there are no Customer Complaints received from any Customers by the Company.

The financial information in the above disclosure as required by the notification no. DNBS. 200 /CGM(PK)-2008 dated 1 August 2008 and DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 issued by RBI as amended from time to time except for Assets Liability Management disclosure, are based on the IND AS financial statements for the year ended 31 March 2023 and 31 March 2022. The financial information presented in the Assets Liability Management disclosure are based on carrying value of the assets and liabilities without considering the effects of IND AS adjustments as on 31 March 2023 and 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE 53

The following table sets out the disclosure as required by the notification no. RBI/2021-22/112/DOR.CRE.REC.No.60/03.10/001/2021-22 dated 22 October 2021 and RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-2023 dated 19 April 2022 issued by RBI.

₹ in Crores

	Current Year 2022-2023	Previous Year 2021-2022
A. Exposures to real estate sector		
1 Exposures to real estate sector		
a) Direct exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
Total Exposure to Real Estate Sector	**-**	**-**
b) Indirect exposure		
(i) funded and Non Funded Exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	242.45	161.84
Total Exposure to Real Estate Sector	**242.45**	**161.84**

₹ in Crores

	Current Year 2022-2023	Previous Year 2021-2022
B. Exposures to Capital Market		
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	21.17	21.17
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II*	-	-
(iii) Category III	-	-
Total Exposure to Capital Market	**21.17**	**21.17**

*For the year ended 31st March 2023, the Company has an investment amounting to Rs.52 Crores in SEBI Registered Alternative Investment Fund - Category II Debt Fund as defined in Regulation 2(1)(i) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and hence not classified under Capital Market Exposure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

		Current Year 2022- 2023			Previous Year 2021- 2022		
Sr No	**Sectors**	**Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)**	**Gross NPAs (₹ in crore)**	**Percentage of Gross NPAs to total exposure in that sector**	**Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)**	**Gross NPAs (₹ in crore)**	**Percentage of Gross NPAs to total exposure in that sector**
1	Agriculture and Allied Activities	-	-	-	-	-	-
2	Industry						
	2.1 Micro and Small	1.37	0.05	3.65%	4.39	-	0.00%
	2.2 Medium	0.05	-	0.00%	0.11	-	0.00%
	2.3 Large	-	-	0.00%	-	-	0.00%
	2.4 Others	-	-	0.00%	-	-	0.00%
	Total of Industry (2.1+2.2+2.3+2.4)	1.42	0.05	3.65%	4.50	-	-
3	Services						
	3.1 Transport Operators	0.07	-	0.00%	0.15	-	0.00%
	3.2 Computer Software	0.02	-	0.00%	0.22	-	0.00%
	3.3 Professional Services	0.03	-	0.00%	0.36	-	0.00%
	3.4 Wholesale Trade (other than Food Procurement)	0.12	-	0.00%	0.37	-	0.00%
	3.5 Retail Trade	0.61	0.04	6.56%	2.49	-	0.00%
	3.6 NBFCs	363.71	-	0.00%	258.39	-	0.00%
	3.7 Others	0.11	-	0.00%	0.24	-	0.00%
	Total of Services (3.1+3.2+3.3+3.4+3.5+3.6+3.7)	364.67	0.04	6.56%	262.22	-	-
4	Personal Loan	-	-	0.00%	-	-	0.00%
5	Others, If any	187.80	-	0.00%	127.92	-	0.00%

4 Intra-group exposures

₹ in Crores

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		**Current Year 2022-2023**	**Previous Year 2021-2022**
i)	Total amount of intra-group exposures	91.93	45.00
ii)	Total amount of top 20 intra-group exposures	91.93	45.00
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	16.60%	11.40%

5 Unhedged foreign currency exposure

As of balance sheet date, company does not have any Unhedged foreign currency exposure.

(B)Related Party Disclosure

₹ in Crores

Related Party	Parent (as per ownership or control)		Subsidiaries		Directors		Relative of Directors		Key Management Personnel		Others		Total	
Items	Current Year	Previous year	Current Year	Previous year	Current Year	Previous Year	Current Year	Previous year	Current Year	Previous year	Current Year	Previous Year	Current Year	Previous Year
Security deposits towards rented premises	-	-	-	-	1.00	1.00	-	-	-	-	-	-	**1.00**	**1.00**
(Maximum o/s during the year)	-	-	-	-	1.00	1.00	-	-	-	-	-	-	**1.00**	**1.00**
Advances	-	-	16.93	-	-	-	-	-	-	-	75.00	45.00	**91.93**	**45.00**
(Maximum o/s during the year)	-	50.00	16.93	-	-	-	-	-	-	-	100.00	90.00	**116.93**	**140.00**
Remuneration	-	-	-	-	4.40	3.92	-	-	0.15	0.13	-	-	**4.55**	**4.05**
Sitting Fees	-	-	-	-	0.28	0.19	-	-	-	-	-	-	**0.28**	**0.19**
Investments	-	-	-	10.16	-	-	-	-	-	-	-	-	**-**	**10.16**
(Maximum o/s during the year)	-	-	21.17	21.17	-	-	-	-	-	-	-	-	**21.17**	**21.17**
Others transactions:														
Purchase of securities (excluding accrued interest)	411.09	749.69	-	3.42	-	1.14	-	-	-	-	115.27	576.23	**526.35**	**1,330.48**
Sale of securities (excluding accrued interest)	377.09	470.31	-	-	-	-	-	-	-	-	57.05	133.48	**434.14**	**603.79**
Interest received	-	2.83	0.57	-	-	-	-	-	-	-	6.87	5.92	**7.43**	**8.75**
Brokerage paid	-	-	-	-	-	-	-	-	-	-	0.88	0.95	**0.88**	**0.95**
Demat charges paid	-	-	-	-	-	-	-	-	-	-	0.01	0.01	**0.01**	**0.01**
Rent paid	-	-	-	-	0.24	0.24	-	-	-	-	-	-	**0.24**	**0.24**
Loan given	-	286.00	18.00	-	-	-	-	-	-	-	135.00	323.89	**153.00**	**609.89**
Repayment of loan given	-	286.00	1.07	-	-	-	-	-	-	-	105.00	328.39	**106.07**	**614.39**
Support Services	-	-	0.06	-	-	-	-	-	-	-	-	-	**0.06**	**-**
Repayment of security deposit for rented premises	-	-	-	-	-	1.00	-	0.50	-	-	-	-	**-**	**1.50**
Issuences of Non Convertible Debentures (excluding accrued interest)	-	-	-	-	-	-	-	-	-	-	79.00	-	**79.00**	**-**
Repurchase of Non Convertible Debentures issued	-	12.50	-	-	-	-	-	-	-	-	-	-	**-**	**12.50**
Interest Expenses on Non Convertible Debentures	-	0.52	-	-	-	-	-	-	-	-	-	-	**-**	**0.52**
Incentive expenses	-	-	-	-	-	-	-	-	-	-	3.65	1.97	**3.65**	**1.97**
Software expenses	-	-	-	-	-	-	-	-	-	-	1.76	1.44	**1.76**	**1.44**
Other closing balances:														
Balances Receivable	-	-	-	-	-	-	-	-	-	-	14.21	10.06	**14.21**	**10.06**
Trade payable	-	-	-	-	-	-	-	-	-	-	1.12	0.06	**1.12**	**0.06**
Corporate guarantee taken	275.00	275.00	-	-	-	-	-	-	-	-	-	-	**275.00**	**275.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(c) Disclosure of Complaints

1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

S.no	Paticular	Current Year 2022-2023	Previous Year 2021-2022
	Complaints received by the NBFC from its customers	Nil	Nil
1	Number of complaints pending at beginning of the year		
2	Number of complaints received during the year		
3	Number of complaints disposed during the year		
3.1	of which, number of complaints rejected by the company		
4	Number of complaints pending at the end of the year		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman		
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman		
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman		
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC		
6	Number of Awards unimplemented within the stipulated time (other than those appealed)		

2 Top five grounds of complaints received by the NBFCs from customers

As at 31-March-2023

S.no	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	(1)	(2)	(3)	(4)	(5)	(6)
1	NIL					
2						
3						

As at 31-March-2022

S.no	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	(1)	(2)	(3)	(4)	(5)	(6)
1	NIL					
2						
3						

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Section II
(A) Corporate Governance
1 Composition of the Board

S.no	Name of Director	Director Since	Capacity	DIN	No of Board Meeting		No of Other Directorship	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1	Mr. Rajiv Kumar Bakshi	May 19, 2014	Chairperson, Non-Executive – Independent Director	00264007	6	6	4	Nil	4.00	Nil	Nil
2	Mr. A. K. Mittal	November 30, 2012	Executive Director, MD	00698377	6	6	2	367.00	Nil	Nil	2,80,180 equity shares @Rs. 10/- and 20,00,000 CCPS @Rs. 100/-
3	Mr. Khimji Shamji Pandav	August 11, 2018	Non-Executive – Independent Director	01070944	6	6	2	Nil	4.00	Nil	Nil
4	Ms. Aditi Mittal (Refer Note 1 below)	December 2, 2022	Executive Director	00698397	1	1	4	73.00	Nil	Nil	16,080 equity shares @Rs. 10/-
5	Mr. Deepak Maheshwari (Refer Note 2 below)	February 6, 2023	Non-Executive – Independent Director	00750047	Nil	Nil	4	Nil	Nil	Nil	Nil
6	Ms. Annu Garg (Refer Note 3 below)	April 2, 2019	Executive – Director	07817550	4	4	1	Nil	Nil	Nil	Nil
7	Mr. Vikas S Agarwal (Refer Note 4 below)	October 25, 2021	Non-Executive – Independent Director	03582526	5	5	2	Nil	20	Nil	Nil

"Notes:

1. Ms. Aditi Mittal (DIN: 00698397) was appointed as an Additional Director (Executive) on the Board of the Company with effect from December 02, 2022 and further regularized as Director (Executive) by shareholders in their meeting held on February 27, 2023.
2. Mr. Deepak Maheshwari (DIN: 00750047) was appointed as an Additional Independent Director (Non-Executive) on the Board of the Company with effect from February 6, 2023 and further regularized as Independent Director (Non-Executive) by shareholders in their meeting held on February 27, 2023.
3. Ms. Annu Garg (DIN: 07817550) Director (Executive) has been resigned from the board of the Company with effect from December 02, 2022 due to new assignments and other responsibilities.
4. Mr. Vikas S Agarwal (DIN: 03582526), Independent Director (Non-Executive) has tendered his resignation as an Independent Director of the Company with effect from February 6, 2023 due to being pre occupied in other work commitments.

Section II

(A) Corporate Governance

Details of change in composition of the Board during the current and previous financial year

During Year Ended 31 March 2023

S.No	Name of Director	Capacity	Nature of Change	Effective Date
1	Ms. Annu Garg	Director (Executive)	Resignation	December 02, 2022
2	Ms. Aditi Mittal	Director (Executive)	Appointment	December 02, 2022
3	Mr. Vikas S Agarwal	Non-Executive – Independent Director	Resignation	February 6, 2023
4	Mr. Deepak Maheshwari	Non-Executive – Independent Director	Appointment	February 6, 2023

During Year Ended 31 March 2022

S.No	Name of Director	Capacity	Nature of Change	Effective Date
1	Mr. Vikas S Agarwal	Non-Executive – Independent Director	Appointment	October 25, 2021
2	Mr. Raghubinder Rai Bajaj	Non-Executive – Independent Director	Resignation	January 29, 2022

2 Committees of the Board and their composition

The terms of reference of the Committees are in line with regulatory requirement mandated in Companies Act, 2013 and Rules made thereunder and as amended from time to time

a Audit committee

S.No	Name of Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Khimji Shamji Pandav	September 21, 2018	Chairman	6	6	Nil
2	Mr. Rajiv Kumar Bakshi	May 23, 2014	Member	6	6	Nil
3	Mr. Deepak Maheshwari	February 6, 2023	Member	Nil	Nil	Nil

b Nomination & Remuneration Committee

S.No	Name of Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Khimji Shamji Pandav	September 21, 2018	Chairman	4	4	Nil
2	Mr. Rajiv Kumar Bakshi	May 23, 2014	Member	4	4	Nil
3	Mr. Deepak Maheshwari	February 6, 2023	Member	Nil	Nil	Nil

c Stakeholders Relationship Committee

S.No	Name of Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Rajiv Kumar Bakshi	October 25, 2021	Chairman	4	4	Nil
2	Mr. A. K. Mittal	October 25, 2021	Member	4	4	2,80,180 equity shares @Rs. 10/- and 20,00,000 CCPS @Rs. 100/-
3	Ms. Aditi Mittal	December 02, 2022	Member	Nil	Nil	16,080 equity shares @Rs. 10/-

d Risk Management Committee

S.No	Name of Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. A. K. Mittal	October 25, 2021	Chairman	4	4	2,80,180 equity shares @Rs. 10/- and 20,00,000 CCPS @Rs. 100/-
2	Mr. Rajiv Kumar Bakshi	October 25, 2021	Member	4	4	Nil
3	Ms. Shilpa Sadani (Head-Risk)*	October 28, 2022	Member	1	1	Nil

e Corporate Social Responsibility Committee

S.No	Name of Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Rajiv Kumar Bakshi	April 01, 2014	Member	1	1	Nil
2	Mr. A. K. Mittal	April 01, 2014	Member	1	1	2,80,180 equity shares @Rs. 10/- and 20,00,000 CCPS @Rs. 100/-
3	Mr. Khimji Shamji Pandav	September 21, 2018	Member	1	1	Nil

f Strategy & Information Systems Security Committee

S.No	Name of Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Rajiv Kumar Bakshi	May 25, 2018	Chairman	3	3	Nil
2	Mr. A. K. Mittal	May 25, 2018	Member	3	3	2,80,180 equity shares @Rs. 10/- and 20,00,000 CCPS @Rs. 100/-
3	Mr. Pratim Tare (CISO)*	Feb 06, 2023	Member	1	1	Nil

** Not a board member*

3 General Body Meetings

S.No	Tye of Meeting	Date and Place	Special resolutions passed
1	Annual General Meeting	Date:September 03, 2022 Place: Mumbai (Video Conferencing)	1. Issuance of commercial paper of nominal value aggregating up to INR 500 crores within the borrowing limits set forth under Section 180 of the Companies Act, 2013. 2. Re-appointment of Mr. A. K. Mittal (DIN: 00698377) as Managing Director of the Company. 3. Re-appointment of Mr. Khimji Shamji Pandav (DIN: 01070944) as Independent Director of the Company for a second term.
2	Extra Ordinary General Meeting	Date:February 27, 2023 Place: Mumbai (Video Conferencing)	1. To approve the appointment of Ms. Aditi Mittal (DIN: 00698397) as a Director of the Company and payment remuneration. 2.To approve the appointment of Mr. Deepak Maheshwari (DIN: 00750047) as an Independent Director of the Company.

4 Details of non-compliance with requirements of Companies Act, 2013

During the year, the Company has generally complied with the provisions of the Act, Old Act, Rules, Regulations, Guidelines, Standards under the Companies Act, 2013 and the rules mad thereunder.

5 No penalties or stricture are imposed on the Company by Reserve Bank or any other statutory authority.

(B) Breach of Coveants

There are no instances of breach of coveant of loan avalied or debt securities issued by the Company.

(C) Divergence in Asset Classification and Provisioning

During the year under consideration there was not assessment done by Reserve Bank of India and therefore details of diversions are not required to be disclosed.

NOTE - 54

In accordance with the instructions in the RBI notification no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7 April 2021 all lending institutions shall refund / adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Indian Bank Association (IBA) in consultation with other industry participants / bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Company has estimated the said amount and made provision for refund adjustment in the previous year itself.

NOTE - 55

Disclosure of Loans to Directors, Senior Officers and relatives of Directors as required by the notification no. RBI/2021-22/112/DOR.CRE.REC.No.60/03.10/ 001/2021-22 dated 22 October 2021 and RBI/2022-23/29 DOR.CRE.REC.No.25/ 03.10.001/2022-2023 dated 19 April 2022 issued by RBI.

(Rs. in Crores)

Particular	Current Year	Previous Year
Directors and their relatives	-	-
Entities associates with directors and their relatives*	100.00	95.00
Senior Officers and their relatives	-	-

*Revolving Credit Sanction Limits amounting upto a maximum amount of Rs.100 Crores (Previous Year Rs 95 Crores)

NOTE - 56

The Company does not have any intangible assets under development.

NOTE - 57

a) There are no disputed or undisputed receivables of the Company as on 31 March 2023 and 31 March 2022.
b) There are no unbilled revenues of the Company as on 31 March 2023 and 31 March 2022.

NOTE - 58

The Company does not hold any Benami Property as defined under Benami Transactions (Prohibition) Act (45) of 1988 and rules made thereunder.

NOTE - 59

The Company does not have any transactions with companies struck off under section 248 of Companies Act 2013 or Section 560 of Companies Act 1956, during the financial year ending 31 March 2023 and 31 March 2022

NOTE - 60

The Company has complied with the number of layer prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

NOTE - 61
UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

(a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE - 62
The Company does not have any undisclosed income during the financial year ended 31 March 2023 and 31 March 2022

NOTE - 63
The Company does not traded or invested in Crypto Currency or Virtual Currency during the financial year ended 31 March 2023 and 31 March 2022

NOTE - 64
There was no impairment loss on the non-financial assets on the basis of review carried out by the management in accordance with Indian Accounting Standard (Ind AS) – 36 'Impairment of Assets'

NOTE - 65
In the opinion of management, loans, investments and other financial assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.

NOTE - 66
No fraud on or by the Company has been noticed or reported during the year ended 31 March 2023 and 31 March 2022.

NOTE - 67
Subsequent events
No subsequent events have been observed which may require an adjustment to the statement of financial position.

NOTE - 68
The disclosure required in terms of paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is given in Annexure 'A'.

NOTE - 69
Previous year's figure have been regrouped or rearranged, wherever considered necessary, to conform with the current year's presentation.

