2019-2020

# ANNUAL REPORT

A. K. CAPITAL SERVICES LIMITED

BUILDING BONDS

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Subhash Chandra Bhargava**
Non-Executive Chairman, Independent Director
(DIN: 00020021)

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

**Mr. Subhash Chander Madan**
Independent Director
(DIN: 00785025)

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

**Ms. Aditi Mittal**
Non Executive Woman Director
(DIN: 00698397)

**Mr. Vikas Jain**
Whole-time Director
(DIN: 07887754)

**Mr. Ashish Agarwal**
Whole-time Director
(DIN: 08064196)

**CHIEF FINANCIAL OFFICER**
Mr. Mahesh Bhootra

**COMPANY SECRETARY**
Mr. Tejas Davda

**STATUTORY AUDITORS**
M/s. PYS & Co. LLP
Chartered Accountants,
[Firm Registration No: 012388S/S200048]

**BANKERS**
Andhra Bank
Bank of India
Bank of Maharashtra
HDFC Bank Limited
IndusInd Bank
Punjab National Bank
Syndicate Bank
The Federal Bank
Union Bank of India

**REGISTRAR AND SHARE TRANSFER AGENT**
Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083
Tel: +91-22-49186270 | Fax: +91-22-49186060
e-mail: rnt.helpdesk@linkintime.co.in | Website: www.linkintime.co.in

**CORPORATE IDENTIFICATION NUMBER**
L74899MH1993PLC274881

**REGISTERED AND CORPORATE OFFICE**
30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215 Nariman Point, Mumbai – 400 021
Tel: +91-22-67546500 | Fax: +91-22-66100594 | Website: www.akgroup.co.in

# DIRECTORS' REPORT

To,

The Members of A. K. Capital Services Limited ("the Company")

The Directors of your Company are pleased to present the 27th Annual Report of the Company, together with the annual audited standalone and consolidated financial statements for the Financial Year ended March 31, 2020.

## FINANCIAL HIGHLIGHTS:

A summary of the financial performance of the Company, both on standalone and consolidated basis, for the Financial Year 2019-20 as compared to the previous Financial Year is given below:

**Financial Highlights (Standalone):**

(INR in Lakhs except per share data)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Total revenue | 6,334.25 | 8,492.16 |
| Total expenses | 4,114.03 | 5,333.54 |
| **Profit before tax** | **2,220.22** | **3,158.62** |
| **Tax expenses:** | | |
| Current tax | 500.00 | 970.00 |
| Prior period tax adjustments | (54.99) | 4.97 |
| Deferred tax expense/(credit) | (91.92) | (157.56) |
| **Profit after tax (A)** | **1,867.13** | **2,351.15** |
| **Other comprehensive Income, net of tax** | | |
| Item that will not to be reclassified to the statement of profit and loss | (9.50) | 32.15 |
| Less: Income tax expense on above | 8.75 | (9.36) |
| **Other comprehensive Income for the year (B)** | **(0.75)** | **22.79** |
| **Total comprehensive Income for the year [A+B]** | **1,866.38** | **2,373.94** |
| Earnings per equity share (face value INR 10/- per share) | | |
| Basic and Diluted | 28.29 | 35.62 |
| | | |
| **Opening balance of other comprehensive income** | **(619.06)** | **(641.85)** |
| Add: Other comprehensive income for the year | (0.75) | 22.79 |
| **Closing balance of other comprehensive income** | **(619.81)** | **(619.06)** |
| | | |
| **Opening balance of retained earnings brought forward from previous year** | **29,510.64** | **27,607.24** |
| Add: Profit for the year | 1,867.13 | 2,351.15 |
| **Profit available for appropriation** | **31,377.77** | **29,958.39** |
| Less: Appropriations | | |
| Dividend paid | 726.00 | 396.00 |
| Dividend distribution tax on dividend | 47.39 | 51.75 |
| **Closing balance of retained earnings** | **30,604.38** | **29,510.64** |

## FINANCIAL PERFORMANCE AND STATE OF AFFAIRS OF THE COMPANY

A. K. Capital Services Limited is Flagship Company of the A. K. Group, and is registered with SEBI as a Category I Merchant Banker and Investment Advisor.

On standalone basis, your Company earned total revenue of INR 6,334.25 Lakhs during the financial year under review as against INR 8,492.16 Lakhs reported in the previous financial year. The profit before tax is INR 2,220.22 Lakhs as against the INR 3,158.62 Lakhs during the previous financial year. After making provision for tax, the net profit of your Company is INR 1,867.13 Lakhs as against the net profit of INR 2,351.15 Lakhs in the previous financial year.

**Financial Highlights (Consolidated):** (INR in Lakhs except per share data)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Total revenue | 31,420.68 | 42,167.46 |
| Total expenses | 24,885.97 | 32,503.03 |
| **Profit before tax** | **6,534.71** | **9,664.43** |
| **Tax expenses:** | | |
| Current tax | 1,642.71 | 2,760.65 |
| Prior period tax adjustments | 112.32 | 16.29 |
| Deferred tax expense/(credit) | (367.91) | (308.99) |
| **Profit after tax (A)** | **5,147.59** | **7,196.48** |
| **Other comprehensive income, net of tax** | | |
| Item that will not to be reclassified to the statement of profit and loss | (42.43) | 95.61 |
| Less: Income tax expense on above | 14.44 | (26.87) |
| **Other comprehensive Income for the year (B)** | **(27.99)** | **68.74** |
| **Total comprehensive income for the year [A+B]** | **5,119.60** | **7,265.22** |
| **Profit for the year attributable to:** | **5,147.59** | **7,196.48** |
| Owners of the Company | 5,100.59 | 7,137.53 |
| Non-controlling interest | 47.00 | 58.95 |
| **Other comprehensive income attributable to:** | **(27.99)** | **68.74** |
| Owners of the Company | (27.84) | 68.70 |
| Non-controlling interest | (0.15) | 0.04 |
| Earnings per equity share (face value INR 10/- per share) | | |
| Basic and Diluted | 77.28 | 108.14 |
| **Opening balance of Other comprehensive income** | **(2,335.43)** | **(2,320.38)** |
| Add: Other comprehensive income for the year | (27.84) | 68.70 |
| Add: Other adjustments | - | (83.75) |
| **Closing balance of other comprehensive income** | **(2,363.27)** | **(2,335.43)** |
| **Opening balance of retained earnings brought forward from previous year:** | **46,999.47** | **41,774.46** |
| Add: Profit for the year | 5,100.59 | 7,137.53 |
| **Profit available for appropriation** | **52,100.06** | **48,911.99** |
| Less: Appropriations | | |
| Dividend paid** | (726.00) | (396.00) |
| Dividend on CCPS | (629.24) | (241.97) |
| Dividend distribution tax on dividend** | (273.60) | (101.49) |
| Transfer to special reserve | (740.61) | (917.11) |
| Purchase of CCPS from non-controlling interest | (500.00) | - |
| Share of Non-controlling interest | - | (255.95) |
| **Closing balance of retained earnings** | **49,230.61** | **46,999.47** |

**During the year 2019-20, the Board of Directors of the Holding Company had paid a final dividend of INR 6/- per equity share (previous year INR 6/- per equity share pertaining to financial year ended March 31, 2018) having face value of INR 10/- each for the year ended March 31, 2019. The same is approved by the shareholders of the Holding Company in the annual general meeting held on September 28, 2019 (previous year's annual general meeting was held on September 22, 2018). The total cash outflow of INR 415.46 Lakhs (previous year INR 447.75 Lakhs), including corporate dividend tax.