Signatures to 1 to 69

As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal
Managing Director
DIN: 00698377

Rajiv Kumar Bakshi
Chairman & Independent Director
(DIN : 00264007)

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
(ACS : A38806)

Place: Mumbai
Dated : May 20, 2023

SCHEDULE TO THE BALANCE SHEET OF A NON DEPOSIT TAKING NON BANKING FINANCIAL COMPANY AS ON MARCH 31, 2023

Annexure"A"

Disclosure in terms of Paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ In Lakhs

	Particulars		Amount	
	Liabilities side			
1	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid**		**Amount outstanding**	**Amount Overdue**
a		Debentures		
		Secured	68,311.56	NIL
		Unsecured	NIL	NIL
		(Other than falling within the meaning of public deposit*)		
b		Deferred credits	NIL	NIL
c		Term Loans	24,890.10	NIL
d		Inter - corporate loans and borrowings	NIL	NIL
e		Commercial paper	NIL	NIL
f		Working capital demand loan from bank	30,880.20	NIL
g		Loan from NBFC	16,831.69	NIL
h		Clearing Corporation of India limited	24,500.00	NIL
I		Repo Account	0.00	NIL
* Refer note no.1 below				

₹ In Lakhs

2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**	**Amount outstanding**	**Amount Overdue**
a	In the form of Unsecured debentures	NIL	NIL
b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
c	Other public deposits	NIL	NIL

₹ In Lakhs

	Asset Side	**Amount**
3	**Break up of loans and advances including bills receivables other than those included in (4) below**	**Amount outstanding**
	Secured	50,842.80
	Unsecured	4,545.32
	(includes those in nature of loans and excludes advances recoverable in cash or kind or for value to be received, advance payment of income tax and deposits)	
4	**Break up of leased assets and stock on hire and hypothecation loans counting towards AFC activities**	**Amount outstanding**
a	Lease assets including lease rentals under sundry debtors	
	Financial lease	Not applicable
	Operating lease	Not applicable
b	Stock on the hire including hire charges under sundry debtors	
	Assets on hire	Not applicable
	Repossessed assets	Not applicable
c	Other loans counting towards EL/HP activities	
	Loans where assets have been repossessed	Not applicable
	Loans other than above	Not applicable

SCHEDULE TO THE BALANCE SHEET OF A NON DEPOSIT TAKING NON BANKING FINANCIAL COMPANY AS ON MARCH 31, 2023

Annexure"A"

Disclosure in terms of Paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ In Lakhs

5	**Break up of investments**	**Amount outstanding**
	Investments	
a	**Quoted**	
	Shares	NIL
	Equity	NIL
	Preference	NIL
	Debentures and bonds	73,037.64
	Units of mutual funds	0.00
	Government securities	37,200.37
	Others	10,387.72
b	**Unquoted**	
	Shares	NIL
	Equity	2,116.87
	Preference	NIL
	Debentures and bonds	NIL
	Units of mutual funds	NIL
	Government securities	NIL
	Others	5,555.99

₹ In Lakhs

6	**Borrowers group wise classification of financed as in (2) above:**	**Amount outstanding**		
	Category	**Amount Net of Provisions**		
1	**Related parties**	**Secured**	**Unsecured**	**Total**
a	Subsidiaries	1,648.72	NIL	1,648.72
b	Companies in the same group	NIL	NIL	NIL
c	Other related parties	7,494.86	NIL	7,494.86
2	**Other than related parties**	41,485.42	4,462.88	45,948.30
	Total	**50,629.00**	**4,462.88**	**55,091.88**
Refer note no. 2 below				

₹ In Lakhs

7	**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**	**Amount outstanding**	
	Category	**Market value/ break up of fair value or NAV**	**Book value (net of provision)**
1	**Related parties***		
a	Subsidiaries**	2,370.55	2,116.87
b	Companies in the same group	NIL	NIL
c	Other related parties	NIL	NIL
2	**Other than related parties**	126,181.72	126,151.98
	Total	**128,552.27**	**128,268.85**

* As per Accounting Standard notified by Central Government of India (Refer note no. 3 below)

** The Net Asset Value for the investment in subsidiary company is the audited networth of the subsidiary company as on 31 March 2023.

SCHEDULE TO THE BALANCE SHEET OF A NON DEPOSIT TAKING NON BANKING FINANCIAL COMPANY AS ON MARCH 31, 2023

Annexure"A"

Disclosure in terms of Paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ In Lakhs

8 Other information

Sr. No.	Particular	Amount
i)	Gross non- performing assets	
a	Related parties	NIL
b	Other than related parties	8.95
ii)	Net non-performing assets	
a	Related parties	NIL
b	other than related parties	NIL
iii)	Assets acquired in satisfaction of Debts	NIL

Notes:

1. As defined in point xix of paragraph 3 of Chapter 2 of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
3. All Accounting Standards notified by Central Government of India and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments (except Debentures and Government Securities are valued at cost as the market value is not available) and break up/ fair value/ NAV in respect of unquoted investments has been disclosed irrespective of whether they are classified as long term or current in (5) above.
4. Unquoted debentures has been treated as term loans or types of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.
5. The financial information in the above disclosure as required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are based on the IND AS financial statements for the year ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
A. K. Capital Finance Limited

Report on the audit of the Consolidated Financial Statements
Opinion

We have audited the Consolidated Financial statements of A. K. Capital Finance Limited ("the Holding Company") and its subsidiary company (together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of profit and loss (including other comprehensive income), the Consolidated Statement of changes in equity and the Consolidated Statement of cash flows for the year then ended, and notes to the Consolidated Financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015 as amended ("Ind AS") and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and its consolidated profit including other comprehensive income, the consolidated changes in equity and their consolidated cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Sr. No.	Key Audit Matter	Auditor's response
1(a)	**Measurement of investments in accordance with Ind AS 109 "Financial Instruments"** (note 1, 4, 5, 38, 39 and 40 to the Consolidated Financial Statements) On initial recognition, investments are recognized at fair value, in case of Investments which are recognised at fair value through profit and loss (FVTPL), subsequently, its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the investments. The Group's investments are subsequently classified into following categories based on the objective of its business model to manage the cash flows and options available in the standard: • Debt instruments at amortised cost • Debt instruments and other instruments at fair value through profit or loss (FVTPL) • Equity instruments measured at fair value through other comprehensive income FVTOCI.	**Principal audit procedures performed by auditors of the subsidiary and us-** • Obtained an understanding of Group's business model assessed in accordance with Ind AS 109; • Evaluated the Group's assessment of business model; • Obtained an understanding of the determination of the measurement of the investments and tested the reasonableness of the significant judgments applied by the management; • Evaluated the design of internal controls relating to the measurement and also tested the operating effectiveness of the aforesaid controls; • Ensured that the Group has used valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs,

Sr. No.	Key Audit Matter	Auditor's response
1(a)	The Group has assessed following two business model: - Held to collect contractual cash flows - Realising cash flows through the sale of investments. The Group makes decisions based on the assets' fair values and manages the assets to realise those fair values. Since valuation of investments at fair value involves critical assumptions, significant risk in valuation and complexity in assessment of business model, the valuation of investments as per Ind AS 109 is determined to be a key audit matter in our audit of the consolidated financial statements.	• Obtained and assessed the valuation certificate of independent valuer in respect of fair value of investments of the holding company; and • Assessed the appropriateness of the disclosure in the consolidated financial statements in accordance with the applicable financial reporting framework.
1(b)	**Impairment loss on investments measured at amortized cost by the Holding Co:** (note 1, 4, 38 and 39 to the Consolidated Financial Statements) Recognition and measurement of impairment relating to the investments measured at amortized cost involves significant management judgment and as per the requirements of Ind AS 109, credit loss assessment is based on management's ECL model. Management exercises judgment in determining the quantum of loss based on a range of factors. The most significant areas are: - Credit ratings of the investments; - Investment staging criteria; - Calculation of probability of default rate / Loss given default rate; - Consideration of probability weighted scenarios; and - Forward looking macro-economic factors. The company considered current and anticipated future economic conditions relating to industries the company deals. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its investments to estimate the probability of default in future. There is a large increase in the data inputs required for the computation of ECL of investments. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model and therefore we identified allowance for credit losses of investments as a key audit matter.	**Principal audit procedures performed by us:** • Analysed the methodology for the allowance for credit losses. • For a sample of investments and allowance for the credit loss thereon, we tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information. • We also assessed whether the impairment methodology used by the company is in line with Ind AS 109 "Financial Instruments" requirements. Particularly, we assessed the approach of the Company regarding definition of default, probability of default, loss given default and incorporation of forward-looking information for the calculation of ECL. • Verified the computation of the allowance for credit losses and tested the mathematical accuracy; and • Assessed the appropriateness of the disclosure in the financial statements in accordance with the applicable financial reporting framework.
2	**Loans and impairment loss allowance** (note 1, 3, 38 and 39 of the Consolidated Financial Statements) The value of loans as at March 31, 2023 is significant and there is a high degree of complexity and judgment involved for the Group in estimating individual and collective credit impairment provisions and write-offs against these loans. Recognition and measurement of impairment relating to the loans measured at amortized cost involves significant management judgment and as per the requirements of Ind AS 109, credit loss assessment is based on management's ECL model. The Group's impairment allowance is computed based on estimates including the historical default and loss ratios. Management exercises judgment in determining the quantum of loss based on a range of factors.	**Principal audit procedures performed by the auditors of the subsidiary and us:** We have started our audit procedures with understanding of the internal control environment related to loans and impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Group. We also assessed whether the impairment methodology used by the Group is in line with Ind AS 109 "Financial instruments" requirements. Particularly, we assessed the approach of the Group regarding definition of default, Probability of Default, Loss Given Default and incorporation of forward-looking information for the calculation of ECL.

Sr. No.	Key Audit Matter	Auditor's response
	The most significant areas are: - Credit ratings of the parties to whom loans have been given; - Loans staging criteria; - Calculation of probability of default rate / Loss given default rate; - Consideration of probability weighted scenarios; and - Forward looking macro-economic factors. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its loans to estimate the probability of default in future. There is a large increase in the data inputs required for the computation of ECL of loans. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model and therefore we identified allowance for credit losses of loans as a key audit matter.	For loans which are assessed for impairment on a portfolio basis we performed particularly the following procedures: • We read and understood the methodology and policy laid down for loans given by the Group; • We have verified loan agreements and related financial and non-financial covenants on sample basis; • We have verified the existence of recovery process plan in the event of default; • We have verified the historical trends of repayment of principal amount of loan and repayment of interest; • We tested the reliability of key data inputs and related management controls; • We checked the stage classification as at the balance sheet date as per definition of default of the Group; • We have assessed the assumptions made by the Group in making provision considering forward looking Information.
3	**Related party transactions and disclosures of Holding Company** (as described in note 37 of the Consolidated Financial Statements). The Company has undertaken transactions with its related parties in the normal course of business. We identified the accuracy and completeness of related party transactions, evaluation of arm's length basis, disclosure of such transactions and regulatory compliance thereon during the year ended March 31, 2023	**Principal audit procedures performed by us:** • Obtained, read and assessed the Company's policies, processes and procedures in respect of identifying related parties, evaluation of arm's length, obtaining necessary approvals, recording and disclosure of related party transactions, including compliance of transactions and disclosures in accordance with the regulations. • We tested, on a sample basis, related party transactions with the underlying contracts and other supporting documents for appropriate authorization and approval for such transactions. • We read minutes of meeting of the Board and its relevant committee meetings and minutes of meetings of those charged with governance in connection with transactions with related parties affected during the year and Company's assessment of related party transactions being in the ordinary course of business at arm's length and in accordance with the regulations. • Assessed and tested the disclosures made in accordance with the requirements of Ind AS and the applicable regulations.
4	**IT Systems and Controls of Holding Company** The financial accounting and reporting of the Holding Company, especially in relation to debt securities, are fundamentally reliant on IT systems and IT controls for processing significant transaction volumes and other calculations, hence we identified IT systems and controls over financial reporting as a key audit matter for the Holding Company. Access management, change management, segregation of duties, reconciliation controls and security controls are key areas of focus regarding financial accounting and reporting.	**Principal audit procedures performed by us:** • Obtained a detailed understanding and assessed whether the general IT controls, IT policies and procedures designed and implemented by the management are adequate and operating effectively. • Broadly reviewed & tested the IT systems and internal controls in place. • Also placed reliance on the work of IT system auditor after observance of the relevant provisions of applicable auditing standards. • Based on our review no material weakness was found in the IT Systems and Controls.

Information Other than the Consolidated financial statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. The above referred information is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management for Consolidated financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), consolidated changes in Equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary which are companies incorporated in India, has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated financial statements.

We communicate with those charged with governance of the Holding Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of the subsidiary company, whose financial statements reflect total assets of Rs. 4082.21 Lakhs as at March 31, 2023, total revenues of Rs.240.75 Lakhs, net profit after tax of Rs.85.02 Lakhs and net cash inflows amounting to Rs.28.53 Lakhs for the year ended on that date, as considered in the consolidated financial statements.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable, as under:

   xxi. Based on the Audited Financial Statements provided of the Subsidiary (CIN: U74999MH2017PTC296737), no qualification or adverse remarks has been stated by the subsidiary's auditor in the Companies (Auditor's Report) Order (CARO) report of the subsidiary, Family Home Finance Private Limited, included in the consolidated financial statements.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforeasaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (Other Comprehensive Income), the Consolidated Statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to these Consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' to this report; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control with reference to consolidated financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other statutory auditors of the subsidiary, the remuneration paid or provided to its directors during the year by the Holding Company and its subsidiary is in accordance with the provision of Section 197 of the Act;

      a) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

         I There were no pending litigations which would impact the consolidated financial position of the Group;

         ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

         iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

         iv. a) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities

identified in any manner whatsoever by or on behalf of the Holding Company and its subsidiary("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective Management of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Companies Act, 2013 have represented to us and other auditors of the subsidiary, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which is a companies incorporated in India, nothing has come to our/other auditor's notice that has caused us/ other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The dividend declared and paid by the Group during the year and until the date of its audit report is in accordance with section 123 of the Companies Act, 2013.

For S Bhandari & Co. LLP
Chartered Accountants
(FRN: 000560C/C400334)

(Rupal Kumbhat)
Partner
Membership No. 401084
UDIN: 23401084BGZBZH5915

Date: May 20, 2023
Place: Mumbai

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORTS

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT ON EVEN DATE.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the A.K. Capital Finance Limited ("the Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting with reference to the financial statements of the Holding Company and its subsidiary company which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls of the holding company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over financial reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute Of Chartered Accountants Of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statement and their operating effectiveness.

Our audit of internal financial controls with reference to consolidated financial statement included obtaining an understanding of internal financial controls with reference to consolidated financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statement includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles and Ind AS, and those receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statement

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statement to future periods are subject to the risk that the internal financial control with reference to consolidated financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reporting of other auditors as mentioned in "Other Matter" paragraph, the Holding Company and its subsidiary company, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid report under Section 143(3)(If the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it related to one subsidiary company which is incorporated in India, is based on the corresponding reports of the auditors of such subsidiary company incorporated in India.

For S Bhandari & CO LLP
Chartered Accountants
(FRN: 000560C/ C400334)

(Rupal Kumbhat)
Partner
Membership No. 401084
UDIN: 23401084BGZBZH5915

Date : May 20, 2023
Place: Mumbai

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

₹ in Lakhs

	Note No.	As at 31-03-2023	As at 31-03-2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2(a)	1,582.50	1,112.87
(b) Bank balances other than (a) above	2(b)	533.26	17.00
(c) Loans	3	56,767.63	40,583.82
(d) Investments	4	126,830.56	95,079.62
(e) Other financial assets			
(i) Stock of securities	5	47,085.53	67,378.59
(ii) Other financial assets	6	3,401.05	2,429.42
		236,200.53	**206,601.32**
Total financial assets			
(2) Non-financial assets			
(a) Current tax assets (net)		-	13.24
(b) Deferred tax assets (net)	7	5.34	2.40
(c) Investment properties	8	-	992.18
(d) Property, plant and equipment	9	2,264.94	2,168.51
(e) Capital work in progress	10	-	153.78
(f) Intangibles assets	11	6.05	14.58
(g) Other non financial assets	12	250.69	302.23
(h) Assets held for sale	8 (d)	875.00	-
Total non-financial assets		**3,402.02**	**3,646.92**
TOTAL ASSETS		**239,602.55**	**210,248.24**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities	13		
(a) Trade payables			
(i) Total outstanding dues of micro enterprises		-	-
and small enterprises		258.66	154.42
(ii) Total outstanding dues of creditors other than micro and small enterprises			
(b) Debt securities	14	64,731.41	70,401.82
(c) Borrowings (other than debt securities)	15	96,929.48	67,964.31
(d) Deposits	16	33.69	32.94
(e) Other financial liabilities	17	4,831.56	4,782.79
Total financial liabilities		**166,784.80**	**143,336.28**
(2) Non-financial liabilities			
(a) Current tax liabilities (net)		12.26	4.94
(b) Provisions	18	191.25	125.67
(c) Deferred tax liabilities (net)	19	149.92	150.64
(d) Other non-financial liabilities	20	645.55	204.32
Total non-financial liabilities		**998.98**	**485.57**
TOTAL LIABILITIES		**167,783.78**	**143,821.85**
EQUITY			
(a) Equity share capital	21(a)	8,829.38	8,829.38
(b) Other equity	21(b)	62,989.39	57,597.01
(c) Non controlling interest		-	-
TOTAL EQUITY		**71,818.77**	**66,426.39**
TOTAL LIABILITIES AND EQUITY		**239,602.55**	**210,248.24**
Significant accounting policies	**1**		

The accompanying notes (1 to 60) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal
Managing Director
(DIN : 00698377)

Rajiv Kumar Bakshi
Chairman &
Independent Director
(DIN : 00264007)

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
(ACS : A38806)

Place: Mumbai
Dated: May 20, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 20223

₹ in Lakhs

	Note No.	Current Year 2022-2023	Previous Year 2021-2022
Revenue from operations			
Interest income	22	17,581.39	14,048.60
Fees and commission income	23	1,263.72	617.90
Net gain on fair value changes	24	5,742.00	5,360.30
Net gain on derecognition of financial instruments under amortised cost category	25	480.78	552.15
Rental income		98.61	48.05
Total revenue from operations		**25,166.50**	**20,627.00**
Other income	26	3.14	15.45
Total income		**25,169.64**	**20,642.45**
EXPENSES			
Finance costs	27	10,150.08	8,180.35
Fees and commission expenses	28	1,603.15	1,396.73
Impairment on financial instruments (net)	29	(9.67)	(528.82)
Employee benefits expenses	30	3,620.67	2,798.90
Depreciation and amortization expense		334.16	227.02
Other expenses	31	1,298.73	988.93
Total expenses		**16,997.12**	**13,063.11**
Profit before exceptional items and tax		**8,172.52**	**7,579.34**
Exceptional items		-	-
Profit before tax		**8,172.52**	**7,579.34**
Tax expense:			
Current tax		1,978.50	1,442.05
Prior period tax adjustments		(11.89)	(8.98)
Deferred tax expense/ (credit)		5.71	359.54
Profit for the year [A]		**6,200.20**	**5,786.73**
Other comprehensive income, net of tax			
Item that will not to be reclassified to the statement of profit and loss		(37.17)	(7.02)
Less: Income tax expense on above		9.35	1.77
Other comprehensive income for the year [B]		**(27.82)**	**(5.25)**
Total comprehensive Income for the year [A+B]		**6,172.38**	**5,781.48**
Profit for the year attributable to			
Owner of the Company		6,200.20	5,786.73
Non controlling interest		-	-
Other comprehensive income for the year attributable to			
Owner of the Company		(27.82)	(5.25)
Non controlling interest		-	-
Total comprehensive income for the year attributable to			
Owner of the Company		6,172.38	5,781.48
Non controlling interest		-	-
Earnings per equity share (₹)	35		
Basic earnings per share		23.36	21.80
Diluted earnings per share		23.36	21.80
Significant accounting policies	1		

The accompanying notes (1 to 60) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

A. K. Mittal
Managing Director
(DIN : 00698377)

Rajiv Kumar Bakshi
Chairman &
Independent Director
(DIN : 00264007)

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
(ACS : A38806)

Place: Mumbai
Dated: May 20, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

	Current Year 2022-2023	Previous Year 2021-2022
Cash flow from/(used in) operating activities		
Profit before tax	8,172.52	7,579.34
Adjustment for:		
Depreciation and amortisation	334.16	227.02
Loss / (Profit) on sale of property, plant and equipment	(0.49)	-
Expected Loss on sale of Assets held for sale	101.29	-
Gain on waiver of Lease Rental	-	(8.90)
Amortisation of processing fees income	108.22	(73.32)
Amortisation of processing fees expenses	2.30	2.65
Loss / (Profit) on modification due to restructuring of loan	-	(6.55)
Rental income	(98.61)	(48.05)
Unwinding Income	(14.31)	(13.46)
Net gain on fair value changes on investments	(1,850.32)	(2,006.92)
Net (gain) / loss on derecognition of financial instruments under amortised cost category	(480.78)	(552.15)
Net gain on fair value changes on stock of securities - unrealised	(797.51)	(818.77)
Effective interest rate on held till maturity securities	1.38	5.42
Interest Reversal on restructuring of loan	2.11	3.63
Interest income on investments	(8,603.36)	(7,426.66)
Impairment on financial instruments	(9.67)	(528.82)
Interest expenses	10,150.08	8,180.35
Movement in working capital:		
Increase/(decrease) in trade payable and other financial liabilities	257.33	(103.26)
(Increase)/decrease in trade receivables and other financial assets	(597.55)	1,526.24
(Increase)/decrease in loans	(16,319.36)	(7,235.59)
(Increase)/decrease in stock of securities	21,090.57	(14,425.27)
(Increase)/decrease in other non financial assets	15.78	(3.80)
Increase/(decrease) in provision	28.41	19.07
Increase/(decrease) in deposits	0.75	3.05
Increase/(decrease) in other non financial liabilities	441.23	100.93
Cash generated from/(used in) operations	11,934.17	(15,603.82)
Income tax paid	(1,950.44)	(1,505.78)
Cash generated from/(used in) operations [A]	**9,983.73**	**(17,109.60)**
Cash flow from/(used in) investing activities		
Proceeds from sale / (payment for purchases) of investments (net)	(29,384.95)	4,282.40
Payment for acquisition of property, plant and equipments including capital advances	(272.51)	(148.27)
Payment for acquisition of intangible assets	-	(23.19)
Proceeds from redemption / (payment) of fixed deposit	(516.26)	(17.00)
Rent received	98.61	53.52
Interest received	8,242.21	8,321.13
Cash generated from/(used in) investing activities [B]	**(21,832.90)**	**12,468.59**
Cash flow from/(used in) financing activities		
Proceeds from long-term borrowings	41,100.00	40,000.00
Repayment of long-term borrowings	(26,924.50)	(30,844.22)
Proceeds from / (repayment) of short-term borrowings (net)	9,152.70	4,590.69
Repayment of lease liabilities	(171.96)	(35.04)
Dividends paid	(780.00)	(780.00)
Interest paid	(10,057.44)	(7,856.96)
Cash generated from/(used in) financing activities [C]	**12,318.80**	**5,074.47**
Net increase/(decrease) in cash and cash equivalents [A+B+C]	469.63	433.46
Add: Cash and cash equivalents at the beginning of the year	1,112.87	679.41
Cash and cash equivalents at the end of the year	1,582.50	1,112.87

Reconciliation of liabilities arising from financing activities

₹ in Lakhs

Particulars	Long-term borrowings	Short-term borrowings	Lease liabilities	Interest on above borrowings
As at 31 March 2022	**85,667.25**	**52,698.88**	**959.70**	**3,664.42**
Cash Flows	14,175.50	9,152.70	(251.38)	(10,057.44)
Transaction cost	(53.81)	20.37	-	79.42
Interest accrual	-	-	79.42	10,066.27
As at 31 March 2023	**99,788.94**	**61,871.95**	**787.74**	**3,752.67**

Significant accounting policies 1

The accompanying notes (1 to 60) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

A. K. Mittal
Managing Director
(DIN : 00698377)

Rajiv Kumar Bakshi
Chairman &
Independent Director
(DIN : 00264007)

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
(ACS : A38806)

Place: Mumbai
Dated: May 20, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. EQUITY SHARE CAPITAL

	Number of shares	₹ in Lakhs Amount
EQUITY SHARES		
At 31 March 2021	23,293,750	2,329.38
Changes in equity share capital due to prior period errors	-	-
Restated balance at 31 March 2021	**23,293,750**	**2,329.38**
Issue of share capital	-	-
At 31 March 2022	**23,293,750**	**2,329.38**
Changes in equity share capital due to prior period errors	-	-
Restated balance at 31 March 2022	**23,293,750**	**2,329.38**
Issue of share capital	-	-
At 31 March 2023	**23,293,750**	**2,329.38**

COMPULSORY CONVERTIBLE PREFERENCE SHARES	Number of shares	₹ in Lakhs Amount
At 31 March 2021	6,500,000	6,500.00
Changes in compulsory convertible preference share capital due to prior period errors	-	-
Restated balance at 31 March 2021	**6,500,000**	**6,500.00**
Issue of share capital	-	-
At 31 March 2022	**6,500,000**	**6,500.00**
Changes in compulsory convertible preference share capital due to prior period errors	-	-
Restated balance at 31 March 2022	**6,500,000**	**6,500.00**
Issue of share capital	-	-
At 31 March 2023	**6,500,000**	**6,500.00**
Total equity share capital		**8,829.38**

B. OTHER EQUITY

₹ in Lakhs

Particulars	Reserves and surplus			Items of other comprehensive income		Non controlling interest	Total
	Special reserve	Securities premium	Retained earnings	Acturial gain/ (loss) on defined benefits obligations	Equity instruments through other comprehensive income		
Balance at 31 March 2021	**5,726.45**	**27,321.88**	21,204.52	(29.08)	(1,628.24)	**-**	**52,595.53**
Changes in accounting policy/prior period errors	-	-	-	-	-	**-**	**-**
Restated balance at 31 March 2021	5,726.45	27,321.88	21,204.52	(29.08)	(1,628.24)	**-**	**52,595.53**
Profit for the year	-	-	5,786.73	-	-	**-**	**5,786.73**
Other comprehensive income net of tax for the year	-	-	-	(5.25)	-	**-**	**(5.25)**
Transfer (to) /from reserves	1,158.00	-	(1,158.00)	-	-	**-**	**-**
Dividend paid on CCPS	-	-	(780.00)	-	-	**-**	**(780.00)**
Balance at 31 March 2022	**6,884.45**	**27,321.88**	**25,053.25**	**(34.33)**	**(1,628.24)**	**-**	**57,597.01**
Changes in accounting policy/prior period errors	-	-	-	-	-	**-**	**-**
Restated balance at 31 March 2022	6,884.45	27,321.88	25,053.25	(34.33)	(1,628.24)	**-**	**57,597.01**
Profit for the year	-	-	6,200.20	-	-	**-**	**6,200.20**
Other comprehensive income net of tax for the year	-	-	-	(27.82)	-	**-**	**(27.82)**
Transfer (to) /from reserves	1,236.55	-	(1,236.55)	-	-	**-**	**-**
Dividend paid on CCPS	-	-	(780.00)	-	-	**-**	**(780.00)**
Balance at 31 March 2023	**8,121.00**	**27,321.88**	**29,236.90**	**(62.15)**	(1,628.24)	**-**	**62,989.39**

Significant accounting policies **1**

The accompanying notes (1 to 60) are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated: May 20, 2023

A. K. Mittal
Managing Director
(DIN : 00698377)

Rajiv Kumar Bakshi
Chairman &
Independent Director
(DIN : 00264007)

Mahesh Bhootra
Chief Financial Officer

Govind Lalwani
Company Secretary
(ACS : A38806)

Place: Mumbai
Dated: May 20, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 1

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial statements comprise of financial statements of A. K. Capital Finance Limited ('the Company' or 'the Holding Company' or 'Parent') and its subsidiaries (collectively, 'the Group'). The Company was incorporated on February 3, 2006. It is a Subsidiary of A.K. Capital Services Limited; SEBI Category I Merchant Banker in India. The Company is registered with Reserve Bank of India as Systemically Important -Non Deposit taking -Non Banking Finance Company (NBFC). The Company is also member of the CBLO Segment of The Clearing Corporation of India Limited (CCIL) and the Company is classified as a Qualified Institutional Buyer (QIB) under SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 vide SEBI notification dated May 31, 2017. The Group is primarily involved in Debt Market and is into trading of Debt securities (Non-SLR) and Investment in government securities (SLR) and other securities. The Group provides funding to the Corporates and other entities, thereby catering to the diversified needs of the clients and funding to individuals towards housing finance. The Group also offers multitude of fee-based financial services to its Corporate and Institutional clients, across various business sectors. It also The registered address of the Company is situated at 601-602, 6th Floor, Windsor, Off CST road, Kalina, Santacruz East, Mumbai - 400098. These financial statements of the Group for the year ended 31 March 2023 were authorized for issue by the Board of Directors on 20 May 2023.

SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation and presentation of financial statements

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, and on the basis of accounting principle of a going concern in accordance with generally accepted accounting principles (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Financial Statements are presented in Lakhs or decimal thereof.

The consolidated financial statements have been presented in accordance with Schedule III-Division III General Instructions for Preparation of financial statements of a Non-Banking Financial Company (NBFC) that is required to comply with Ind AS.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary (" the Group") as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

(ii) Exposure, or rights, to variable returns from its involvement with the investee, and

(iii) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee

b) The ability to use its power over the investee to affect its returns

c) The Group's voting rights and potential voting rights

d) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The consolidated financial statements have been prepared on the following basis:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full) except as stated in point no (d). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(e) **Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in Consolidated Statement of Profit and Loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to Consolidated Statement of Profit and Loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(f) The excess of cost to the Parent Company of its investment in the subsidiary over the Parent Company's portion of equity of the subsidiary is recognised in the Consolidated Financial Statements as Goodwill. This Goodwill is tested for impairment at the end of the financial year. The excess of Parent Company's portion of equity over the cost of investment as at the date of its investment is treated as Capital Reserve.

(g) The financial statements of the subsidiary used in consolidation are drawn upto the same reporting date as that of the Parent Company.

(h) Following company is consolidated

Name of Company	Nature of principal activity	% of holding	
		As at March 31, 2023	As at March 31, 2022
Family Home Finance Private Limited	Housing Finance activity	100	100

The aforesaid subsidiary company has been incorporated on 29 June 2017 under the Companies Act, 2013.

1.02 Functional and presentation currency

Items included in the financial statements of Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). Indian rupee is the functional currency of the Group. All amounts are rounded to two decimal places to the nearest lakh, unless otherwise stated

1.03 Use of estimates

The preparation of financial statements in conformity of Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the year. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumption having the most significant effect on the amounts recognised in the financial statements are:

- Valuation of financial instruments
- Measurement of defined employee benefit obligation
- Useful life of property, plant and equipment
- Useful life of investment property
- Provisions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1.04 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.05 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Ind AS 115 "Revenue from contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

A) Identify the contract(s) with a customer;

B) Identify the performance obligations;

C) Determine the transaction price;

D) Allocate the transaction price to the performance obligations;

E) Recognise revenue when or as an entity satisfies performance obligation.

Fees and commission income

Revenue from fee-based activities are recognized when the services are rendered. Fees earned from contract with customer is recognised as and when performance obligation is satisfied. Fees or compnents of fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

Interest income

Under Ind AS 109, Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through Profit and loss (FVTPL).

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instruments in estimating the cash flows

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premium or discounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Group on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes"" under revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTL and debt instruments measured at Fair value through Other Comprehensive Income (""FVOCI"") is recognised in net gain\loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortised is presented separately under the respective head in the Statement of Profit and Loss.

Dividend income

Dividend income is recognised

a. When the right to receive the payment is established.

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

1.06 Taxes

The tax expense for the period comprises of current tax and deferred tax. Tax is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised in the other comprehensive income or equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Current income taxes are recognized in profit or loss except to the extent that the tax relates to items recognized outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subjected to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised , based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exist to set-off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.07 Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation

Depreciation is calculated as per the estimated useful life of assets prescribed by the Schedule II to the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition of assets

An item of property plant & equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement when the asset is derecognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1.08 Investment property

Property that is held for long term rental yield or for capital appreciation or both , and that is not occupied by the Group, is classified as Investment property. Investors properties measured initially at cost including related transactions cost and where applicable borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is incurred the carrying amount of replaced part is derecognised.

Investment properties other than land are depreciated as per the estimated useful life of assets prescribed by the Schedule II to the Companies Act 2013 i.e. 60 years for office premises.

1.09 Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. In accordance with Ind AS 105, the Group is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell.

1.10 Intangible assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

Derecognition of assets

An item of intangible asset and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement when the asset is derecognized.

Intangible assets comprising of Software are amortised on a straight line basis over its estimated useful life or maximum 5 years, whichever is shorter.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.12 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The contingent liability is not recognized in books of account but its existence is disclosed in financial statements.

A contingent assets, where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions in Ind AS 37.

1.13 Impairment of assets

a) Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

amount equal to lifetime ECL. The Group applies a simplified approach in calculating Expected Credit Losses (ECLs) on trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets, expected credit losses are measured at an amount equal to the 12 months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of profit or loss.

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery. The Group may apply enforcement activities to certain qualifying financial assets written off.

b) Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset. unless the asset does not generate cash inflows that are largely independent of those from other assets.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

(a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel

(b) The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

(c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

(d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

Amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Fair value through profit and loss (FVTPL): A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, except interest income and dividend income if any, recognized as 'Net gain on fair value changes ' in the Statement of Profit and Loss.

Fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Statement of Profit and Loss.

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Group changes its business model for managing financial assets.

Trade receivables and loans:

Trade receivables and loans are initially recognized at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(a) **Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(b) **Measured at fair value through other comprehensive income:** Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss.

(c) **Measured at fair value through profit or loss:** A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, except interest income and dividend income if any, recognized as 'Net gain on fair value changes ' in the Statement of Profit and Loss. Interest income /dividend income on financial assets measured at FVTPL is recognised separately from ""net gain on fair value changes in the statement of profit and loss.

Equity instruments:

All investments in equity instruments other than investments in subsidiary companies classified under financial assets are initially measured at fair value , the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised in the Statement of Profit and Loss.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and in the case of borrowings trade payables and other financial liabilities, net of directly attributable transaction costs. The Group's financial liabilities include borrowings, trade payables, deposits and other financial liabilities.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

(a) Borrowings: Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(b) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

(c) Deposits:

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

1.15 Investments in equity instruments of subsidiaries

Investments in equity instruments of subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and carrying amounts are recognised in the Statement of Profit and Loss.

1.16 Segment reporting:

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments.

Segment policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

Segment information

Group's whole business is being considered as one segment.

1.17 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

1.18 Retirement benefits

i) Defined contribution plans (Provident fund)

In accordance with Indian Law, eligible employees receive benefits from Provident Fund and Labour welfare fund which is defined contribution plan. In case of Provident fund, both the employee and employer make monthly contributions to the plan, which is administrated by the Government authorities, each equal to the specific percentage of employee's basic salary. The Group has no further obligation under the plan beyond its monthly contributions. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

ii) Defined benefit plans (Gratuity)

In accordance with applicable Indian Law, the Group provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lumsump payment to vested employees, at retirement or termination of employment, and amount based on respective last drawn salary and the years of employment with the Group. The Group's net obligation in respect of the Gratuity Plan is calculated by estimating the amount of future benefits that the employees have earned in return of their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service cost and the fair value of plan assets are deducted. The discount rate is yield at reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service cost and the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contribution to the plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Group recognises all remeasurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity.

iii) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as a related service provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.19 Lease

As a lessee:

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

As a lessor:

Leases under which the Group does not transfer substantially all the risks and rewards of ownership are classified as operating leases. Rental income arises from operating leases is accounted for on straight-line basis over the lease term, and is included in rental income in Statement of Profit and Loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Contingent rents are recognised as revenue in the period in which they are earned.