**During the year 2019-20, the Board of Directors of the Holding Company had paid interim dividend of INR 5/- per equity share having face value of INR 10/- each for the year ended March 31, 2020. The total cash outflow of INR 357.93 Lakhs, including corporate dividend tax.

## CONSOLIDATED FINANCIAL PERFORMANCE

The consolidated total revenue of your Company stood at INR 31,420.68 Lakhs for the financial year ended March 31, 2020 as against INR 42,167.46 Lakhs for the previous financial year. The consolidated profit before tax is INR 6,534.71 Lakhs for the current financial year as against INR 9,664.43 Lakhs in the previous financial year. After making provision for tax, the consolidated net profit of your Company is INR 5,147.59 Lakhs as against INR 7,196.48 Lakhs in the previous financial year.

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

As required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the highlights of performance of subsidiaries, and their contribution to the overall performance of the Company is appended as Form AOC-1 is annexed to the Consolidated Financial Statement in the Annual Report.

In accordance with provisions of Section 136 of Act, the separate audited financial statement of each subsidiary company is also available on the website of your Company at www.akgroup.co.in.

## NOTES ON FINANCIAL STATEMENTS

Standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section133 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 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.

## DIVIDEND

The Board of Directors had declared an Interim Dividend of INR 5/- per equity share on each fully paid up 66,00,000 equity shares of INR 10/- each of the Company amounting to INR 3,30,00,000/- for the financial year ending March 31, 2020. The dividend was paid to those members of the Company whose names appeared on the Register of Members of the Company as on March 19, 2020.

The Board has recommended a Final Dividend of INR 1/- per equity share of INR 10/- each for Financial Year 2019-20.

The payment of the final dividend is subject to the approval of the members at the ensuing Annual General Meeting and shall be paid to those members whose names appear in the Register of Members as on Friday, July 24, 2020. The Register of Members and Share Transfer Books will remain closed from Saturday, July 25, 2020 to Saturday, August 1, 2020 (both days inclusive). The amount of final dividend on Equity Shares thereon aggregates to INR 66,00,000/- (Indian Rupees Sixty Six Lakhs only).

## TRANSFER TO GENERAL RESERVES

During the year under review, the Company has not transferred any amount to the General Reserves.

## PUBLIC DEPOSITS

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Companies Act, 2013, as the Company has not accepted any deposit.

## PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS BY THE COMPANY

Particulars of Loans, Guarantee and Investments as required under the provisions of Section 186 of the Companies Act, 2013 are given in "Notes to the Financial Statements".

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your Directors confirm that they have:

a) Followed the applicable accounting standards in preparation of the annual financial statements for the Financial Year 2019-20;

b) 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, 2020 and of the profit of the Company for the Financial Year 2019-20 ended on that date;

c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;

d) Prepared the annual accounts on a 'going concern basis';

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

f) Devised proper systems to ensure compliance with the provisions of all applicable laws and that the systems are adequate and are operating effectively.

## INTERNAL FINANCIAL CONTROLS

Your Company has put adequate internal financial controls with reference to the Financial Statements. Internal Financial control have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management with the help of M/s A. Ratadiya & Associates, Practicing Chartered Accountant Firm, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed.

## RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies that best match organizational capability with market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organizational capabilities. Accordingly, management of risk has always been an integral part of the Company's Strategy.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate internal control systems to commensurate with the nature of business and size of operations for ensuring:

i. orderly and efficient conduct of business, including adherence to Company's policies and procedures;

ii. safeguarding of all our assets against loss from unauthorized use or disposal;

iii. prevention and detection of frauds and errors;

iv. accuracy and completeness of accounting records;

v. timely preparation of reliable financial information; and

vi. compliance with applicable laws and regulations.

The policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly as well as provides for adequate checks and balances.

Adherence to these processes is ensured through frequent internal audits. The internal control system is supplemented by an extensive program of internal audit and reviews by the senior management. To ensure independence, the internal audit function has a reporting line to the Audit Committee of the Board.

The Audit Committee of the Board reviews the performance of the audit and the adequacy of internal control systems and compliance with regulatory guidelines. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken. This system enables us to achieve efficiency and effectiveness of operations, reliability and completeness of financial and management information and compliance with applicable laws and regulations.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the Financial Year 2019-20 with related parties were in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company had obtained prior approval of the Audit Committee for all the related party transactions during the financial year 2019-20 as envisaged in Regulation 23(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Audit Committee had given prior omnibus approval under Regulation 23(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for related party transactions that are foreseen and of repetitive nature during the period under review and the required disclosures are made to the committee on quarterly basis.

The Company also secures omnibus approval from the Audit Committee for transaction up to INR 1 Crore with related party where the need for Related Party Transaction cannot be foreseen and adequate details are not available.

All related party transactions that were entered during the financial year ended March 31, 2020 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

The details of material related party transaction entered into by the Company during the financial year 2019-20 are enumerated in Form AOC-2 as attached in **Annexure 6** under Section 134(3)(h) of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014. In addition to above, the disclosure of transactions with related party for the year, as per Indian Accounting Standard-24 (IND AS-24), Related Party Disclosures is given in Notes to the Accounts section of the Annual Report.

Further, disclosure required under Schedule V Part A of 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.

The Company has in place, a Board approved Policy on Materiality and Dealing with Related Party Transactions, which is available on the website of the Company at:

https://www.akgroup.co.in/docs/POLICY%20ON%20MATERIALITY%20AND%20DEALING%20WITH%20RELATED%20PARTY%20TRANSACTIONS_organized-20200624165350144667 9.pdf

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

The COVID-19 pandemic has significantly impacted economic activities, businesses, individuals across the spectrum. The Company recognizes the need to make reasonable estimation of the impact of this pandemic in connection with payment ability of its customers, and make additional provisions as considered appropriate, over-and-above the extant provisions, for expected credit losses. The Company has segmented its portfolio on the basis of various parameters to ascertain the impact of COVID-19 and basis its estimates, assumptions and judgements arrived at the additional impairment which are provided in the financial statements.