1.20 Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.21 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements -

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements."

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12 – Income Taxes -

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statement.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 2 a) CASH AND CASH EQUIVALENTS	As at 31-03-2023	As at 31-03-2022
Cash on hand	4.68	12.34
Balances with banks	1,577.82	1,100.53
	1,582.50	**1,112.87**
(b) Bank balances other than cash and cash equivalents		
Fixed deposits with bank*	533.26	17.00
	533.26	**17.00**

* Lien against overdraft accounts with banks and term loan accounts with financial institutions

₹ in Lakhs

NOTE - 3 LOANS (AT AMORTISED COST)	As at 31-03-2023	As at 31-03-2022
(A) **Loans**		
(i) Loans repayable on demand	7,500.00	4,500.00
(ii) Term loans	49,529.28	36,341.49
Total (A) -Gross	**57,029.28**	**40,841.49**
Less: Impairment loss allowance	261.65	257.67
Total (A) - Net	**56,767.63**	**40,583.82**
(B)		
(i) Secured by tangible and other assets	52,483.96	35,176.81
(ii) Unsecured	4,545.32	5,664.68
Total (B)-Gross	**57,029.28**	**40,841.49**
Less: Impairment loss allowance	261.65	257.67
Total (B)-Net	**56,767.63**	**40,583.82**
(C)		
(I) Loans in India		
(i) Public sector	-	-
(ii) Others	57,029.28	40,841.49
(II) Loans outside India	-	-
Total (C)- Gross	**57,029.28**	**40,841.49**
Less: Impairment loss allowance	261.65	257.67
Total(C)-Net	**56,767.63**	**40,583.82**

3 (a) Disclosure in relation to loans or advances in the natuure of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are;

	As on 31 March 2023	
Type of Borrower	**Amount of loan or advance in the nature of loans outstanding (₹ In lakhs)**	**Percentage to the loan or advance In the nature of loans outstanding**
Promoters	-	-
Directors	-	-
KMPs	-	-
Related parties	7,500.00	13.15%

	As on 31 March 2022	
Type of Borrower	**Amount of loan or advance in the nature of loans outstanding (₹ In lakhs)**	**Percentage to the loan or advance In the nature of loans outstanding**
Promoters	-	-
Directors	-	-
KMPs	-	-
Related parties	4,500.00	11.02%

(b) The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are without specifying any terms or period of repayment as on 31 March 2023 and 31 March 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 3 (CONTD.)

3 (b)(a) CREDIT QUALITY OF ASSETS

Particular	As at 31-03-2023	As at 31-03-2022
Stage 1	56,960.25	40,841.49
Stage 2	60.08	-
Stage 3	8.95	-

(b) (i) An analysis of changes in gross carrying amount and corresponding Impairment Loss allowances in relation to lending as at 31 March 2023 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount opening balance	40,841.49	-	-
New assets orginated / repaid (excluding write offs)	16,210.79	-	(17.15)
Transfer to / from Stage 1	-	92.03	8.95
Transfer to / from Stage 2	(92.03)	-	17.15
Transfer to / from Stage 3	-	(26.10)	-
Amount written off	-	(5.85)	-
Gross carrying amount closing balance	56,960.25	60.08	8.95

(b) (ii) An analysis of changes in gross carrying amount and corresponding Impairment Loss allowances in relation to lending as at 31 March 2022 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount opening balance	33,579.26	-	-
New assets orginated / repaid (excluding write offs)	7,278.80	-	-
Transfer to Stage 1	-	16.57	-
Transfer to Stage 2	(16.57)	-	-
Transfer to Stage 3	-	-	-
Amount written off	-	(16.57)	-
Gross carrying amount closing balance	40,841.49	-	-

(c) (i) Reconciliation of Impairment Loss allowances in relation to lending as at 31 March 2023 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Impairment Loss allowance opening balance	**257.67**	**-**	**-**
New assets orginated / repaid (excluding write offs)	9.83	-	-
Transfer to / from Stage 1	-	35.22	8.95
Transfer to / from Stage 2	(35.62)	-	-
Transfer to / from Stage 3	-	(8.95)	-
Amount written off	-	(5.85)	-
Impairment Loss allowance closing balance	**231.88**	**20.42**	**8.95**

(c)(ii) Reconciliation fo Impairment Loss allowances in relation to lending as at 31 March 2022 is as follows;

Particulars	Stage 1	Stage 2	Stage 3
Impairment Loss allowance opening balance	**134.95**	**-**	**-**
New assets orginated / repaid (excluding write offs)	139.29	-	-
Transfer to Stage 1	-	16.57	-
Transfer to Stage 2	(16.57)	-	-
Transfer to Stage 3	-	-	-
Amount written off	-	(16.57)	-
Impairment Loss allowance closing balance	**257.67**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 4
INVESTMENTS

₹ in Lakhs

As at 31-03-2023					
Particulars	**Amortised cost**	**At fair value**		**Subtotal**	**Total**
		Through other comprehensive Income*	**Through profit or loss**		
(I) Units of Mutual Funds	**-**	**-**	**235.12**	**235.12**	**235.12**
i) Quoted	-	-	235.12	235.12	235.12
(II) Government securities	**-**	**-**	**37,200.37**	**37,200.37**	**37,200.37**
i) Quoted	-	-	37,200.37	37,200.37	37,200.37
(III) Debt securities	**21,131.47**	-	**52,049.63**	**52,049.63**	**73,181.10**
i) Quoted	21,131.47	-	52,049.63	52,049.63	73,181.10
(IV) Pass through certificates	**10,720.03**	**-**	**-**	**-**	**10,720.03**
i) Quoted	10,387.72	-	-	-	10,387.72
ii) Unquoted	332.31	-	-	-	332.31
(V) Alternative Investment Fund	**-**	**-**	**5,523.68**	**5,523.68**	**5,523.68**
i) Unquoted	-	-	5,523.68	5,523.68	5,523.68
(Vi) Equity instruments	**-**	**-**	**-**	-	-
i) Unquoted					
- in other companies	**-**	**-**	**-**	**-**	**-**
221,000 Equity shares of Neesa Leisure Limited of ₹ 10 each*	-	-	-	-	-
Total – Gross (A)	**31,851.50**	-	**95,008.80**	**95,008.80**	**126,860.30**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	31,851.50	-	95,008.80	95,008.80	126,860.30
Total (B)	**31,851.50**	-	**95,008.80**	**95,008.80**	**126,860.30**
Less: Allowance for Impairment loss (C)	29.74	-	-	-	29.74
Total – Net D= (A)-(C)	**31,821.76**	-	**95,008.80**	**95,008.80**	**126,830.56**

₹ in Lakhs

As at 31-03-2022					
Particulars	**Amortised cost**	**At fair value**		**Subtotal**	**Total**
		Through other comprehensive Income*	**Through profit or loss**		
(I) Mutual Funds	**-**	**-**	**580.08**	**580.08**	**580.08**
i) Quoted	-	-	580.08	580.08	580.08
(II) Government securities	-	-	6,396.18	6,396.18	6,396.18
i) Quoted	-	-	6,396.18	6,396.18	6,396.18
(III) Debt securities	**26,986.33**	**-**	**36,007.50**	**36,007.50**	**62,993.83**
i) Quoted	26,986.33	-	36,007.50	36,007.50	62,993.83
(IV) Pass through certificates	**25,158.77**	**-**	**-**	**-**	**25,158.77**
i) Quoted	24,230.05	-	-	-	24,230.05
ii) Unquoted	928.72	-	-	-	928.72
(V) Equity instruments	-	-	-	-	-
i)Unquoted	-	-	-	-	-
- in other companies					
221,000 Equity shares of Neesa Leisure Limited of ₹ 10 each*	-	-	-	-	-
Total – Gross (A)	**52,145.10**	**-**	**42,983.76**	**42,983.76**	**95,128.86**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	52,145.10	-	42,983.76	42,983.76	95,128.86
Total (B)	**52,145.10**	**-**	**42,983.76**	**42,983.76**	**95,128.86**
Less: Allowance for Impairment loss (C)	49.24	-	-	-	49.24
Total – Net D= (A)-(C)	**52,095.86**	**-**	**42,983.76**	**42,983.76**	**95,079.62**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 5
STOCK OF SECURITIES (MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS)

	As at 31-03-2023	As at 31-03-2022
(I) Debt securities		
Quoted	45,520.63	65,851.61
(II) Exchange traded funds		
Quoted	1,564.90	1,526.98
Total – Gross (A)	**47,085.53**	**67,378.59**
(i) Stock of securities outside India	-	-
(ii) Stock of securities in India	47,085.53	67,378.59
Total – Gross (B)	**47,085.53**	**67,378.59**

NOTE - 6
OTHER FINANCIAL ASSETS

Deposits		
Earnest money deposits	3.00	3.00
Rental deposits		-
i) with relatives and directors	90.41	82.95
ii) with other parties	82.86	81.02
Other deposits	254.42	138.34
Interest accrued but not due on Investments / stock of securities	1,465.82	1,109.39
Receivable from/Balance with stock broker	1,421.28	1,006.08
Income Receivable From AIF Fund	62.83	-
Other receivables	20.43	8.64
Total	**3,401.05**	**2,429.42**

NOTE - 7
DEFERRED TAX (ASSETS) / LIABILITIES

Deferred tax liabilities:-		
On account of:-		
Depreciation	0.30	0.49
Impairment allowance on investments	2.40	-
Transaction cost on financial assets	1.96	-
Expenses allowable on payment basis (gratuity)	0.11	-
Disallowance of share issue expenses	1.44	1.93
Less: Deferred tax assets:-		
Fair value gain on investments in debt securities	(0.87)	(0.02)
Deferred tax (assets) / liabilities (net)	**5.34**	**2.40**

₹ in Lakhs

NOTE - 8
INVESTMENT PROPERTIES

	Building under lease	Total
Gross block		
As at 31 March 2021	**1,070.00**	1,070.00
Additions	-	-
Disposals	-	-
As at 31 March 2022	**1,070.00**	**1,070.00**
Additions	-	-
Disposals	-	-
Transfer to assets held for sale	1,070.00	**1,070.00**
As at 31 March 2023	**-**	**-**
Accumulated depreciation		
As at 31 March 2021	59.99	**59.99**
Additions	17.83	17.83
Disposals	-	-
As at 31 March 2022	**77.82**	**77.82**
Additions	15.89	15.89
Disposals	-	-
Impairment loss on assets held for sale	101.29	101.29
Transfer to assets held for sale	195.00	195.00
As at 31 March 2023	**-**	**-**
Net Block		
As at 31 March 2022	**992.18**	**992.18**
As at 31 March 2023	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

8(a) RECONCILIATION OF CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

As on 31st March 2023, the Holding Company had entered into Agreement To Sell (ATS), to sell the aforesaid investment property (comprising of two units) on 11th January 2023 and 27th March, 2023 for an agreed total consideration of Rs. 875 lakhs for both the units, out of which Rs. 370 lakhs had been received upto 31st March 2023 and remaining amount received subsequently before execution of Sale Deed. The Sale deed for the said property has been executed on 6th April 2023. Accordingly, the asset value has been impaired to the agreed sale consideration and transferred to Asset held for Sale.

As on 31st March 2022, the fair value of the aforesaid investment properties has been arrived at on the basis of valuation carried out by an external independent valuer registered with the authority which governs the valuer in India. The fair value measurement for investment property has been categorised as Level 2 fair value based on the inputs to the valuation technique used. Considering the type of the asset, market approach (sales comparable method) to estimate the fair value of the subject property is adopted.

₹ in Lakhs

Particular	Building under lease	Total
As at 31 March 2021	**1,200.73**	**1,200.73**
Changes in the fair value	129.42	129.42
Closing balance as on 31 March 2022	**1,330.15**	**1,330.15**
Changes in the fair value	(455.15)	(455.15)
Closing balance as on 31 March 2023	**875.00**	**875.00**

8(b) DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTIES

₹ in Lakhs

Particular	Current Year 2022-2023	Previous Year 2021-2022
Rental income derived from investment properties	98.61	48.05
Less: Direct operating expenses (including repairs & maintenance) generating rental income	0.91	1.09
Less: Direct operating expenes (including repairs & maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation & indirect expenses	**97.70**	**46.96**
Less: Depreciation	15.89	17.83
Profit arising from investment properties before indirect expenses	**81.81**	**29.13**

8 (c) THE TITLE DEED OF ALL IMMOVABLE PROPERTIES ARE HELD IN THE NAME OF THE GROUP

Description of item of property	Building
Net realisable value (transferred to asset held for sale)	875.00
Title deeds held in the name of	Holding Company
Whether title deed holder is relative of promoter/director or employee of promoter/director	No
Property held since which date	20-Nov-17
Reason for not being held in the name of the Company	NA

8 (d) ASSETS HELD FOR SALE

Particular	Building under lease	Total
As at 31 March 2023	875.00	875.00
Total	**875.00**	**875.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 9
PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Particulars	Computers	Office equipments	Furniture and fixtures	Vehicles	Building owner-occupied property	Leasehold Improvements	Building Right-of-use (Refer note 35)	Total
Cost								
As at 31 March 2021	**81.25**	**15.64**	**51.39**	**86.46**	**1,238.05**	**-**	**339.14**	**1,811.93**
Additions	15.79	6.98	2.44	-	-	-	1,011.36	**1,036.57**
Disposals	-	-	-	-	-	-	339.14	**339.14**
As at 31 March 2022	**97.04**	**22.62**	**53.83**	**86.46**	**1,238.05**	**-**	**1,011.36**	**2,509.36**
Additions	23.56	17.70	24.13	35.60	96.59	208.59	-	**406.17**
Disposals	-	0.49	-	-	-	-	-	**0.49**
As at 31 March 2023	**120.60**	**39.83**	**77.96**	**122.06**	**1,334.64**	**208.59**	**1,011.36**	**2,915.04**
Depreciation:								
As at 31 March 2021	42.80	11.87	21.44	43.17	82.75	-	281.77	**483.80**
Additions	14.23	2.22	5.71	10.27	21.28	-	142.48	**196.19**
Disposals	-	-	-	-	-		339.14	**339.14**
As at 31 March 2022	**57.03**	**14.09**	**27.15**	**53.44**	**104.03**	**-**	**85.11**	**340.85**
Additions	20.35	4.37	7.86	13.26	21.83	28.49	213.58	**309.74**
Disposals	-	0.49	-	-	-		-	**0.49**
As at 31 March 2023	**77.38**	**17.97**	**35.01**	**66.70**	**125.86**	**28.49**	**298.69**	**650.10**
Net Block								
As at 31 March 2022	**40.01**	**8.53**	**26.68**	**33.02**	**1,134.02**	**-**	**926.25**	**2,168.51**
As at 31 March 2023	**43.22**	**21.86**	**42.95**	**55.36**	**1,208.78**	**180.10**	**712.67**	**2,264.94**

1) Building include premises hypothecated against loan taken having net block of as at 31 March 2023 Rs. 654.64 lakhs (as at 31 March 2022 Rs.667.48 lakhs).
2) Building include premises situated at Chennai mortgaged against non convertible debentures issued having net block as at 31 March 2023 of Rs. 9.48 lakhs (as at 31 March 2022 Rs. 9.66 lakhs).
3) The Group has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets).
4) The title deed of all immovable properties are held in the name of the Group

NOTE - 9
PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Description of item of property	Buildings	Building	Building	Building	Total
Gross carrying value	731.70	10.50	495.85	96.59	1,334.64
Title deeds held in the name of	Holding Company	Holding Company	Holding Company	Holding Company	Holding Company
Whether title deed holder is relative of promoter/ director or employee of promoter/director	No	No	No	No	No
Property held since which date	28-Mar-14	13-Jul-17	20-Nov-17	23-Nov-22	NA
Reason for not being held in the name of the Group	NA	NA	NA	NA	

NOTE - 10
CAPITAL-WORK-IN-PROGRESS (CWIP)

₹ in Lakhs

	Current Year 2022-2023	Previous Year 2021-2022
Leasehold improvements	-	153.78
Total	**-**	**153.78**
(a) (i) CWIP aging schedule-Projects in progress		
Less than 1 year	-	**153.78**
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**-**	**153.78**

(a) (ii) There is no capital-work-in-progress which are temporarily suspended as on 31 March 2023 and 31 March 2022
(b) There is no capital-work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 11
INTANGIBLE ASSETS

₹ in Lakhs

	Software	Total
Cost		
As at 31 March 2021	71.15	71.15
Additions	0.29	0.29
Disposals	-	-
As at 31 March 2022	**71.44**	**71.44**
Additions	-	-
Disposals		-
As at 31 March 2023	**71.44**	**71.44**
Accumulative amortisation:		
As at 31 March 2021	43.86	43.86
Additions	13.00	13.00
Disposals	-	-
As at 31 March 2022	**56.86**	**56.86**
Additions	8.53	8.53
Disposals		-
As at 31 March 2023	**65.39**	**65.39**
Net book value:		
As at 31 March 2022	**14.58**	**14.58**
As at 31 March 2023	**6.05**	**6.05**

1) The Group has not revalued any of its Intangible Assets

NOTE - 12
OTHER NON-FINANCIAL ASSETS

₹ in Lakhs

	As at 31-03-2023	As at 31-03-2022
Balance with government authorities	189.62	236.42
Prepaid expenses	58.06	63.79
Other advances	3.01	2.02
Total	**250.69**	**302.23**

NOTE - 13
TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	258.66	154.42
Total	**258.66**	**154.42**

Following disclosures as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 has been made to the extent information available with the Group:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Outstanding of Undisputed Trade Payable from due date of payment; Particulars	As at 31-03-2023 Others	As at 31-03-2022 Others
Unbilled	7.54	6.53
Less than 1 year	250.49	145.95
1-2 years	0.63	1.50
2-3 years	-	0.33
More than 3 years	-	0.11
Total	**258.66**	**154.42**

NOTE - 14
DEBT SECURITIES (AT AMORTISED COST)

Non-convertible debentures (Refer note no. 46)	64,731.41	70,401.82
Total (A)	**64,731.41**	**70,401.82**
Debt securities in India	64,731.41	70,401.82
Debt securities outside India	-	-
Total (B)	**64,731.41**	**70,401.82**

(i) There are no outstanding of disputed trade payable from due date of payment as on 31 March 2023 and 31 March 2022

(ii) There are no outstanding of undisputed or disputed trade payable from micro, medium and small enterprises from due date of payment as on 31 March 2023 and 31 March 2022.