As per the Management's assessment, this by itself has not resulted in to any significant increase in the credit risk, however, the management will monitor any material changes to future economic conditions and suitable effect will be given in the respective future period.

**STATUTORY AUDITORS AND AUDITOR'S REPORT**

M/s. PYS & Co. LLP (Firm Registration No. 012388S/S200048), Chartered Accountants, Statutory Auditors of your Company, were appointed in the 24th Annual General Meeting of the Company held on September 16, 2017 as Statutory Auditors of the Company to hold office for a term of five years until the conclusion of the 29th Annual General Meeting to be held in the year 2022.

The Auditors have confirmed their eligibility and independence under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There is no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditors in their Audit report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the Financial Year 2019-20.

**REPORTING OF FRAUDS BY AUDITORS**

During the year under review, the Statutory Auditors or Secretarial Auditor of the Company have not reported any fraud to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013 including rules made thereunder.

**REQUIREMENT FOR MAINTENANCE OF COST RECORDS**

The Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

**SUBSIDIARIES**

As on March 31, 2020, your Company has following subsidiaries:

| Sr no | Name of the subsidiaries |
|---|---|
| i. | A. K. Stockmart Private Limited |
| ii. | A. K. Capital Corporation Private Limited |
| iii. | A. K. Wealth Management Private Limited |
| iv. | A. K. Capital (Singapore) Pte. Ltd. |
| v. | A. K. Capital Finance Limited |
| vi. | Family Home Finance Private Limited (Step-down subsidiary). |

**MATERIAL SUBSIDIARIES**

Pursuant to the provisions of Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, including amendments thereto, the Company has two material subsidiaries namely, A. K. Capital Finance Limited and A. K. Stockmart Private Limited.

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

https://www.akgroup.co.in/docs/Policy%20for%20Determining%20Material%20Subsidiaries_organized-20200624164921605667 9.pdf

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL OF THE COMPANY:**

**COMPOSITION OF THE BOARD**

As on March 31, 2020, the Board of Directors of your Company comprised of seven Directors of which three are Executive Directors, one Woman Non-Executive Non-Independent Director & 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, & in accordance with the applicable provisions of the Companies Act, 2013, as amended from time to time.

The details of board composition is provided in 'Report on Corporate Governance' forming part of the Annual Report.

**RETIREMENT BY ROTATION**

In accordance with the Articles of Association of the Company and the provisions of the Section 152 of the Companies Act, 2013, Mr. Ashish Agarwal (DIN: 08064196), will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The requisite agenda for appointment of Mr. Ashish Agarwal is incorporated in the notice of Annual General Meeting.

**KEY MANAGERIAL PERSONNEL**

The following persons are the Whole-time Key Managerial Personnel's (KMP's) of the Company as per the provisions of Section 203 of the Companies Act, 2013 as on March 31, 2020:-

| | | |
|---|---|---|
| Mr. A. K. Mittal | - | Managing Director |
| Mr. Ashish Agarwal | - | Whole-time Director |
| Mr. Vikas Jain | - | Whole-time Director |
| Mr. Mahesh Bhootra | - | Chief Financial Officer |
| Mr. Tejas Davda | - | Company Secretary |

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of Independence prescribed both under Section 149(6) of the Companies Act, 2013 and the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**DECLARATION FROM DIRECTORS AND PRACTISING PROFESSIONAL**

Based on the written representations received from the directors of the Company as on March 31, 2020, none of the directors of the Company is disqualified to act as a Director as on March 31, 2020.

M/s. Manish Ghia & Associates, Practicing Company Secretaries, 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 statutory authority.

**PERFORMANCE EVALUATION**

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the Board, its Committee, Chairman and each Director.

The evaluation of the performance of the Board, Committees, Chairman and each Director is based on the approved criteria laid down in the Performance Evaluation Policy of the Company.

The Independent Directors also held a separate meeting to review the performance of the non-executive directors, the Chairman of the Company, the overall performance of the Board along with its Committees.

The details of performance evaluation conducted during the Financial Year 2019-20 is provided in 'Report on Corporate Governance' forming part of the Annual Report.

**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 five 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.

**BOARD COMMITTEES:**

**MANDATORY COMMITTEES**

The Board of Directors has four Mandatory Committees, viz.

i. Audit Committee
ii. Nomination and Remuneration Committee
iii. Stakeholders' Relationship Committee
iv. Corporate Social Responsibility 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 also has formed following Committees of the Board and delegated powers and responsibilities with respect to specific purposes:

i. Banking and Investment Committee
ii. Management Committee
iii. Infrastructure Committee

Details of Non-Mandatory Committees as mentioned above along with their composition and terms of reference are provided in 'Report on Corporate Governance' forming part of the Annual Report.

**NOMINATION AND REMUNERATION POLICY**

The Nomination and Remuneration Policy is attached as **Annexure - 1** to this Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY**

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made there under, the Company has in place Corporate Social Responsibility Policy; the same may be accessed at the link given below:

http://www.akgroup.co.in/docs/Policy-CSR_Policy-201708221314314005332.pdf

The details of CSR activities undertaken during the Financial Year 2019-20 by the Company is attached as **Annexure - 2** and forms an integral part of this Annual Report.

**WHISTLEBLOWER POLICY AND VIGIL MECHANISM**

Pursuant to Section 177 of the Companies Act, 2013 and rules made thereunder and as per Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Whistle Blower Policy ('Vigil Mechanism') for reporting genuine concerns over happening of instances of any irregularity, unethical practice and/or misconduct involving the directors, employees and stakeholders. The Policy may be accessed on the Company's website at the link:

https://www.akgroup.co.in/docs/Whistle%20Blower%20Policy%20and%20Establishment%20of%20Vigil%20Mechanism_organized-20200624165749389667 9.pdf

There was no instance of such reporting received during the year.

## POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace at group level and has duly constituted an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. The Policy has been widely communicated internally and is placed on the Company's website.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment.

During the calendar year 2019 i.e. January 1, 2019 to December 31, 2019, no case in the nature of sexual harassment was reported at any workplace of the Company.

The annual report prepared by the Internal Complaints Committee of the Company as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was duly submitted to the District Officer.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

The Management Discussion and Analysis report for the Financial Year 2019-20 and the report of the Directors on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given in separate sections forming part of the Annual Report.

A certificate from the Statutory Auditors of the Company, M/s. PYS & Co. LLP, Chartered Accountants (Firm Registration No.: 012388S/S200048) confirming compliance with the conditions of Corporate Governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance.

## SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai, to conduct the Secretarial Audit of the Company for Financial Year 2019-20. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit.

The Secretarial Audit Report is appended as **Annexure-3** to this Annual Report.

The remark in the Secretarial Audit report are self-explanatory and do not call for any elucidation.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS AND COURTS

There is no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future during the Financial Year 2019-20.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 efforts towards conservation of energy, protection of environment and ensuring safety.

The Company recognizes the significance of robust IT infrastructure in the current era, where it is crucial to offer clients faster and more efficient services. Towards this end, the Company makes a sizeable investment each year to ensure adoption of best technologies that can streamline operations, brings in efficiency and enable to provide better customer service to make the Company more competitive in the market

Your Company has no foreign exchange earnings during the Financial Year 2019-20. The information on foreign exchange outgo is furnished in the "Notes to the Financial Statements" which forms part of this Annual Report.

## DEPOSITORY SYSTEM

The Equity Shares of the Company are compulsorily traded in electronic form. As on March 31, 2020, out of the Company's total paid-up Equity Share Capital comprising of 6,600,000 Equity Shares, only 21,720 Equity Shares (constituting 0.33% of the paid-up share capital) are in physical form and the remaining shares are held in dematerialized form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialization.

## INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund ) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority.

The information pertaining to unpaid / unclaimed dividends for last seven years and the details of such members whose unclaimed dividend / shares have been transferred to IEPF Authority is also available on the Company's website www.akgroup.co.in

In view of the same, the Company has transferred 7,211 Equity Shares on which dividend had remained unpaid or unclaimed for seven consecutive years in favor of Investor Education Protection Fund.

Accordingly, the entire dividend remained unpaid/ unclaimed for a period of 7 (Seven) Years amounting to INR 151,656/- (Indian Rupees One Lakh Fifty One Thousand Six Hundred and Fifty Six) were transferred to IEPF account.

## COMPLIANCE WITH SECRETARIAL STANDARD

The Company has complied with Secretarial Standards issued by Institute of Company Secretaries of India on Board Meetings and Annual General Meeting including relaxation provided therein.

## EXTRACT OF ANNUAL RETURN

Pursuant to the requirements under Sections 92(3) and 134(3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is given in the Annual Report as **Annexure – 4.**

## 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 and amendments thereto, are provided in the Annual Report and is attached as **Annexure – 5** and forms an integral part of this Report.

Information as required 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, is available for inspection by the Members at the Registered Office of the Company between 2 p.m. to 4 p.m. on any working day (Monday to Friday) upto the date of 27th 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.

## CAUTIONARY STATEMENT

The statement in the Directors Report and the Management Discussion and Analysis Report 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 the statement. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their deep and sincere gratitude for the valuable guidance and support received from the Depository Participants, Government Authorities, Regulators, Stock Exchanges, Bankers of the Company, Auditors of the Company, Other Statutory Bodies. Your Directors would also like to take this opportunity to express their gratitude to the Members of the Company for their trust and support. The Board also wishes to thank 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.

**On behalf of the Board of Directors**

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

**Vikas Jain**
**Whole-time Director**
**(DIN: 07887754)**

Place: Mumbai
Date: August 14, 2020

# NOMINATION AND REMUNERATION POLICY

**ANNEXURE -1**

## INTRODUCTION:

One of the vital values of an enterprise includes experience, skills, innovativeness and insights of its employees, officers, directors, senior management, Key Managerial Personnel (KMP) and other human resource. A. K. Capital Services Limited (the "Company") believes in transparency in evaluating the performances of its Directors, Key Managerial Personnel's (KMP's), Senior Management and employees of the Company and paying equitable remuneration to them. The Company recognizes its human resource as an invaluable asset.

In terms of the applicable provisions of the Companies Act, 2013 ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), this policy has been formulated by the Nomination and Remuneration Committee and approved by the Board.

## OBJECTIVES OF THE POLICY:

**The Key objectives of the Policy are:**

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

b) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

c) To formulate criteria for evaluation of annual performance of the Board of Directors and Members of other Committees of the Board, KMP's and Senior Management and other employees of the Company and recommend remuneration payable to them to the Board.

d) To formulate criteria for evaluation of Chairman, Independent Directors, Board as a whole and the Committees of the Board.

e) To formulate the criteria for determining qualifications, positive attributes and independence of directors and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.

f) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

g) To assist the Board in fulfilling responsibilities.

h) To retain, motivate and promote talent and to ensure their sustainability and create competitive advantage.

i) To implement and monitor policies and processes regarding principles of corporate governance.

## DEFINITIONS:

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

b) ***'Board of Directors'*** or ***'Board'*** in relation to a Company, means the Board of Directors of the Company.

c) ***'Director'*** means Directors of the Company

d) ***'Independent Director'*** means an independent director referred to in sub-section (6) of Section 149 of Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

e) ***'Key Managerial Personnel'*** means key managerial personnel as defined under the Companies Act, 2013 and includes:-

(i) Managing Director, or Chief Executive Officer or Manager;

(ii) Whole-time Director;

(iii) Company Secretary;

(iv) Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed

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

g) ***'Senior Management'*** shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the [chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer].

## INTERPRETATION:

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other regulations as may be amended from time to time.

## APPLICABILITY OF THE POLICY:

This Policy is applicable to:

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

b) Key Managerial Personnel; and

c) Senior Management.

**NOMINATION AND REMUNERATION COMMITTEE**

a) The Board of Directors of the Company shall constitute the Committee to be known as the Nomination and Remuneration Committee consisting of three or more Non-Executive Directors out of which not less than one-half are Independent Directors. The Chairperson of the Committee is an Independent Director. The Chairperson of the Company (whether executive or non executive) may be appointed as member of the Nomination and Remuneration Committee but shall not Chair such Committee.

b) The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

c) The Nomination and Remuneration Committee shall meet at least once in a year.

**APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT:**

**I. APPOINTMENT AND QUALIFICATION CRITERIA**

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 Director is subject to compliance of provisions of Section 149 of the Act read with Schedule IV, rules made thereunder, other applicable provisions of SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015 and other circular as issued by BSE from time to time.

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.

e) The Company shall not appoint or continue employment of any person as non-executive director who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended beyond the age of seventy five 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 five years.

**II. TERM/TENURE**

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairperson, 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:

- 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.

- 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.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**III. EVALUATION**

The Committee shall carry out evaluation of performance of every Director, members of committees of the Board, KMP, Board Committees, chairman and Senior Management at regular interval (at least once in every year). The results of performance evaluation shall be the basis of remuneration proposed/ amended from time to time by the Committee.