(iii) There are no unbilled disputed dues as on 31 March 2023 and 31 March 2022

(Secured by a first charge over the identified "business assets" i.e. securities/receivables of the Group and a Pari-passu charge over the immovable properties of the Group situated at Chennai.)

14)a The Group has registered all the charges towards outstanding secured debt securities issued outstanding as on 31 March 2023 and 31 March 2022. There is no satisfaction of charge pending on secured debt securities issued which are matured or repurchased during the financial year ended 31 March 2023 and 31 March 2022.

₹ in Lakhs

NOTE - 15
BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

	As at 31-03-2023	As at 31-03-2022
(a) Term loans		
(i) from banks*	24,802.63	14,838.94
(ii) from NBFC**	10,254.90	426.49
(b) Loans repayable on demand		
(i) from banks***	30,871.95	38,237.36
(ii) from NBFC****	6,500.00	-
(c) Other loans		
Collaterlised Borrowing and Lending Obligation (CCIL)*****	24,500.00	4,700.00
Repo account******	-	9,761.52
Total (A)	**96,929.48**	**67,964.31**
Borrowings in India	96,929.48	67,964.31
Borrowings outside India	-	-
Total (B)	**96,929.48**	**67,964.31**
Secured	96,929.48	67,964.31
Unsecured	-	-
Total (C)	**96,929.48**	**67,964.31**

* Loan from banks are repayable in 6 semi-annually, 12 to 20 quarterly and 36 monthly installments along with interest from the date of loan. The loans are secured by Pari- passu first charge by way of hypothecation/assignment of assets financed including current and future receivables of the Group, in favour of the security trustee.

**(a) Housing loan from NBFC is repayable in 180 equated monthly installments along with interest from the date of loan. The loans are secured by mortgage of premises at Delhi, purchased there against.

**(b) Loan from NBFC is repayable in equated monthly installments after a principal moratorium period of 6 months along with interest from each tranche of disbursement. The loans are secured by exclusive charge by way of hypothecation on the identified book debts and receivables of the loans provided by the Group.

*** (A) Loan repayable on demand from bank is secured against pledge/lien on government securities and other debt securities and demand promissory note. The Holding Company, A. K. Capital Services Limited has given corporate guarantee on loan taken by Group from banks as disclosed in Note 38- Related Party Disclosure.

***(B) Loan against receivables is secured by first pari passu charge by way of hypothecation/ assignment of assets financed including current and future receivables of the Group, in favour of the security trustee.

****Loan from NBFCs is secured against pledge on approved list of debt securities of the NBFCs.

***** Loan from Collaterlised Borrowing and Lending Obligation (CCIL) is secured against lien on government securities and deposit.

****** Secured against corporate debt securities under repo transactions.

15 (a) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

15 (b) The quarterly returns and / or statements of current assets filed by the Group with banks or financial institutions are in agreement with books of accounts and there is no discrepancies in the same.

15 (c) The Group is not declared a wilful defaulter by any bank or financial institution or other lender.

15 (d) The Group has registered all the charges towards secured borrowings outstanding as on 31 March 2023 and 31 March 2022. There is no satisfaction of charge pending on secured borrowings which are repaid during the financial year ended 31 March 2023 and 31 March 2022.

15 (e) Refer Note - 53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 16
DEPOSITS (AT AMORTISED COST)

	As at 31-03-2023	As at 31-03-2022
Rental deposits	33.69	32.94
Total	**33.69**	**32.94**

NOTE - 17
OTHER FINANCIAL LIABILITIES

Interest accrued but not due on borrowings	3,752.67	3,664.42
Creditors for capital goods	10.11	30.72
Lease liabilities	787.74	959.70
Employee dues	272.99	126.33
Other payables	8.05	1.62
Total	**4,831.56**	**4,782.79**

NOTE - 18
PROVISIONS

Provision for employee benefits		
Gratuity (Refer note no.41)	191.25	125.67
Total	**191.25**	**125.67**

NOTE - 19
DEFERRED TAX (ASSETS) / LIABILITIES

Deferred tax liabilities -		
On account of:		
Depreciation	156.79	151.89
Fair value gain on investments in debt securities	245.74	164.57
Transaction cost on financial liabilities	-	0.40
Gain on modication due to restructuring of loan	0.20	0.73
Less: Deferred tax assets:		
Depreciation on Investment property and assets held for sale	(49.08)	(19.59)
Impairment allowance on loans and advances	(74.56)	(63.98)
EIR on HTM Securities	(7.07)	(6.73)
Impairment allowance on investments	(7.48)	(12.39)
Right-of-use and lease liabilities	(28.47)	(21.92)
Transaction cost on financial liabilities	(0.18)	-
Expenses allowable on payment basis (gratuity)	(48.03)	(31.63)
Transaction cost on financial assets	(37.94)	(10.71)
Deferred tax (assets) / liabilities (net)	**149.92**	**150.64**

NOTE - 20
OTHER NON-FINANCIAL LIABILITIES

Statutory dues	275.55	204.32
Advance for sale of capital assets	370.00	-
Total	**645.55**	**204.32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 21

(a) EQUITY SHARE CAPITAL

(i) Equity shares

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of Shares	Amount ₹ in Lakhs	Number of Shares	Amount ₹ in Lakhs
Authorized:	30,000,000	3,000.00	30,000,000	3,000.00
Equity shares of ₹ 10 each	6,500,000	6,500.00	6,500,000	6,500.00
Preference shares of ₹ 100 each		**9,500.00**		**9,500.00**
Issued, subscribed and paid-up:	23,293,750	2,329.38	23,293,750	2,329.38
Equity shares of ₹ 10 each fully paid up	6,500,000	6,500.00	6,500,000	6,500.00
Compulsorily Convertible Preference shares of ₹100 each fully paid up		**8,829.38**		**8,829.38**

Details of the shares held by its holding company (i.e. A. K. Capital Services Limited):

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
Equity shares of ₹10 per share	22,997,490	98.73%	22,997,490	98.73%
Preference shares of ₹ 100 per share	4,500,000	69.23%	4,500,000	69.23%

Details of shareholders holding more than 5% equity shares in the Holding Company on reporting date:

Name of Shareholder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	22,997,490	98.73%	22,997,490	98.73%

Details of shares held by promoters in the Holding Company :

Name of Shareholder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	22,997,490	98.73%	22,997,490	98.73%
A. K. Mittal	280,180	1.20%	280,180	1.20%
Aditi Mittal	16,080	0.07%	16,080	0.07%

The is no percentage change in the shareholding of promoters during the financial year ended 31 March 2023 and 31 March 2022

The reconciliation of the number of shares outstanding:

Particulars	As at 31-03-2023	As at 31-03-2022
Shares at the beginning of the year	23,293,750	23,293,750
Add :Shares issued during the year	-	-
Shares at the end of the year	**23,293,750**	**23,293,750**

(ii) Compulsory convertible preference shares

Details of shareholders holding more than 5% compulsory convertible preference shares in the Holding Company on reporting date:

Name of the holder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	4,500,000	69.23%	4,500,000	69.23%
A. K. Mittal	2,000,000	30.77%	2,000,000	30.77%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Details of shares held by promoters in the Holding Company :

Name of the holder	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
A. K. Capital Services Limited	4,500,000	69.23%	4,500,000	69.23%
A. K. Mittal	2,000,000	30.77%	2,000,000	30.77%

The is no percentage change in the shareholding of promoters during the financial year ended 31 March 2023 and 31 March 2022

The reconciliation of the number of Compulsory convertible preference shares outstanding in the Holding Company:

Particulars	As at 31-03-2023	As at 31-03-2022
Shares at the beginning of the year	6,500,000	6,500,000
Add :Shares issued during the year	-	-
Shares at the end of the year	**6,500,000**	**6,500,000**

Rights, preferences and restrictions attached to equity shares

The Holding Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.

In the event of the liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Rights, preferences and restrictions attached to Non Cumulative Compulsory Convertible Preference Shares

The Holding Company has issued 6,500,000 Compulsory Convertible Preference Shares (CCPS) of Rs 100 each fully paid-up. The Holding Company has only one class of CCPS fully participating with equity having par value of Rs.10 per share.

Each CCPS shall carry a dividend of 12% per annum exclusive of any applicable taxes, up to the date of their conversion into equity shares of the Holding Company,subject to the approval of the Board of Directors and Shareholders of the Holding Company. The dividend on CCPS shall be on Non-Cumulative basis.CCPS shall be converted in the ratio of 2: 1 i.e. 2 CCPS of face value of Rs. 100 each shall be convertible into 1 Equity Share of face value of Rs. 10 each and Security Premium of Rs.190 each. The CCPS holders may convert in full/ (part) at any time after three months from the date of issue but before the expiry of eighty four months from the date of issue (i.e.28 September 2017) of the CCPS. If the CCPS are not converted within 84 months from the date of issue, then the CCPS shall be automatically converted into equity shares.

₹ in Lakhs

(b) Other equity	As at 31-03-2023	As at 31-03-2022
Special reserve		
At the beginning of the year	6,884.45	5,726.45
Add: Current year transfer	1,236.55	1,158.00
Closing balance of special reserve (A)*	**8,121.00**	**6,884.45**
Security Premium Account		
At the beginning of the year	27,321.88	27,321.88
Add: Current year transfer	-	-
Closing balance of security premium account (B)	**27,321.88**	**27,321.88**
Other comprehensive income		
At the beginning of the year	(1,662.57)	(1,657.32)
Add: Other comprehensive income for the year	(27.82)	(5.25)
Closing balance of other comprehensive income (C)	**(1,690.39)**	**(1,662.57)**
Retained earnings		
At the beginning of the year	25,053.25	21,204.52
Add: Profit for the year	6,200.20	5,786.73
Less: Dividend paid on CCPS	780.00	780.00
Less: Dividend distribution tax paid	1,236.55	1,158.00
Less: Transfer to special reserve	**29,236.90**	**25,053.25**
Closing balance of retained earnings (D)	**62,989.39**	**57,597.01**
Total (A+B+C+D)		

REFER NOTE 53

*Special Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 ("the RBI Act") and the National Housing Bank Act, 1987 ("the NHB Act"). In terms of Section 45-IC of the RBI Act and Section 29C(1) of the NHB Act, the Group is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purpose specified by the RBI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 22
INTEREST INCOME

₹ in Lakhs

Particulars	Current year 2022-2023			Previous year 2021-2022		
	On financial assets measured at amortised cost	Interest income on securities classified at fair value through profit or loss	Total	On financial assets measured at amortised cost	Interest income on securities classified at fair value through profit or loss	Total
Interest on loans	5,620.09	-	5,620.09	4,137.14	-	4,137.14
Processing fees income	70.39	-	70.39	85.30	-	85.30
Interest income from investments	4,642.29	3,961.07	8,603.36	2,751.27	4,675.39	7,426.66
Interest income from stock of securities	-	3,252.98	3,252.98	-	2,384.82	2,384.82
Interest on deposits with banks	14.25	-	14.25	0.95	-	0.95
Other interest income	20.32	-	20.32	13.73	-	13.73
Total	**10,367.34**	**7,214.05**	**17,581.39**	**6,988.39**	**7,060.21**	**14,048.60**

₹ in Lakhs

	Current year 2022-2023	Previous year 2021-2022
NOTE - 23		
FEES AND COMMISSION INCOME		
Syndication and other fees	1,263.72	617.90
Total	**1,263.72**	**617.90**
NOTE - 24		
NET GAIN/(LOSS) ON FAIR VALUE CHANGES		
Net gain/(loss) on financial instruments at fair value		
-Investments	1,850.32	2,006.92
-Stock of securities	3,891.68	3,353.38
	5,742.00	**5,360.30**
Net gain/(loss) on financial instruments at fair value		
-Realised	5,054.58	4,673.09
-Unrealised	687.42	687.21
Total	**5,742.00**	**5,360.30**
Additional Information :		
Profit / (loss) on sale of Investments (actual) (A)	1,747.40	2,063.49
Net gain/(loss) on investments due to fair value change (B)		
-Realised	213.01	74.99
-Unrealised	(110.09)	(131.56)
Total (A+B)	**1,850.32**	**2,006.92**
Profit on sale of stock of securities (actual) (C)	3,668.69	2,361.08
Net gain/(loss) on stock of securities due to fair value change (D)		
-Realised	(574.52)	173.53
-Unrealised	797.51	818.77
Total (C+D)	**3,891.68**	**3,353.38**
NOTE - 25		
NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY		
On financial instruments measured at amortised cost		
Loans (in form of unlisted debentures)	392.10	-
Investments	88.68	552.15
Total	**480.78**	**552.15**
NOTE - 26		
OTHER INCOME		
Profit on sale of property, plant and equipment (net)	0.49	-
Gain on modification due to restructuring of loan	-	6.55
Gain on Waiver of Lease Rental	-	8.90
Other income	2.65	-
Total	**3.14**	**15.45**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

	Current year 2022-2023	Previous year 2021-2022
NOTE - 27		
FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)		
Interest on borrowings	4,597.78	1,428.55
Interest on debt securities	5,468.49	6,718.33
Interest on income tax	4.39	0.75
Other interest expense	79.42	32.72
Total	**10,150.08**	**8,180.35**
NOTE - 28		
FEES AND COMMISSION EXPENSE		
Incentive expenses	1,603.15	1,396.73
Total	**1,603.15**	**1,396.73**
NOTE - 29		
IMPAIRMENT OF FINANCIAL INSTRUMENTS (NET)		
On financial instruments measured at amortised cost		
Loans (net)	3.98	122.73
Investments (Refer note no.39)	(19.50)	(668.12)
Write Off - Loans and Advances	5.85	16.57
Total	**(9.67)**	**(528.82)**
NOTE - 30		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,487.68	2,734.83
Gratuity	40.04	30.63
Employers contribution to provident fund	56.49	20.28
Staff welfare expenses	36.46	13.16
Total	**3,620.67**	**2,798.90**
NOTE - 31		
OTHER EXPENSES		
Rent, taxes and energy costs	35.71	30.92
Travelling expense	193.28	93.24
Repairs and maintenance	40.46	25.07
Advertisement and business promotion expenses	22.74	52.60
Auditor's fees and expenses		
-for audit fees	6.24	4.24
-for tax audit fees	0.65	0.65
-for other services	1.47	2.49
Legal and professional charges	276.32	249.02
Corporate social responsibilities (Refer note no.34)	122.50	120.00
Insurance expenses	23.18	22.78
Impairment loss on assets held for sale	101.29	-
Communication costs	14.50	14.07
Collection and sourcing fees	5.27	-
Software expenses	243.42	222.18
Directors fees, allowances and expenses	30.34	19.90
Miscellaneous expenses	181.36	131.77
Total	**1,298.73**	**988.93**
NOTE - 32		
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
a. Remeasurement of defined benefit obligation	(37.17)	(7.02)
b. Equity instruments through other comprehensive income	-	-
Total	**(37.17)**	**(7.02)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 33
SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108, the Group operates in a single operating segment i.e. "Financing and Investment Activity" within India. Accordingly, no separate disclosure is required. The Board of Directors of the Company are collectively Chief Operating Decision Makers (CODMs) of the Group.

NOTE - 34
CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Group. The areas for CSR activities are eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water, promoting education, promoting gender equality, empowering women and ensuring environmental sustainability.

₹ in Lakhs

Particulars	As at 31-03-2023
Amount required to be spent by the Group during the year	122.80
Less: Previous years' excess	(0.44)
Net amount required to be spent by the Group during the financial year	**122.36**
Amount of expenditure incurred	122.50
Short fall / (Excess) in CSR Expenditure	(0.14)
Total of previous year shortfall	Nil
Reason for shorfall	NA
Nature of CSR activities	Contribution to any fund set up by the Central Government for socio-economic development and relief qualifies
Details of related party transaction	NA

NOTE - 35
EARNINGS PER SHARE (EPS)

Particulars	As at 31-03-2023	As at 31-03-2022
Net profit after tax available for equity share holders (₹ in lakhs.) [A]	6,200.20	5,786.73
Weighted average number of equity shares outstanding during the year for basic and diluted earnings per share (Nos.)* [B]	26,543,750	26,543,750
Basic earnings per share (₹) [A/B]	23.36	21.80
Diluted earnings per share (₹) [A/B]	23.36	21.80
Nominal value of share (₹)	10.00	10.00

*Weighted average number of equity shares outstanding includes weighted average numbers of compulsorily convertibles preference shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 36
LEASES

(i) Lease commitments as lessee:

The Group has entered into agreements for taking on lease certain guest house and office on lease and licence basis. The lease term is for a period ranging from 36 to 60 months. The Group has contracts which have fixed rentals.

Following are the changes in the carrying value of right-of-use assets (disclosed under note 9 - property, plant and equipment) for the year ended 31 March 2023:

₹ in Lakhs

Particulars	Building Right-of-use
Opening gross block value of account on adoption of Ind AS 116	1,011.36
Measurment on account of adoption of Ind AS 116	-
Deduction on account of termination of lease	-
Closing gross block value of account on adoption of Ind AS 116	**1,011.36**
Opening accumulated depreciation of account on adoption of Ind AS 116	**85.11**
Depreciation charged for the year	213.58
Deduction on account of termination of lease	-
Closing accumulated depreciation of account on adoption of Ind AS 116	298.69
Closing net block value as at 31 March 2023	**712.67**

Carrying value of lease liabilities is disclosed under note 17 - other financial liabilities at ₹ 787.74 Lakhs as at 31-March-2023.