**IV. REMOVAL**

Due to reasons for any disqualification mentioned in the Act, Policies of the Company, 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.

**V. 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. Subject to applicable provisions of laws, the Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## VI. REMUNERATION TO DIRECTORS, KMP AND SENIOR MANAGEMENT:

### A. REMUNERATION TO MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR/ EXECUTIVE DIRECTORS/ KMP:

Amongst other, Key Evaluation Criteria/ Performance Benchmark shall be the guiding force or key indicators while determining the remuneration of Directors and KMP.

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Managing Director/ KMP/ Senior Management etc. shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/ Whole-time Directors.

Subject to the applicable provisions of law for the time being in force and appropriate consents and permissions, the Nomination and Remuneration Committee of the Board shall have power to fix remuneration and modify/ amend the same within the overall limits of Section 197 read with Schedule V of the Act rules made thereunder, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The remuneration may be decided as fixed and/or variable or combination of both.

In case of inadequacy of profits, the remuneration may be recommended/ paid to the Executive Directors on the Board in line with the provisions of Section 197 read with Schedule V of the Act and rules made thereunder subject to the passing of special resolution by the members of the Company.

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(i) the annual remuneration payable to such executive director exceeds INR 5 crores or 2.5 per cent of the net profits of the listed entity, whichever is higher; or

(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders shall be valid only till the expiry of the term of such director.

### B. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Act. The amount of sitting fees shall be subject to ceiling/ limits as provided under Act and rules made there under or any other enactment for the time being in force. Approval of shareholders by way of special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds 50% of total remuneration payable to all non-executive directors, giving details of remuneration thereof. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

The Nomination and Remuneration Committee of the Board may recommend the payment of remuneration to Non-Executive Directors as permitted/allowed under the provisions of the Act and rules made thereunder or pursuant to the any law for the time being in force.

An Independent Director shall not be eligible to get stock options and also shall not be eligible to participate in any share based payment schemes of the Company.

Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes mentioned above if the following conditions are satisfied:

a) The Services are rendered by such Director in his/her capacity as the professional; and

b) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Act and in accordance with the Company's Policy. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time. The Incentive, if any shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

## VII. NOMINATION DUTIES:

The duties of the Committee in relation to nomination matters include:

a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;

c) Identifying and recommending Directors who are to be put forward for retirement by rotation;

d) Determining the appropriate size, diversity and composition of the Board;

e) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

f) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

g) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract. Whether to extend or continue the term of appointment of the independent director, on the basis of report of performance evaluation of independent Directors;

i) Delegating any of its powers to one or more of its members or the Secretary of the Committee;

j) Recommend any necessary changes to the Board; and

k) Considering any other matters, as may be requested by the Board.

## VIII. REMUNERATION DUTIES:

The duties of the Committee in relation to remuneration matters include:

a) to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

b) to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

c) to delegate any of its powers to one or more of its members or the Secretary of the Committee.

d) to consider any other matters as may be requested by the Board.

e) Professional indemnity and liability insurance for Directors and senior management.

## IX. REVIEW AND AMENDMENT IN POLICY:

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary. 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.

## X. DISSEMINATION:

The details of the Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's report therein.

**ANNEXURE -2**

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR THE FINANCIAL YEAR 2019-20

*[Pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]*

| | |
|---|---|
| A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: | A detailed CSR Policy was framed by the Company with approvals of the CSR Committee and Board of Directors. The Policy, inter alia, covers the following:<br>1. Objective<br>2. Role of CSR Committee<br>3. List of CSR activities<br>4. Implementation of CSR policy<br>5. Monitoring Mechanism<br>The CSR Policy is in compliance with the provisions of the Companies Act, 2013 ("Act") and the same is uploaded on Company's website at the web-link provided below:<br>http://www.akgroup.co.in/docs/Policy-CSR_Policy-20170822131431400533 2.pdf<br>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.<br>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.<br>During the financial year 2019-20, the Company has made contributions to the following four funds:<br>1. Prime Minister's National Relief Fund<br>2. Clean Ganga Fund<br>3. Swachh Bharat Kosh<br>4. PM CARES Fund. [Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund] |
| The Composition of the CSR Committee | The Committee consists of two executive directors' viz. Mr. A. K. Mittal and Mr. Vikas Jain & one non-executive independent director viz. Mr. Subhash Chander Madan.<br>Accordingly, the composition of the Committee consists of three directors and the same is in line with the provisions of Section 135 (1) of the Companies Act, 2013. |
| Average net profit of the company for last three financial years. | INR 34,09,12,985/- (Indian Rupees Thirty Four Crore Nine Lakhs Twelve Thousand and Nine Hundred Eighty Five only) |
| Prescribed CSR Expenditure (two per cent of the amount as mentioned above). | INR 68,18,260/- (Indian Rupees Sixty Eight Lakhs Eighteen Thousand Two Hundred and Sixty only) |
| Gross amount required to be spent by the Company during the year (including previous years shortfall of INR 97,40,779/-). | INR 1,65,59,039/- (Indian Rupees One Crore Sixty Five Lakhs Fifty Nine Thousand Thirty Nine only) |
| **Details of CSR spent during the financial year.**<br>a. Total amount to be spent for the financial year (Actual Spent during the year). | INR 1,48,75,000/- (Indian Rupees One Crore Forty Eight Lakhs and Seventy Five Thousand only) |
| b. *Amount unspent, if any:* | INR 16,84,039/- (Indian Rupees Sixteen Lakhs Eighty Four Thousand Thirty-Nine only) |
| c. Manner in which the amount spent during the financial year . | As **per Schedule I** |
| In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. | In absence of suitable CSR Project and due to paucity of time for evaluation of right project/programme, the Company could not spend the above-mentioned amount. |
| The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company. | |

**For and on behalf of A. K. Capital Services Limited**

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

**Subhash Chander Madan**
**Chairperson of CSR Committee**
**(DIN: 00785025)**

Place: Mumbai
Date: August 14, 2020

**SCHEDULE I**

| Sr. No. | CSR project or activity identified | Sector in which the Project is covered | Location where Projects or Programs were undertaken | Amount outlay (budget) project or programs wise (IN INR) | Amount spent on the projects or programs INR) | | Amount spent : Direct or through implementing agency* |
|---|---|---|---|---|---|---|---|
| | | | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | | Direct Expenditure* | Overhead | |
| 1 | Contribution made to funds notified in Schedule VII of the Companies Act, 2013 - **Prime Minister's National Relief Fund** | Contribution to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women; | PAN INDIA | INR 40,00,000/- | INR 40,00,000/- | NA | Through implementing agency |
| 2 | Contribution made to funds notified in Schedule VII of the Companies Act, 2013 - **Clean Ganga Fund** | ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga]. | PAN INDIA | INR 23,75,000/- | INR 23,75,000/- | NA | Through implementing agency |
| 3 | Contribution made to funds notified in Schedule VII of the Companies Act, 2013 - **Swach Bharat Kosh** | Eradicating hunger, poverty and malnutrition, ["promoting health care including preventinve health care"] and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water | PAN INDIA | INR 35,00,000/- | INR 35,00,000/- | NA | Through implementing agency |
| 4 | Contribution made to funds notified in Schedule VII of the Companies Act, 2013 - **Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)** | Contribution to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women; | PAN INDIA | INR 50,00,000 /- | INR 50,00,000 /- | NA | Through implementing agency |

*The amount includes budget allocated by the Company for project or program.