The following is the movement in lease liabilities during the year ended 31 March 2023

₹ in Lakhs

Particulars	As at 31-03-2023
Balance at the beginning of the year	959.70
Additions	-
Finance cost accrued during the year	79.42
Gain loss on waiver of rent	-
Payment of lease liabilities	(251.39)
Balance at the end of the year	**787.73**

Contractual maturities of lease liabilities:

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

₹ in Lakhs

Particulars	As at 31-03-2023
Not later than one year	251.39
Later than one year and not later than five years	678.58
More than five years	-

The cash outflow of lease payments with respect to the above lease recognised in the statement of profit and loss for the financial year 2022-2023 is Rs.251.39 lakhs.

(ii) Where the Group is lessor:

The future minimum lease payments receivable as per the lease agreements are as follows:

Particulars	As at 31-03-2023	As at 31-03-2022
Not later than one year	-	-
Later than one year and not later than five years	-	-

The amount of minimum lease payments with respect to the above lease recognised in the statement of profit and loss for the financial year 2022-2023 is Rs. 98.61 lakhs and for financial year 2021-2022 is Rs. 48.05 lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 37
RELATED PARTY TRANSACTIONS

Nature of relationship
Name of Related Party

Holding company

A. K. Capital Services Limited

Fellow subsidiary

A. K. Stockmart Private Limited
A. K. Capital Corporation Private Limited
A. K. Wealth Management Private Limited

Key managerial personnel

Mr. A. K. Mittal (Managing director)
Mrs.Aditi Mittal (From 02 December 2022) (Executive Director)
Ms. Annu Garg (Upto 02 December 2022) (Executive Director)
Mr. Vikas Jain (Non- Exucutive director)
Mr. Rajiv Kumar Bakshi (Independent director)
Mr. Khimji Shamji Pandav (Independent director)
Mr. Deepak Maheshwari (From 06 February 2023) (Independent Director)
Mr. Vikas S Agarwal (From 25 October 2021-Upto 06 February 2023) (Independent director)
Mr. Raghubinder Rai Bajaj (Upto 29 January 2022) (Independent director)
Mr. Ajay Tendulkar - (Appointed wef 27th September 2021)(CEO of Family Home Finance Private Limited)
Mr. Mahesh Bhootra (Chief financial officer)
Mr. Govind Lalwani (Company secretary)

Relatives of key managerial personnel

Mrs. Anshu

Enterprise controlled by key management personnel

A. K. Services Private Limited
Family Home Consultancy Services Private Limited
India Bond Private Limited

Notes:

a) The related party relationships have been determined on the basis of the requirements of the Indian Accounting Standard (Ind AS) - 24 'Related Party Disclosures' and the same have been relied upon by the auditors.

b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 37
RELATED PARTY TRANSACTIONS (CONTD.)

₹ in Lakhs

Related party transactions during the year:	Current Year 2022-2023	Previous Year 2021-2022
Brokerage paid		
A. K. Stockmart Private Limited	88.21	95.09
Demat charges paid		
A. K. Stockmart Private Limited	1.46	0.57
Key managerial remuneration *		
Short term benefits	489.17	428.69
Director's sitting fees	28.00	18.75
Rent paid		
Mrs. Aditi Mittal	24.00	24.00
Interest income on loan given		
A. K. Services Private Limited	686.54	592.25
A. K. Capital Services Limited	-	282.87
Loan given		
A. K. Services Private Limited (Revolving Credit Sanction Limits amounting upto a maximum amount of Rs.10,000 lakhs (Previous Year Rs.9,500 Lakhs))	13,500.00	32,389.41
A. K. Capital Services Limited (Revolving Credit Sanction Limits amounting (Current year NIL) (Previous year upto a maximum amount of Rs.5,000 lakhs upto 31st December 2021 and Rs. 3,500 lakhs from 16th February 2022 to 31st March 2022)	-	28,600.00
Repayment of loan given		
A. K. Services Private Limited (Revolving Credit Sanction Limits amounting upto a maximum amount of Rs.10,000 lakhs (Previous Year Rs 9,500 Lakhs))	10,500.00	32,839.41
A. K. Capital Services Limited (Revolving Credit Sanction Limits amounting (Current year NIL) (Previous year upto a maximum amount of Rs.5,000 lakhs upto 31st December 2021 and Rs.3,500 lakhs from 16th February 2022 to 31st March 2022)	-	28,600.00
Purchase of securities (excluding accrued interest)		
A. K. Stockmart Private Limited	1,597.95	29,314.21
A. K. Services Private Limited	9,928.57	27,760.52
A. K. Capital Services Limited	41,108.92	75,139.30
A. K. Wealth Management Private Limited	-	204.47
A. K. Capital Corporation Private Limited	-	202.58
Family Home Consultancy Services Private Limited	-	141.41
A. K. Mittal	-	114.05
Sale of securities (excluding accrued interest)		
A. K. Stockmart Private Limited	4,652.77	1,687.47
A. K. Services Private Limited	1,051.91	11,660.81
A. K. Capital Services Limited	37,709.13	47,030.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

NOTE - 37 RELATED PARTY TRANSACTIONS (CONTD.)	Current Year 2022-2023	Previous Year 2021-2022
Repayment of security deposit for rented premises		
A. K. Mittal	-	100.00
Anshu	-	50.00
Issuences of Non Convertible Debentures (excluding accrued interest)		
A. K. Services Private Limited	7,900.00	-
Repurchase of Non Convertible Debentures issued		
A. K. Capital Services Limited	-	1,250.00
Interest Expenses on Non Convertible Debentures	-	51.51
A. K. Capital Services Limited		
Incentive expenses		
A. K. Services Private Limited	-	162.98
India Bond Private Limited	364.57	34.12
Software expenses		
India Bond Private Limited	176.00	144.00
Balances Receivable		
A. K. Stockmart Private Limited (towards Stock Broking Contractual Obligations)	1,421.28	1,006.08
Trade payable		
A. K. Stockmart Private Limited	0.23	0.22
India Bond Private Limited	111.53	6.15
Loans outstanding		
A. K. Services Private Limited	7,500.00	4,500.00
Security deposit		
Aditi Mittal	100.00	100.00
Guarantee		
Corporate Guarantee given by holding company to bank for working capital demand loan taken by the Group	27,500.00	27,500.00

Note - Transaction amount is excluding taxes wherever applicable.

* Key managerial remuneration related to retirement benefits (i.e. gratuity) are recognised under employee benefits expenses in statement of profit and loss along with other employees gratuity costs of the Group based on the actuarial valuation carried out by independent actuary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 38
FINANCIAL INSTRUMENTS

The risk management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Management has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the Group is exposed to the Credit risk, Liquidity risk and Market risk.

The carrying value and fair value of financial instrument by categories as of 31 March 2023 were as follows:

₹ in Lakhs

Particulars	At amortised cost	At fair value through profit and loss	At fair value through other comprehensive Income	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents	1,582.50	-	-	1,582.50	1,582.50
Bank balances other than (a) above	533.26	-	-	533.26	533.26
Loans	56,767.63	-	-	56,767.63	57,187.03
Investments	31,821.76	95,008.80	-	126,830.56	127,035.51
Stock of securities	-	47,085.53	-	47,085.53	47,085.53
Other financial assets	1,872.40	1,528.65	-	3,401.05	3,401.05
TOTAL	**92,577.55**	**143,622.98**	**-**	**236,200.53**	**236,824.88**
Liabilities:					
Trade payables	258.66	-	-	258.66	258.66
Debt Securities	64,731.41	-	-	64,731.41	64,752.00
Borrowings	96,929.48	-	-	96,929.48	97,024.76
Deposits	33.69	-	-	33.69	33.69
Other financial liabilities	4,831.56	-	-	4,831.56	4,831.56
TOTAL	**166,784.80**	**-**	**-**	**166,784.80**	**166,900.67**

The carrying value and fair value of financial instrument by categories as of 31 March 2022 were as follows:

₹ in Lakhs

Particulars	At amortised cost	At fair value through profit and loss	At fair value through other comprehensive Income	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents	1,112.87	-	-	1,112.87	1,112.87
Bank balances other than (a) above	17.00	-	-	17.00	17.00
Loans	40,583.82	-	-	40,583.82	40,865.71
Investments	52,095.86	42,983.76	-	95,079.62	95,420.01
Stock of securities	-	67,378.59	-	67,378.59	67,378.59
Other financial assets	1,320.03	1,109.39	-	2,429.42	2,429.42
TOTAL	**95,129.58**	**111,471.74**		**206,601.32**	**207,223.60**
Liabilities:			-		
Trade payables	154.42	-		154.42	154.42
Debt Securities	70,401.82	-	-	70,401.82	70,402.00
Borrowings	67,964.31	-	-	67,964.31	68,046.56
Deposits	32.94	-	-	32.94	32.94
Other financial liabilities	4,782.79	-	-	4,782.79	4,782.79
TOTAL	**143,336.28**	**-**	**-**	**143,336.28**	**143,418.71**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 39
RISK MANAGEMENT

Financial risk management

The risk management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Management has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the Group is exposed to the Credit risk, Liquidity risk and Market risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Credit risk

Loans

Credit risk is controlled by analysing the credit limits and creditworthiness of the customer on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. An impairment analysis is performed at each reporting date on a portfolio basis. The Group holds collateral as security against the loans. The impairment of the credit risk on the loan is carried out through a detailed ECL model. The ECL model provides for the ECL on a 12 month ECL basis for standard to stage 1 Assets whereas the same is calculated based on a lifetime ECL for stage 2 & 3 level assets. The ECL is calculated based on a probability default (PD)X exposure at default (EAD) X (Loss given default X discount rate - LGD)). The Group calculates the PD by taking into account the past historical trends of the portfolio and its credit performance based on a homogenous charateristic of the underlying portfolio. This is calculated based on a 12 month PD perspective. In case of Impaired assets where lifetime PD is applied, the PD is extrapolated to take into account the probability of default over the life time of asset.

a) The following table gives details in respect of fees and income from loans generated from top customer and top 5 customers:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Revenue from top customer	686.54	592.25
Revenue from top 5 customers	1,791.40	1,773.65

Investments in debt securities measured at amortised cost

Expected credit losses are measured at an amount equal to the 12 months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The impairment of the credit risk on the investments is carried out through a detailed ECL model. The ECL model provides for the ECL on a 12 month ECL basis for standard to stage 1 Assets whereas the same is calculated based on a lifetime ECL for stage 2 & 3 level assets. The ECL is calculated based on a probability default (PD)X exposure at default (EAD) X (Loss given default X discount rate - LGD)). The Group calculates the PD by taking into account the past historical trends of the portfolio and its credit performance based on a homogenous charateristic of the underlying portfolio. This is calculated based on a 12 month PD perspective. In case of Impaired assets where lifetime PD is applied, the PD is extrapolated to take into account the probability of default over the life time of asset.

Exposure to credit risk

Financial asset for which loss allowance is measured using expected credit loss model:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Financial assets at amortised cost		
Loans	57,029.28	40,841.49
Investments	31,851.50	52,145.10
Other financial assets	1,872.40	1,320.03
At end of the year	**90,753.18**	**94,306.62**

The Group exposure to customers is diversified and no single customer contributes to more than 15% of outstanding loans, investment, and other financial assets which are measured at amortised cost as at 31 March 2023 and 31 March 2022.

The Group has used a practical expedient by computing the expected credit loss allowance for loans and investment taking into account historical credit loss experience.

For other financial assets, the Group assesses and manages credit risk based on reasonable and supportive forward looking information. The Group does not have significant credit risk exposure for these items.

Balances with banks

The Group holds cash and cash equivalents with bank, which are having highest safety ratings based on ratings published by various credit rating agencies. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 39
RISK MANAGEMENT (CONTD.)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest rate risk exposure mainly from changes in rate of interest on borrowing, loans & securities. The following table analyse the breakdown of the interest bearing financial assets and liabilities by type of interest rate:

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Financial assets		
Interest bearing		
- fixed interest rate	533.26	17.00
Bank balances other than cash and cash equivalent	17,434.42	23,783.11
Investments	97,761.98	76,957.63
Stock of securities	44,354.23	56,327.49
- floating interest rate		
Loans	39,594.85	17,058.38
Investments	23,339.53	17,591.15
Stock of securities	1,166.40	9,524.13
- non interest bearing		
Cash and cash equivalent	1,582.50	1,112.87
Investment	5,758.80	580.08
Stock of securites	1,564.90	1,526.98
Other financial assets	3,401.05	2,429.42
Financial Liabilities		
Interest bearing		
- fixed interest rate		
Borrowings	95,282.94	87,859.55
Lease liabilities	787.74	959.70
- floating interest rate		
Borrowings	66,377.96	50,506.58
- non interest bearing		
Trade payable	258.66	154.42
Deposits	33.69	32.94
Other financial liabilities	4,043.81	3,823.09

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Increase in basis points	50.00	50.00
Effect on profit before tax	(11.39)	(31.66)
Decrease in basis points	50.00	50.00
Effect on profit before tax	11.39	31.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 39

RISK MANAGEMENT (CONTD.)

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt and overdraft from banks at an optimised cost.

The Group's maximum exposure to liquidity risk for the components of the balance sheet at 31 March 2023 and 31 March 2022 is the carrying amounts. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The Group's major financial liabilities include term loans and non convertible debentures with maturity profile ranging between 0 to 10 years and short term borrowings are generally payable within one year. The average credit period taken to settle trade payables is about 30 days. The other payables are with short-term durations. The following table analysis undiscounted financial liabilities by remaining contractual maturities:

₹ in Lakhs

Particulars	On demand	Less than 3 months	3 to12 months	1 to 5 years	>5 years	Total
As at 31 March 2023						
Borrowings including debt securities	-	61,286.81	23,711.83	90,795.08	-	**175,793.72**
Trade and other payables	-	258.66	-	-	-	**258.66**
Deposits	-	33.69	-	-	-	**33.69**
Other financial liabilities	-	2,672.54	491.72	1,809.51	-	**4,973.77**
		64,251.70	**24,203.55**	**92,604.59**	**-**	**181,059.84**
As at 31 March 2022						
Borrowings including debt securities	-	71,907.19	5,893.54	75,117.10	31.20	**152,949.03**
Trade and other payables	-	154.42	-	-	-	**154.42**
Deposits	-	32.94	-	-	-	**32.94**
Other financial liabilities	-	3,486.03	588.44	929.96	-	**5,004.43**
	-	**75,580.58**	**6,481.98**	**76,047.06**	**31.20**	**158,140.82**

Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Grop's capital management is to maximise the shareholder value. The Group manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The Group manages its capital structure and makes adjustment in light of changes in business condition. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep optimum gearing ratio. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

₹ in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Borrowings including debt securities	161,660.89	138,366.13
Trade payables	258.66	154.42
Other financial liabilities	4,831.56	4,782.79
Deposits	33.69	32.94
Less: cash and cash equivalents	(2,115.76)	(1,129.87)
Net debt (A)	**164,669.04**	**142,206.41**
Equity share capital	8,829.38	8,829.38
Other equity	62,989.39	57,597.01
Total member's capital (B)	**71,818.77**	**66,426.39**
Capital and net debt (C=A+B)	**236,487.81**	**208,632.80**
Gearing ratio (%) (A/C)	**69.63**	**68.16**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the aforesaid financial year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 40
FAIR VALUE HIERARCHY

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets measured at fair value on a recurring basis as of 31 March 2023:

₹ in Lakhs

Particulars	As at 31-03-2023	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Mutual fund at FVTPL	235.12	235.12	-	-
Government securities at FVTPL	37,200.37	-	37,200.37	-
Debt instruments at FVTPL	52,049.63	-	52,049.63	-
Alternative investment Fund at FVTPL	5,523.68		5,523.68	-
Equity instruments at FVTOCI	-	-	-	
Stock of securities				
Debt instruments at FVTPL	45,520.63	-	45,520.63	-
Exchange Traded funds at FVTPL	1,564.90	1,564.90	-	-

The following table presents fair value hierarchy of assets measured at fair value on a recurring basis as of 31 March 2022:

₹ in Lakhs

Particulars	As at 31-03-2022	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Mutual fund at FVTPL	580.08	580.08	-	-
Government securities at FVTPL	6,396.18	-	6,396.18	-
Debt instruments at FVTPL	36,007.50	-	36,007.50	-
Equity instruments at FVTOCI	-	-	-	-
Stock of securities				
Debt instruments at FVTPL	65,851.61	-	65,851.61	-
Exchange Traded funds at FVTPL	1,526.98	1,526.98	-	-

Description of techniques and valuation inputs used for Level II and Level III hierarchy are under:

Assets class	Fair value hierarchy	Valuation techniques and inputs
Debt instruments, Government securities, commercial paper and state development loan measured at FVTPL	Level II	Valuation techniques and inputs in order of first preference are as under: 1. Cost of securities only if the securities are allotted within last 20 days or purchased within 7 days from the measurement date., or Latest traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-7 days whichever is later 2. Weighted average (appropriate weight considered by the Group) of; -Future cash flows which are discounted using a discount rate arrived at by adding the spread provided by FIMMDA and -Latest subsequent traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-7 days 3. Future cash flows are discounted using a discount rate arrived at by adding the spread provided by FIMMDA or other approved agencies and annualised government security yield provided by regulatory authorities.
Alternative Investment Fund (AIF) measured at FVTPL	Level II	The valuation is done based on the rating agency valuation provided by the Alternative Investment Fund (AIF).
Unquoted equity instruments measured at FVOCI	Level III	Based on unobservable inputs which generally approximates to the carrying value of the investments unless significantly impaired. Fair value has been considered Nil for significantly impaired investments. Sensitivity change in the unobservable input does not have a significant impact in its value and accordingly, sensitivity disclosure is not given.