**For and on behalf of A. K. Capital Services Limited**

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

**Subhash Chander Madan**
**Chairperson of CSR Committee**
**(DIN: 00785025)**

Place: Mumbai
Date: August 14, 2020

ANNEXURE -3

# SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

**A. K. Capital Services Limited**

Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by A. K. Capital Services Limited (CIN: L74899MH1993PLC274881) and having its registered office at 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 (hereinafter called 'the Company'). 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 our verification of the Company's 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 31st March, 2020 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 the Company for the financial year ended on 31st March 2020 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'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(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;

(d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);

(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;

(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 (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'LODR');

(vi) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, Prevention of Money Laundering Act, 2002 and the rules made thereunder, being laws that are specifically applicable to the Company based on their sector/industry.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines etc. mentioned above and in respect of laws specifically applicable to the Company based on their sector/industry, in so far as registration, membership, submission of various returns/information or other particulars to be filed with Securities Exchange Board of India except that:

*(a) in respect of closure of its Register of Members and Transfer Books w.e.f. August 24, 2019 to August 31, 2019, the company did not issue the mandatory prior notice to be given by a newspaper advertisement under Regulation 10 of Companies (Management and Administration) Rules, 2014.*

**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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the 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

**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, standards and guidelines.

**We further report that** the company is yet to file the financial statements [in E-Form AOC-4 NBFC (IndAS)] for the year ended 31st March, 2019 with Registrar of Companies; the last date for filing of the said E Form was 31st March 2020, however in view of general moratorium announced by the Ministry of Corporate Affairs vide Circular No.12/2020 dated March 30, 2020, the company now has time to file the same up to September 30, 2020 with normal fee.

**We further report that during the audit period:**

1. the company has obtained the approval of the members in the 26th Annual General Meeting held on September 28, 2019 by passing Special Resolution for Issuance of commercial paper of nominal value aggregating up to INR 100 crores within the borrowing limits set forth under Section 180(1) (c) of the Act;
2. the company has obtained the approval of the members under Section 42 and 55 of the Act in the 26th Annual General Meeting held on September 28, 2019 by passing Special Resolution for Issuance of non-convertible redeemable preference shares of nominal value aggregating up to INR 100 crores; and
3. the Board of Directors of the company at their meeting held on March 6, 2020 declared an Interim Dividend of INR 5/- per equity share (face value of INR 10/- per share) for the Financial Year 2019-20;

This re port is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.

**For Manish Ghia & Associates**
**Company Secretaries**

Place: Mumbai
Date: June 27, 2020
UDIN: F006252B000388581

**Manish L. Ghia**
**Partner**
**M. No. FCS 6252 C.P. No. 3531**

**ANNEXURE - A**

To,

The Members

**A. K. Capital Services Limited**

Mumbai

Our report of even date is to 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 provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book 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, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report 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.
7. On account severe restrictions imposed by the Government Authorities on opening of offices, travel and movement (hereinafter "Lockdown") due to Covid19 pandemic (which commenced during the last week of March'2020 and continued till May'2020), we for the purpose of completion of our audit had to rely on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

**For Manish Ghia & Associates**
**Company Secretaries**

Place: Mumbai
Date: June 27, 2020
UDIN: F006252B000388581

**Manish L. Ghia**
**Partner**
**M. No. FCS 6252 C.P. No. 3531**

**ANNEXURE - 4**

# FORM NO. MGT-9

# EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

## I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i) | CIN | L74899MH1993PLC274881 |
| ii) | Registration Date | October 5, 1993 |
| iii) | Name of the Company | A. K. Capital Services Limited |
| iv) | Category/ Sub-Category of the Company | Company limited by shares/ Indian Non-Government Company |
| v) | Address of the Registered office and contact details | 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400 021<br><br>Email ID: compliance@akgroup.co.in<br>Website: www.akgroup.co.in<br>Contact no: +91-22-6754 6500 |
| vi) | Whether listed Company | Yes |
| viii) | Name, Address and Contact details of Registrar and Transfer Agent. | **Link Intime India Private Limited**<br><br>C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083<br><br>Tel. No.: +91-22-49186270<br>Fax: +91-22-49186060<br>E-mail id: rnt.helpdesk@linkintime.co.in<br>Website: www.linkintime.co.in |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company is stated:-

| Sr. No. | Name and Description of main services | *NIC Code of the service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Merchant Banking Fees | 64990 | 52.41 |
| 2 | Income from Investments | 64990 | 21.77 |
| 3 | Interest income from investment | 64990 | 13.77 |

**As per NIC 2008*

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES/BODY CORPORATES:

| Sr. No. | Name of the Company/Body Corporate | Address | Corporate Identity Number (CIN)/ Global Location Number (GLN) | % of Shares held |
|---|---|---|---|---|
| **SUBSIDIARIES {APPLICABLE SECTION: 2(87)(ii)}** | | | | |
| 1 | A. K. Capital Finance Limited | 30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400021 | U51900MH2006PTC214277 | 98.73 in the Equity Paid Up Share Capital<br>69.23 in the in the CCPS# Paid Up Share Capital |
| 2 | A. K. Stockmart Private Limited | 30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400021 | U67120MH2006PTC158932 | 100.00 |
| 3 | A. K. Wealth Management Private Limited | 30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400021 | U74140MH2006PTC165653 | 100.00 |
| 4 | A. K. Capital Corporation Private Limited | 30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400021 | U65993MH2006PTC165749 | 100.00 |
| 5 | A. K. Capital (Singapore) Pte. Ltd. | 14 Robinson Road #08-01A Far East Finance Building, Singapore 048545 | Company Registration No.: 201320478E | 100.00 |
| 6 | Family Home Finance Private Limited* | 30-38, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400021 | U74999MH2017PTC296737 | 98.73 |

*#CCPS means Compulsory Convertible Preference Shares.*
**Family Home Finance Private Limited is the direct subsidiary of A. K. Capital Finance Limited and step-down subsidiary of the Company.*

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i. Category-wise Share Holding

| Category of Shareholder | | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year (2-1) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total shares (1) | Demat | Physical | Total | % of Total shares (2) | |
| **A. Promoters** | | | | | | | | | | |
| **1. Indian** | | | | | | | | | | |
| a | Individual /HUF | 1,267,345 | - | 1,267,345 | 19.20 | 1,321,477 | - | 1,321,477 | 20.02 | **0.82** |
| b | Central Govt. | - | - | - | - | - | - | - | - | - |
| c | State Govt(s) | - | - | - | - | - | - | - | - | - |
| d | Bodies Corp | 3,002,024 | - | 3,002,024 | 45.49 | 3,210,873 | - | 3,210,873 | 48.65 | **3.16** |
| e | Banks / FI | - | - | - | - | - | - | - | - | - |
| f | Any Other | - | - | - | - | - | - | - | - | - |
| **Sub - total (A) (1):-** | | **4,269,369** | **-** | **4,269,369** | **64.69** | **4,532,350** | **-** | **4,532,350** | **68.67** | **3.98** |
| **2. Foreign** | | | | | | | | | | |
| a | NRI - Individuals | 198,275 | - | 198,275 | 3.00 | - | - | - | - | **(3.00)** |
| b | Other - Individuals | - | - | - | - | - | - | - | - | - |
| c | Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d | Banks /FI | - | - | - | - | - | - | - | - | - |
| e | Any Other | - | - | - | - | - | - | - | - | - |
| **Sub - total (A) (2):-** | | **198,275** | - | **198,275** | **3.00** | **-** | - | **-** | **-** | **(3.00)** |
| **Total Shareholding of Promoter (A) = (A) (1) + (A) (2)** | | **4,467,644** | **-** | **4,467,644** | **67.69** | **4,532,350** | - | **4,532,350** | **68.67** | **0.98** |
| **B. Public Shareholding** | | | | | | | | | | |
| **1. Institutions** | | | | | | | | | | |
| a | Mutual Funds | - | - | - | - | - | - | - | - | - |
| b | Banks / FI | - | - | - | - | - | - | - | - | - |
| c | Central Govt | - | - | - | - | - | - | - | - | - |
| d | State Govt(s) | - | - | - | - | - | - | - | - | - |
| e | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f | Insurance Companies | - | - | - | - | - | - | - | - | - |
| g | FIIs | - | - | - | - | - | - | - | - | - |
| h | Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i | Others | - | - | - | - | - | - | - | - | - |
| **Sub - total (B) (1):-** | | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **2. Non-Institutions** | | | | | | | | | | |
| **a. Bodies Corp** | | 581,135 | 100 | 581,235 | 8.81 | 606,233 | - | 606,233 | 9.19 | **0.38** |
| **b. Individuals** | | | | | | | | | | |
| I | Individuals shareholders holding nominal share capital upto INR 1 lakh | 670,650 | 22,920 | 693,570 | 10.51 | 592,077 | 21,720 | 613,797 | 9.30 | **(1.21)** |
| II | Individuals shareholders holding nominal share capital in excess of INR 1 lakh | 728,715 | 25,000 | 753,715 | 11.42 | 767,270 | - | 767,270 | 11.62 | **0.20** |
| **c. Others** | | | | | | | | | | |
| I | Non Resident Indian | 19,107 | - | 19,107 | 0.29 | 23,852 | - | 23,852 | 0.36 | **0.07** |
| II | Clearing Members | 19,480 | - | 19,480 | 0.29 | 777 | - | 777 | 0.01 | **(0.28)** |
| III | Hindu Undivided Family | 58,036 | - | 58,036 | 0.88 | 48,510 | - | 48,510 | 0.74 | **(0.14)** |
| IV | IEPF | 7,211 | - | 7,211 | 0.11 | 7,211 | - | 7,211 | 0.11 | **-** |
| V | NBFCs registered with RBI | 2 | - | 2 | 0.00 | - | - | - | - | **-** |
| **Sub - total (B) (2)** | | **2,084,336** | **48,020** | **2,132,356** | **32.31** | **2,045,930** | **21,720** | **2,067,650** | **31.33** | **(0.98)** |
| **Total Public Shareholding (B)=(B)(1) + (B) (2)** | | **2,084,336** | **48,020** | **2,132,356** | **32.31** | **2,045,930** | **21,720** | **2,067,650** | **31.33** | **(0.98)** |
| | | | | | | | | | | |
| **C. Shares held by custodian for GDRs & ADRs** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | | **6,551,980** | **48,020** | **6,600,000** | **100.00** | **6,578,280** | **21,720** | **6,600,000** | **100.00** | **-** |

Note: Figures in bracket indicates negative changes
The rounding off of percentages could result into arithmetical differences
Details have been considered as the date on which beneficiary position was provided by the Depositories/RTA of the Company.

**ii. Shareholding of Promoters**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Share pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Share pledged/ encumbered to total shares | |
| 1 | A. K. Mittal | 689,965 | 10.45 | - | 1,036,108 | 15.70 | - | **5.25** |
| 2 | A. K. Mittal (HUF) | 45,900 | 0.70 | - | 45,900 | 0.70 | - | - |
| 3 | Abhinav Kumar Mittal | 262,011 | 3.97 | - | - | - | - | **(3.97)** |
| 4 | Aditi Mittal | 149,470 | 2.26 | - | 149,470 | 2.26 | - | **-** |
| 5 | Anshu Aggarwal | 198,275 | 3.00 | - | - | - | - | **(3.00)** |
| 6 | Dinesh Kumar Gupta | 37,500 | 0.57 | - | 7,500 | 0.11 | - | **(0.46)** |
| 7 | Kavita Garg | 24,899 | 0.38 | - | 24,899 | 0.38 | - | - |
| 8 | Sanjiv Kumar | 29,100 | 0.44 | - | 29,100 | 0.44 | - | - |
| 9 | Sanjeev Kumar (HUF) | 28,500 | 0.43 | - | 28,500 | 0.43 | - | **-** |
| 10 | Family Home Consultancy Services Private Limited *[Formerly known as "Second Leasing Private Limited"]* | 3,002,024 | 45.49 | - | 3,210,873 | 48.65 | - | **3.16** |
| | **Total** | **4,467,644** | **67.69** | - | **4,532,350** | **68.67** | - | **0.51** |

Note: Figures in bracket indicates negative changes
The rounding off of percentages could result into arithmetical differences.
Promoters includes promoter group.