The management assessed that cash and cash equivalents, Trade receivable and other financial asset, trade payables and other financial liabilities approximate their carrying amount largely due to short term maturity of these instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 41

EMPLOYEE BENEFIT OBLIGATION

A. Defined Contribution Plans

The following amount recognized as an expense in statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Contribution to provident fund	56.49	20.28

B. Defined Benefit Plans

The Group has a unfunded defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service as per the provision of the Payment of Gratuity Act, 1972 with total ceiling on gratuity of Rs.20.00 Lacs (31 March 2022 - Rs 20.00 Lacs)

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
(a) Statement of profit and loss		
Net employee benefit expense recognised in the employee cost		
Current service cost	30.68	23.75
Past service cost	0.16	-
Interest cost on defined benefit obligation	9.20	6.88
(Gain) / losses on settlement	-	-
Total expense charged to profit and loss account (included in salaries, wages and incentives) (A)	**40.04**	**30.63**
(b) Amount recorded in Other Comprehensive Income (OCI)		
Opening amount recognised in Other Comprehensive Income outside profit and loss account		
Remeasurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(1.19)	(1.86)
Actuarial loss / (gain) arising from change in demographical assumptions	0.05	1.58
Actuarial loss / (gain) arising on account of experience changes	38.31	7.30
Amount recognised in Other Comprehensive Income (B)	**37.17**	**7.02**
Gratuity expense recognised in the statement of profit and loss and Other Comprehensive Income (A+B)	**77.21**	**37.65**
(c)Reconciliation of net liability / asset		
Opening defined benefit liability / (assets)	125.67	99.58
Expense charged to profit & loss account	40.04	30.63
Amount recognised in outside profit and loss account	37.17	7.02
Benefit paid	(11.63)	(11.56)
Closing net defined benefit liability / (asset)	**191.25**	**125.67**
(d) Movement in benefit obligation and balance sheet		
Opening defined benefit obligation	125.67	99.58
Current service cost	30.68	23.75
Past service cost	0.16	-
Interest on defined benefit obligation	9.20	6.88
Remeasurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(1.19)	(1.86)
Actuarial loss / (gain) arising from change in demographic assumptions	0.05	1.58
Actuarial loss / (gain) arising on account of experience changes	38.31	7.30
Benefits paid / payable	(11.63)	(11.56)
Closing defined benefit obligation [liability/(asset)] recognised in balancesheet	**191.25**	**125.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
(e) The principal assumptions used in determining gratuity benefit obligation for the company's plans are shown below:		
Discount rate	7.50%	7.32%
Salary escalation rate (p.a.)	5.00%	5.00%
Withdrawal rate		
Upto 30 Years	29.00%	30.00%
Upto 31-44 Years	25.00%	27.00%
Above 45 Years	23.00%	23.00%
Mortality pre-retirement	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

(f) A quantitative analysis for significant assumption is as shown below:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Indian gratuity plan:

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Assumptions -Discount rate		
Sensitivity Level (a hypothetical increase / (decrease) by)	0.50%	0.50%
Impact on defined benefit obligation -increase of sensitivity level	(3.18)	(1.98)
Impact on defined benefit obligation -decrease of sensitivity level	3.29	2.05
Assumptions -Future salary escalations rates		
Sensitivity Level (a hypothetical increase / (decrease) by)	0.50%	0.50%
Impact on defined benefit obligation-increase of sensitivity level	3.35	2.09
Impact on defined benefit obligation-decrease of sensitivity level	(3.27)	(2.04)

The following payments are expected contributions to the defined benefit plant in future years.

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Within 1-2 year	81.28	59.75
2-3 year	97.05	76.55
3-4 year	122.77	96.00
4-5 year	129.50	113.25
5-6 year	146.33	130.97

The average duration of the defined benefit plan obligation at the end of the reporting period is 1.59 years to 7.21 years (31 March 2022- 6.97 years)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 42
INCOME TAX

₹ in Lakhs

Particulars		Current Year 2022-2023	Previous Year 2021-2022
A	**The major components of income tax expense for the years are:**		
	Current income tax:	1,978.50	1,442.05
	Current income tax charge	(11.89)	(8.98)
	Adjustments in respect of previous year		
	Deferred tax:		
	Relating to origination and reversal of temporary differences	5.71	359.54
	Income tax expense reported in the statement of profit or loss	**1,972.32**	**1,792.61**
B	**The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:**		
	Profit before income tax	8,172.52	7,579.34
	Rate of Income tax	25.17%	25.17%
	Computed expected tax expenses	2,056.86	1,907.56
	Tax effect due to non-deductible items	25.04	50.16
	Tax effect due to deductible items	(10.70)	(10.36)
	Tax effect due to recognition / non recognition of deferred tax assets / (liabilities)	(88.84)	(141.51)
	Adjustments in respect of current income tax of previous year	(11.90)	(8.98)
	Others	1.86	(4.26)
	Income tax expense reported in the statement of profit or loss	**1,972.32**	**1,792.61**
C	**The Gross movement in the current income tax asset/(Liability) for the year ended 31 March 2023 and 31 March 2022 is as follows**		
	Net current income tax asset/(liability) at the beginning of the year	8.30	(63.66)
	Income tax paid	1,950.44	1,505.78
	Current tax expenses	(1,978.50)	(1,442.05)
	Interest on tax expenses	(4.39)	(0.75)
	Excess provision of earlier year	11.89	8.98
	Net current income tax asset/(liability) at the end of the year	**(12.26)**	**8.30**
D	**The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:**		
	Net deferred tax asset/(liability) at the beginning of the year	**(148.24)**	**209.51**
	Property plant and equipments	(5.09)	(8.13)
	Investment property and assets held for sale	29.49	4.49
	Gratuity	16.51	6.57
	Disallowance of share issue expenses	(0.49)	(2.31)
	Impairment allowance on loans and advances	12.97	30.11
	EIR on HTM Securities	0.35	10.55
	Right-of-use and lease liabilities	6.56	22.56
	Impairment allowance on investments	(4.91)	(168.16)
	Fair value gain on investments in debt securities	(82.04)	(234.92)
	Processing fees expenses	0.58	0.67
	Processing fees income	29.20	(18.45)
	Gain loss on restructuring of loan	0.53	(0.73)
	Net deferred tax asset/(liability) at the end of the year	**(144.58)**	**(148.24)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 43

DISAGGREGATED REVENUE INFORMATION

The table below represents disaggregation of group's revenue from contracts with the customers. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

₹ in Lakhs

Particulars	Current Year 2022-2023	Previous Year 2021-2022
Type of goods or service		
Fees and commission Income	1,263.72	617.90
Total revenue from contracts with the customers	**1,263.72**	**617.90**
Geographical markets		
-India	1,263.72	617.90
-Outside India	-	-
Total revenue from contracts with the customers	**1,263.72**	**617.90**
Relation with customer		
-Non related party	1,263.72	617.90
-Related Party	-	-
Total revenue from contracts with the customers	**1,263.72**	**617.90**
Timing of revenue recognition		
-Service transferred over a period of time	-	-
-Service transferred over a point of time	1,263.72	617.90
Total revenue from contracts with the customers	**1,263.72**	**617.90**

Geographical revenue is allocated based on the location of the services.

NOTE - 44

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are described below. The Group's assumptions and estimates are based on parameters available at the time of preparation of financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the postemployment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

Based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity has been re-assessed during the year ended 31 March 2023. For the purpose of assessing the attrition rate, the Group considered the historical attrition trend and expected rate based on such trend/ experience. The change in assumption resulted in a increase of closing gratuity by Rs. 37.17 Lakhs, for the year ended 31 March 2023.

Further details about gratuity obligations are given in Note - 41.

(b) Valuation of financial instruments other than those measured at amortised cost

The Group measures certain financial instruments on fair value basis at each balance sheet date. The details of Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) are further detailed out in Note - 40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(c) Impairment allowance for investments and loans

Recognition and measurement of impairment relating to the investments and loans measured at amortized cost involves significant management judgment and as per the requirements of Ind AS 109, credit loss assessment is based on management's ECL model. Management exercises judgment in determining the quantum of loss based on a range of factors. The most significant areas are:

- Credit ratings of the investments and loans;
- Investment and loans staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and
- Forward looking macro-economic factors.

The Group considered current and anticipated future economic conditions relating to industries the Group deals. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its investments to estimate the probability of default in future.

(d) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

NOTE - 45
CODE ON SOCIAL SECURITY, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and the Rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from the stakeholders which are under active consideration by the Ministry. The Group will evaluate the rules, assess the impact, if any, and account the same once the rules are notified and become effective.

NOTE - 46
DETAILS OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

A Details of secured redeemable non-convertible debentures as at March 31, 2023

₹ in Lakhs

Name of Security	Number	Amount (₹ in lakhs)	Allotment Date	Redemption Date
0.00% Non Convertible Debentures - Series MLD- I	1090.00	10,900.00	26-May-22	26-May-24
0.00% Non Convertible Debentures - Series MLD- 2	530.00	5,300.00	27-Jun-22	27-Jun-24
9.60% Non Convertible Debentures - Series B-I	1,600.00	1,600.00	07-Mar-17	07-Mar-24
9.60% Non Convertible Debentures - Series B-III	2,600.00	2,600.00	09-Mar-17	09-Mar-24
9.60% Non Convertible Debentures - Series B-VI	500.00	500.00	20-Mar-17	20-Mar-24
9.60% Non Convertible Debentures - Series B-VII	1,500.00	1,500.00	21-Mar-17	21-Mar-24
8.00% Non Convertible Debentures - Series S	14,300.00	14,300.00	28-May-21	28-May-24
9.00% Non Convertible Debentures - Series E-II	5,852.00	5,852.00	10-Aug-17	10-Aug-24
9.40% Non Convertible Debentures - Series H	7,000.00	7,000.00	06-Dec-17	06-Dec-24
8.05% Non Convertible Debentures - Series T	500.00	5,000.00	30-Mar-22	30-Mar-25
9.75% Non Convertible Debentures - Series K	6,700.00	6,700.00	28-Jun-18	28-Jun-25
9.95% Non Convertible Debentures - Series N	3,500.00	3,500.00	18-Sep-18	18-Sep-25

1. Face value of all the non convertible debentures is Rs.1,00,000 except Series T, Series MLD-1 and MLD-2
2. Face value of Series T,Series MLD-1 and MLD-2 non convertible debentures is Rs.10,00,000.
3. Non convertible debentures Series B, Series E, Series K, Series H, Series N, Series S, Series T, Series MLD-1 and Series MLD-2 are redeemable at a call option in the range of 12 months to 48 months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

B Details of secured redeemable non-convertible debentures as at March 31, 2022

Name of Security	Number	Amount (₹ in lakhs)	Allotment Date	Redemption Date
9.40% Non Convertible Debentures - Series I	5,000.00	5,000.00	03-Apr-18	04-Apr-22
8.00% Non Convertible Debentures - Series Q	5,000.00	5,000.00	05-Oct-20	05-Apr-22
8.00% Non Convertible Debentures - Series R	7,500.00	7,500.00	15-Oct-20	15-Apr-22
9.75% Non Convertible Debentures - Series L	2,500.00	2,500.00	29-Jun-18	29-Jun-23
9.60% Non Convertible Debentures - Series M	500.00	500.00	28-Aug-18	28-Aug-23
9.60% Non Convertible Debentures - Series B-I	1,750.00	1,750.00	07-Mar-17	07-Mar-24
9.60% Non Convertible Debentures - Series B-III	2,600.00	2,600.00	09-Mar-17	09-Mar-24
9.60% Non Convertible Debentures - Series B-VI	500.00	500.00	20-Mar-17	20-Mar-24
9.60% Non Convertible Debentures - Series B-VII	1,500.00	1,500.00	21-Mar-17	21-Mar-24
8.00% Non Convertible Debentures - Series S	14,500.00	14,500.00	28-May-21	28-May-24
9.00% Non Convertible Debentures - Series E-II	6,452.00	6,452.00	10-Aug-17	10-Aug-24
9.40% Non Convertible Debentures - Series H	7,000.00	7,000.00	06-Dec-17	06-Dec-24
8.05% Non Convertible Debentures - Series T	500.00	5,000.00	30-Mar-22	30-Mar-25
9.75% Non Convertible Debentures - Series K	7,100.00	7,100.00	28-Jun-18	28-Jun-25
9.95% Non Convertible Debentures - Series N	3,500.00	3,500.00	18-Sep-18	18-Sep-25

1. Face value of all the non convertible debentures is Rs.1,00,000 except Series T
2. Face value of Series T non convertible debentures is Rs.10,00,000.
3. Non convertible debentures Series B, Series E, Series H, Series I, Series K, Series L, Series M, Series N, Series Q,Series R, Series S and Series T are redeemable at a call option in the range of 12 months to 48 months.

NOTE - 47

(a) Additional information as required under Schedule III to the Companies act 2013, of enterprises consolidated as Subsidiary Company:

Name of the parent : A. K. Capital Finance Limited
Name of the Indian subsidiary : Family Home Finance Private Limited

₹ in Lakhs

Particulars	Parent	Subsidiary	Non Controlling Interest	Adjustment due to Consolidation	Total
Net assets	71,520.96	2,370.55	-	(2,072.74)	71,818.77
As a percentage of consolidated net assets (%)	99.59 %	3.30 %	0.00 %	(2.89)%	100.00 %
Share in profit or loss	6,071.05	85.02	-	44.13	6,200.20
As a percentage of consolidated profit or loss (%)	97.92 %	1.37 %	0.00 %	0.71 %	100.00 %
Share in other comprehensive income	(27.82)	-	-	-	(27.82)
As a percentage of consolidated other comprehensive income (%)	100.00 %	0.00 %	0.00 %	0.00 %	100.00 %
Share in total comprehensive income	6,043.23	85.02	-	44.13	6,172.38
As a percentage of consolidated total comprehensive income (%)	97.91 %	1.38 %	0.00 %	0.71 %	100.00 %

(b) Salient Features of Financial Statements of Subsidiary Companies as per Companies Act, 2013 (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 :

Part "A" : Subsidiaries
Name of the subsidiary : Family Home Finance Private Limited

₹ in Lakhs

Particulars	Amount
Reporting Currency	Indian Rupees
Share Capital	2,000.00
Reserves & Surplus	370.55
Total Assets	4,082.21
Total Liabilities	1,711.66
Investments	678.58
Turnover/Total Income	240.75
Profit before taxation	112.04
Provision for taxation	27.02
Profit after taxation	85.02
Proposed dividend	-
% of Shareholding	100.00

1. Name of subsidiaries which are yet to commence operations : **None**
2. Names of subsidiaries which have been liquidated or sold during the year : **None**

Part "B": Associates and Joint Ventures

The Group doesn't have any Associates and Joint ventures

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 48

The Group does not have any intangible assets under development.

NOTE - 49

a) There are no disputed or undisputed receivables of the Group as on 31 March 2023 and 31 March 2022.

b) There are no unbilled revenues of the Group as on 31 March 2023 and 31 March 2022.

NOTE - 50

The Group does not hold any Benami Property as defined under Benami Transactions (Prohibition) Act (45) of 1988 and rules made thereunder.

NOTE - 51

The Group does not have any transactions with companies struck off under section 248 of Companies Act 2013 or Section 560 of Companies Act 1956, during the financial year ending 31 March 2023 and 31 March 2022

NOTE - 52

The Group has complied with the number of layer prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

NOTE - 53

UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

(a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) No funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE - 54

The Group does not have any undisclosed income during the financial year ended 31 March 2023 and 31 March 2022

NOTE - 55

The Group does not traded or invested in Crypto Currency or Virtual Currency during the financial year ended 31 March 2023 and 31 March 2022

NOTE - 56

There was no impairment loss on the non-financial assets on the basis of review carried out by the management in accordance with Indian Accounting Standard (Ind AS) – 36 'Impairment of Assets'.

NOTE - 57

In the opinion of management, loans, investments and other financial assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.

NOTE - 58

No fraud on or by the Group has been noticed or reported during the year ended 31 March 2023 and 31 March 2022.

NOTE - 59

Subsequent events

No subsequent events have been observed which may require an adjustment to the statement of financial position.

NOTE - 60

Previous year's figure have been regrouped or rearranged, wherever considered necessary, to conform with the current year's presentation.

Signatures to 1 to 60

As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration Number : 000560C/C400334

Rupal Kumbhat
Partner
Membership No. 401084

Place: Mumbai
Dated : 20 May 2023

For and on behalf of the Board of Directors of
A. K. Capital Finance Limited

A. K. Mittal	Rajiv Kumar Bakshi	Mahesh Bhootra	Govind Lalwani
Managing Director	Chairman &	Chief Financial Officer	Company Secretary
(DIN : 00698377)	Independent Director		(ACS : A38806)
	(DIN : 00264007)		

Place: Mumbai
Dated : 20 May 2023



BUILDING BONDS

Registered Office: 601-602, 6th Floor, Windsor, Off CST Road, Vidyanagari Marg, Kalina,
Santacruz (East), Mumbai – 400 098.
Tel: +91 (022) 67546500 / 66349300 Fax: +91 (022) 66100594

A. K. CAPITAL FINANCE LIMITED

(**CIN:** U51900MH2006PLC214277)
Registered Office: 601-602, 6th Floor, Windsor, Off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098.
Tel: +91 (022) 6754 6500 | **Fax:** +91 (022) 6610 0594 | **Website:** www.akgroup.co.in

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Seventeenth (17th) Annual General Meeting** ("AGM") of the members of A. K. Capital Finance Limited ("the Company") shall be held on **9th day of September, 2023 at 11:00 A.M. (IST)** through Video Conferencing ("VC") facility or Other Audio Visual Means ("OAVM"), to transact the following businesses:

ORDINARY BUSINESS:

1. **To receive, consider and adopt:**
   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 including notes and schedule to financial statements, together with the Report of the Board of Directors' and the Auditors' thereon; and
   b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 including notes and schedule to financial statements, together with the Report of Auditors' thereon.
2. To declare a Final Dividend of INR 12/- (Indian Rupees Twelve) per Compulsory Convertible Preference Shares (CCPS) of INR 100/- (Indian Rupees Hundred) each and to confirm the Interim Dividend already paid for the financial year ended March 31, 2023.
3. To appoint a Director in place of Mr. A. K. Mittal (DIN: 00698377), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **To approve alteration in Articles of Association of the Company:**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

   "RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for altering the existing Articles of Association of the Company by way of insertion of Article 16(u) of Articles of Association of the Company as set out here in below:

   Article 16(u)

   The Board shall have the power, on receipt of the nomination by the debenture trustee to appoint a Nominee Director on the Board of the Company, in the following circumstances:

   i. 2 (two) consecutive defaults in payment of interest to the debenture holders; or

   ii. default in creation of security for debentures; or

   iii. default in redemption of the debentures.

   Such Nominee Director may not be liable to retire by rotation nor be required to hold any qualification shares.

   The Debenture Trustee may have the right to remove such Nominee Director so appointed and also in the case of death or resignation or vacancy for any reasons whatsoever in the Nominee Director/s so appointed, at any time appoint any other person as Nominee Director. Such appointment or removal shall be made in writing to the Company.

   Such Nominee Director shall hold the office so long as such financial entity acting through debenture trustee holds or continues to hold debentures in the Company.

   RESOLVED FURTHER THAT any one Executive Director of the Company or the Company Secretary or Chief Financial Officer (CFO) of the Company be and is hereby authorized severally to do all acts and take all such steps to give effect to this resolution including but not limited to filing e-forms, for the purpose of compliance under the Companies Act, 2013 and to furnish a certified true copy of the resolution as and when required."

5. **Issuance of Commercial Paper of nominal value aggregating up to INR 500 Crores (Indian Rupees Five Hundred Crores) within the borrowing limits set forth under Section 180 of the Companies Act, 2013**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

   "RESOLVED THAT pursuant to the applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and subject to regulations, guidelines, provisions laid down by the Reserve Bank of India, Securities and Exchange Board of India (in force from time to time), subject to the provisions of the Memorandum and Articles of Association of the Company and other applicable regulations as may be amended and applicable from time to time, approval of the shareholders of the Company be and is hereby accorded to borrow from time to time, by way of issuance of Commercial Papers ("CPs") of nominal value aggregating up to INR 500 Crores (Indian Rupees Five Hundred Crores), in one or more tranche(s) on such terms and conditions as the Board of Directors (including any Committee thereof) of the Company may deem fit and appropriate from time to time.

   RESOLVED FURTHER THAT the said limit of up to INR 500 Crores (Indian Rupees Five Hundred Crores) shall be within the overall borrowing limit approved by the members as per section 180(1) (c) of the Companies Act, 2013 and borrowing policy of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company or any other Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution, be and is hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of CPs, including but not limited to number of issue(s)/ tranche(s), face value, issue price, discount on issue, size, timing, amount, yield, arrangement fee, listing, allotment, dematerialization and other terms and conditions of issue of CPs as they may, in their absolute discretion, deemed necessary.

RESOLVED FURTHER THAT any one executive Director of the Company or the Company Secretary or Chief Financial Officer (CFO) of the Company be and is hereby authorized severally to do all acts and take all such steps to give effect to this resolution including but not limited to filing e-forms, for the purpose of compliance under the Companies Act, 2013 and to furnish a certified true copy of the resolution as and when required."

6. To approve Selling, Assignment of Its Receivables/ Book Debts Upto INR 250 Crore:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT the consent of the members of the Company be and is hereby accorded, pursuant to the provisions of section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, read with the Rules made thereunder (including any amendment, modification, variation or re-enactment thereof), to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee duly constituted by the Board to exercise its powers conferred by this resolution) to sell / assign substantial assets including receivables / book debt of the Company in favour of banks / financial institutions/body corporate, other investing agencies and trustees for the holders of debentures / bonds / Pass Through Certificates and other instruments and also to issue covenants for negative pledges / negative liens in respect of the said assets and properties in such form and manner as the Board may deem fit and for the said purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to execute the required documents including powers of attorney in favour of all or any of the persons, firms, bodies corporate, banks, financial institutions, trustees etc., from time to time provided that the aggregate amount of such transactions shall not exceed INR 250 crore (Indian Rupees Two Hundred and Fifty Crore Only);

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and are hereby severally authorized to negotiate, finalize and execute with the Lender(s) / Debenture Trustees / Financial Institutions/body corporate such documents / agreements / undertakings / indemnities / guarantees as may be required and to propose / accept any modifications to the terms and conditions thereto and to do all such acts, deeds and things as may be required, with power to settle all questions, difficulties or doubts that may arise in this regard, as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any Committee and / or director(s) and / or officer(s) of the Company, to give effect to this resolution;

RESOLVED FURTHER THAT a copy of the aforesaid resolution certified to be true by anyone of the Executive Director or Key Managerial Personnel of the Company, be furnished to appropriate entities for their records and necessary action thereon."

For and on behalf of the Board
A. K. Capital Finance Limited
Sd/-
A. K. Mittal
Managing Director
DIN: 00698377
Registered Office: 601-602, 6th floor, Windsor,
Off CST Road, Kalina, Santacruz - (East), Mumbai – 400 098
CIN: U51900MH2006PLC214277

Date: July 29, 2023
Place: Mumbai

NOTES:

1. The Ministry of Corporate Affairs ("MCA") vide its General Circular No. 10/2022 dated December 28, 2022 (in continuation of Circular number 20/2020 dated May 5, 2020 read with circular number 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 2/2021 dated January 13, 2021,21/2021 dated December 14, 2021 and General Circular 02/2022 dated May 05, 2022 (collectively referred to as "MCA Circulars") and the SEBI vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021,SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 (collectively referred to as "SEBI Circulars"), permit for holding the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the above MCA Circulars and SEBI Circulars, the provisions of the Companies Act, 2013 ("hereinafter referred as "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("hereinafter referred to as "LODR Regulations"), the AGM of the Company is being held through VC / OAVM.
2. In terms of the MCA circulars, the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), shall be sent only by email to the Members, trustees for the debenture- holder issued by the Company and to all other persons so entitled. Further, the notice for AGM shall be given only through emails registered with the Company or with the depository participant / depository.
3. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020 issued by the ICSI, the deemed venue of the 17th AGM will be Board Room, 601-602, 6th floor, Windsor, Off CST Road, Kalina, Santacruz East, Mumbai – 400 098.
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. The dividend, if declared at the Annual General Meeting, would be paid/dispatched as per regulatory timeline from the date of declaration to those CCPS shareholder:
   a. whose names appear as Beneficial Owners as at the end of the business hours on September 08, 2023 in the list of Beneficial Owners to be furnished by National Securities Depository Limited in respect of the shares held in electronic form; and
   b. whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before September 08, 2023.
6. As per the provisions of Clause 3 A II of the MCA General Circular No. 20/ 2020 dated May 5, 2020, the matter of Special Business as appearing at Item No. 4, 5 and 6 of the accompanying Notice, is considered to be unavoidable by the Board and hence, is forming part of this Notice.
7. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at e-AGM in respect of Item No. 4, 5 and 6 is annexed hereto and forms part of the Notice.
8. Institutional/Corporate shareholder intending to authorize their representatives pursuant to Sections 112 and 113 of the Act, as the case may be, are requested to e-mail a scanned copy (PDF/JPG format) of the duly certified copy of the Board Resolution/authorization etc. authorizing their representative/(s) to attend and vote on their behalf at e-AGM to the Company at the e-mail Id: cs@akgroup.co.in.
9. The attendance of the Members attending the e-AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. In line with relevant MCA Circular and SEBI Circular copy of the Notice of the 17th AGM along with Annual Report for the financial year 2022-23 is being sent only through electronic mode to all the members whose E-mail IDs with the Depository Participants in case of holding shares in demat mode for communication purposes and to the trustees of the debenture holders at their designated E-mail ID as available in the records of the Company. The notice convening the 17th AGM of the Company and the Annual Report for the Financial Year 2022-23 has also been uploaded on the website of the Company at www.akgroup.co.in.
11. Instructions for attending the AGM through VC/OAVM:
    I. The Members will be provided with a facility to attend the e-AGM through VC/OAVM.
    ii. The Members can join the e-AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting. This rule would however not apply to participation of shareholders holding 2% or more shareholding, promoters, institutional investors, directors, key and senior managerial personnel, auditors, etc.
    iii. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuations in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
    iv. Members, who need any technical assistance before or during the AGM, can contact by sending an email to cs@akgroup.co.in.
12. The members may further note that voting on all resolutions placed at the e-AGM will be done through Show of Hands, unless a poll is demanded pursuant to Section 109 of the Act.
13. Members desirous of getting any information about the accounts and/or operations of the Company are encouraged to submit the details of information required in advance with regard to the financial statements or any other matter to be placed at the 17th AGM, from their registered e-mail address, mentioning their Name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at cs@akgroup.co.in before 3.00 p.m. (IST) on 8th day, September 2023. Such information as requested by the Members shall be suitably kept ready by the Company and furnished to the Members at the AGM.
14. All documents referred to in the accompanying Notice and Explanatory Statement will be available for inspection electronically by the Members on the website of the Company www.akgroup.co.in during the time of AGM.

    The Company has been maintaining statutory registers i.e. Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 at its registered office of the Company and in accordance with the MCA Circulars, the said registers will be made accessible for inspection through electronic mode and shall remain open and be accessible to any member during the continuance of the meeting.
15. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed to this notice.

For and on behalf of the Board
A. K. Capital Finance Limited
Sd/-
A. K. Mittal
Managing Director
DIN: 00698377
Registered Office: 601-602, 6th floor, Windsor,
Off CST Road, Kalina, Santacruz - (East), Mumbai – 400 098
CIN: U51900MH2006PLC214277

Date: July 29, 2023
Place: Mumbai

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statements set out all the material facts relating to the Ordinary Business /Special Business mentioned in the accompanying Notice:

Item No. 4:

Securities and Exchange Board of India (SEBI) vide its notification no. SEBI/LAD-NRO/GN/2023/119 ('SEBI Notification') dated February 2, 2023, amended the SEBI NCS Regulations, wherein it mandated that Articles ("AOA") of an issuer of debt securities should contain a clause authorizing the Board of Directors of such issuer Company to appoint a person nominated by the Debenture Trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board. Further, in case Articles of issuer Companies whose debt securities are already listed on the date of SEBI Notification does not contain a provision for appointing a Nominee Director by Debenture Trustee, then such issuer companies should amend their AOA on or before September 30, 2023

The Company has issued listed debt securities and hence the Company is required to incorporate relevant enabling provisions in its AOA, for appointment of Nominee Director by the Debenture Trustee. In this respect, Board of Directors has proposed to alter the existing AOA of the Company by way of insertion of Article 16(u) in AOA of the Company.

Further, in terms of Section 14 of the Companies Act, 2013, approval of Members in General Meeting by way of Special Resolution is required to alter Articles of the Company. Copy of the existing Articles, copy of altered Articles indicating the proposed amendments would be available for inspection by the Members of the Company at the Registered Office of the Company between 11:00 A.M. and 05:00 P.M. on all working days (except Saturday(s), Sunday(s) and Public Holidays) up to the date of the AGM and during the continuance of the AGM.

The Board of Directors of the Company recommends the **Special Resolution** as set out in Item no. 4 of this Notice for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, except to the extent of their respective shareholding in the Company, concerned or interested, financially or otherwise, in the proposed special resolution.

Item No. 5

In order to augment resources inter alia, to expand its operations and its working capital requirements, the Company may offer or invite subscription for issuance of Commercial Papers ("CPs") of nominal value aggregating up to INR 500 Crores (Indian Rupees Five Hundred Crores), in one or more tranche(s) on such terms and conditions as the Board may deem fit and appropriate from time to time.

The Board of Directors of the Company at its meeting held on July 29, 2023 has approved the same, subject to the approval of shareholders in the general meeting proposed to issue CPs on private placement basis, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any and as may be finalized by the Board and/or Committee of Directors thereof. The issue price of CP shall be determined by the Board keeping into consideration various economic factors, tenure and other relevant factors.

Accordingly, consent of the shareholders is sought for passing a Special Resolution as set out under this item no. 5 of the Notice.

This resolution enables the Board of Directors of the Company or any other Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution to offer or invite subscription for CPs aggregating up to INR 500 Crores (Indian Rupees Five Hundred Crores), in one or more series or tranche(s), as deemed fit, and within the overall borrowing limits of the Company, as approved by the shareholders from time to time and as per the details specified in the said special resolution. The Board of Directors of the Company or any other Committee thereof shall decide, inter alia, other terms and conditions for such fund raising.

The Board of Directors of the Company recommends the **Special Resolution** as set out in Item no. 5 of this Notice for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, except to the extent of their respective shareholding in the Company, concerned or interested, financially or otherwise, in the proposed special resolution.

Item No. 6

Members of the Company are requested to note that Company may raise funds by way of sale / assignment / securitisation of its receivables to any Bank or Financial Institution or body corporate as per the terms approved by the Board of Directors or Committee of the Company.

The sale / assignment / securitisation of the receivables may result into disposal of undertaking as defined in the explanation to Section 180(1)(a) of the Companies Act, 2013. As per the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a company shall not sell, assign its receivables / book debts without the consent of the members of the company accorded at the General Meeting by means of a 'Special resolution'.

In view of the aforesaid, the Board of Directors at its meeting held on July 29, 2023, has subject to the approval of members, approved to sell, assign / securitize receivables as approved by the members pursuant to Section 180(1)(a) of the Act.

In this regard, the approval of the members is sought for sale / assignment / securitization of its receivables / book debt on such terms and conditions as may be determined by the Board of Directors (or any other person authorized by the Board of Directors), depending on the prevailing market condition.

The Board of Directors of the Company recommends the **Special Resolution** as set out in Item no. 6 of this Notice for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, except to the extent of their respective shareholding in the Company, concerned or interested, financially or otherwise, in the proposed special resolution.

For and on behalf of the Board
A. K. Capital Finance Limited
Sd/-
A. K. Mittal
Managing Director
DIN: 00698377
Registered Office:
601-602, 6th floor, Windsor, Off CST Road, Kalina, Santacruz - (East), Mumbai – 400 098
CIN: U51900MH2006PLC214277

Date: July 29, 2023
Place: Mumbai

BRIEF RESUME OF MR. A. K. MITTAL SEEKING APPOINTMENT/RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING (IN PURSUANCE WITH SECRETERIAL STANDARD 2)

Name of the Director and DIN	Mr. A. K. Mittal (DIN: 00698377)		
Category	Managing Director		
Age	68 Years (February 19, 1955)		
Nationality	Indian		
Date of Appointment on the Board	November 30, 2012		
Shares held in the Company as on March 31, 2023	Equity Shares: 2,80,180 (1.20%) CCPS: 20,00,000 (30.77%)		
Qualification/s	Chartered Accountant, Bachelors in Law, M.A.(Economics), Bachelors in Science		
Brief resume including experience	Mr. A. K. Mittal, a Chartered Accountant by profession, started his career as an apprentice working on Direct Tax matters at a Delhi based law firm. His career unfolded as he evolved as a successful lawyer and handled several important cases for renowned clients. Mr. A. K. Mittal established his own Chartered Accountancy firm in Delhi by 1983. As a great visionary, Mr. A. K. Mittal recognised the potential of debt markets and its importance in the growing Indian economy. With a view to facilitate greater access to the debt markets and with a mission of 'A Bond in Every Hand" Under the able guidance and leadership of Mr. A. K. Mittal, A.K. Capital Services Ltd. has grown by leaps and bounds and has ventured in almost all the facets of debt capital markets. Mr. A. K. Mittal has a passion for introducing innovative solutions that benefit all the stakeholders including the borrowers/ issuers, investors/ lenders, regulators and the intermediaries. Mr. A. K. Mittal has 15 years' experience as a practicing Chartered Accountant and over 29 years of experience in financial Service Industry. Expertise in handling cross-functional activities in the Debt markets, Investment Advisory, Financial Services, Fund & Fee based activities.		
Experience and Expertise in specific functional area	Expertise in Debt Market, Investment Advisory, Financial Services, Fund and Fee based activities.		
Terms and Condition of re-appointment along with Remuneration	As per terms & conditions and remuneration mentioned in the special resolution passed by the members of the Company at the 17th AGM of the Company.		
Last Remuneration Drawn	INR 3,67,00,000/- (including bonus) in 2022-2023		
Directorships held in other companies	A. K. Capital Services Limited – Managing Director A. K. Capital Corporation Private Limited – Director A. K. Capital Singapore Pte. Limited - Director		
Member/ Chairman of the Committees of Board/ other Companies	**Name of the Company**	**Name of Committee**	**Member/Chairman**
	A. K. Capital Finance Limited	Corporate Social Responsibility (CSR) Committee	Member
		Risk Management Committee	Chairman
		Stakeholders' Relationship Committee	Member
	A. K. Capital Services Limited	Corporate Social Responsibility (CSR) Committee	Chairman
		Audit Committee	Member
		Management and Infrastructure Committee	Member
Number of Meetings of the Board attended during the Financial Year 2022-23	06		
Relationship with other Director, Manager & KMP	Ms. Aditi Mittal, Director is daughter of Mr. A. K. Mittal		
Listed companies from which the Director has resigned in the past 3 (three) years	Mr. A. K. Mittal has not resigned from any listed company in the past 3 years.		

The proposal for re-appointment of Mr. A. K. Mittal, Managing Director has been approved by the Board pursuant to the recommendation of the Nomination and Remuneration Committee considering their skills, experience and knowledge and positive outcome of performance evaluation, wherever applicable.

Mr. A. K. Mittal is not disqualified from being appointed as a director in terms of Section 164 of the Act, BSE circular dated June 20, 2018 and Schedule V of Companies Act, 2013. Further Mr. A. K. Mittal does not attract any disqualifications as contained under Section 196(3) and fulfills all the conditions as contained in Part I of Schedule V.

None of the directors or key managerial personnel of the Company or their relatives, except Mr. A K Mittal (DIN: 00698377) and Ms. Aditi Mittal (DIN: 00698397) are, directly or indirectly concerned or interested, financially or otherwise in the Company.

The Board recommends the Resolution as mentioned under Item No. 3 of the Notice for your approval.

For and on behalf of the Board
A. K. Capital Finance Limited
Sd/-
A. K. Mittal
Managing Director
DIN: 00698377

Registered Office:
601-602, 6th floor, Windsor,
Off CST Road, Kalina,
Santacruz - (East), Mumbai – 400 098
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Date: July 29, 2023
Place: Mumbai