### iii. Change in Promoters' Shareholding.

| Sr. No. | Name of the Promoter | Shareholding at the beginning/end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | **Atul Kumar Mittal** | | | | |
| | At the beginning of the year | 689,965 | 10.45 | 689,965 | 10.45 |
| | Market Purchase on 11.03.2020 | 268 | 0.00 | 690,233 | 10.46 |
| | Market Purchase on 12.03.2020 | 589 | 0.01 | 690,822 | 10.47 |
| | Inter-se transfer between members of Promoter Group on 24.03.2020 | 345,286 | 5.23 | 1,036,108 | 15.70 |
| | **At the end of the year** | **1,036,108** | **15.70** | **1,036,108** | **15.70** |
| 2 | **Family Home Consultancy Services Private Limited** | | | | |
| | At the beginning of the year | 3,002,024 | 45.49 | 3,002,024 | 45.49 |
| | Market Purchase on 19.09.2019 | 15,720 | 0.24 | 3,017,744 | 45.72 |
| | Market Purchase on 20.09.2019 | 1,940 | 0.03 | 3,019,684 | 45.75 |
| | Market Purchase on 26.09.2019 | 2,825 | 0.04 | 3,022,509 | 45.80 |
| | Market Purchase on 27.09.2019 | 3,220 | 0.05 | 3,025,729 | 45.84 |
| | Market Purchase on 23.12.2019 | 7,305 | 0.11 | 3,033,034 | 45.96 |
| | Market Purchase on 24.12.2019 | 9,855 | 0.15 | 3,042,889 | 46.10 |
| | Market Purchase on 26.12.2019 | 2,049 | 0.03 | 3,044,938 | 46.14 |
| | Market Purchase on 27.12.2019 | 9,825 | 0.15 | 3,054,763 | 46.28 |
| | Market Purchase on 30.12.2019 | 1,640 | 0.02 | 3,056,403 | 46.31 |
| | Market Purchase on 31.12.2019 | 33,927 | 0.51 | 3,090,330 | 46.82 |
| | Market Purchase on 23.03.2020 | 4,870 | 0.07 | 3,095,200 | 46.90 |
| | Inter-se transfer between members of Promoter Group on 24.03.2020 | 115,673 | 1.75 | 3,210,873 | 48.65 |
| | **At the end of the year** | **3,210,873** | **48.65** | **3,210,873** | **48.65** |
| 3 | **Dinesh Kumar Gupta** | | | | |
| | At the beginning of the year | 37,500 | 0.57 | 37,500 | 0.57 |
| | Inter-se transfer between members of Promoter Group on 31.12.2019 | (30,000) | (0.45) | 7,500 | 0.11 |
| | **At the end of the year** | **7,500** | **0.11** | **7,500** | **0.11** |
| 4 | **Anshu Aggarwal** | | | | |
| | At the beginning of the year | 198,275 | 3.00 | 198,275 | 3.00 |
| | Inter-se transfer between members of Promoter Group on 24.03.2020 | (198,275) | (3.00) | - | - |
| | **At the end of the year** | **-** | **-** | **-** | **-** |
| 5 | **Abhinav Kumar Mittal** | | | | |
| | At the beginning of the year | 262,011 | 3.97 | 262,011 | 3.97 |
| | Inter-se transfer between members of Promoter Group on 24.03.2020 | (262,011) | (3.97) | - | - |
| | **At the end of the year** | **-** | **-** | **-** | **-** |

Note: The rounding off of percentage could result into arithmetical differences
There is no change in the other Promoters shareholding during the year
Figures in bracket indicates negative changes
Promoters includes promoter group.

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr. No. | For Each of the Top 10 Shareholders (Name of the Shareholder) | Shareholding at the beginning/ end of the year | | Date wise Increase/ (Decrease) in Shareholding during the year specifying the Reason for increase /decrease | | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | Date | No. of Shares | Reason | No. of shares | % of total shares of the Company |
| 1 | A. M. Credit Analysis and Research LLP | 371,000 | 5.62 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **371,000** | **5.62** | | | | | |
| 2 | Harigovind Bajranglal Murarka | 187,735 | 2.84 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **187,735** | **2.84** | | | | | |
| 3 | Shri Shyam Advisory Services Private Limited | 89,167 | 1.35 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **89,167** | **1.35** | | | | | |
| 4 | Vijai Kumar Goel | 69,400 | 1.05 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **69,400** | **1.05** | | | | | |
| 5 | Divya Goel | 65,800 | 1.00 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **65,800** | **1.00** | | | | | |
| 6 | Ankur Goel | 63,900 | 0.97 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **63,900** | **0.97** | | | | | |
| 7 | Archana Goel | 64,700 | 0.98 | 27.12.2019 | (7,700) | Sale | 57,000 | 0.86 |
| | **At the end of the year** | **57,000** | **0.86** | | | | | |
| 8 | Annu Garg | 46,500 | 0.70 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **46,500** | **0.70** | | | | | |
| 9 | Abhishek Kumar | 45,600 | 0.69 | No change in the shareholding during the year | | | | |
| | **At the end of the year** | **45,600** | **0.69** | | | | | |
| 10 | Chander Kant Arora | 40,523 | 0.61 | 29.11.2019 | 200 | Purchase | 40,723 | 0.62 |
| | | | | 20.03.2020 | 25 | | 40,748 | 0.62 |
| | | | | 27.03.2020 | 200 | | 40,948 | 0.62 |
| | **At the end of the year** | **40,948** | **0.62** | | | | | |

Note:
The shares of the Company are traded on daily basis and hence the datewise increase/decrease in shareholding is not indicated.
Details have been considered as the date on which beneficiary position was provided by the Depositories/RTA of the Company.
Figures in bracket indicates negative changes
The rounding off of percentage could result into arithmetical differences
Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

**v. Shareholding of Directors and Key Managerial Personnel:**

**A. Directors**

| Sr. No. | Name of the Director | Shareholding at the beginning/ end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | **Atul Kumar Mittal** | | | | |
| | At the beginning of the year | 689,965 | 10.45 | 689,965 | 10.45 |
| | Market Purchase on 11.03.2020 | 268 | 0.00 | 690,233 | 10.46 |
| | Market Purchase on 12.03.2020 | 589 | 0.01 | 690,822 | 10.47 |
| | Inter-se transfer between Promoters on 24.03.2020 | 345,286 | 5.23 | 1,036,108 | 15.70 |
| | **At the end of the year** | **1,036,108** | **15.70** | **1,036,108** | **15.70** |
| 2 | **Aditi Mittal** | | | | |
| | At the beginning of the year | 149,470 | 2.26 | 149,470 | 2.26 |
| | | No change in the shareholding during the year | | | |
| | **At the end of the year** | **149,470** | **2.26** | **149,470** | **2.26** |
| 3 | **Ashish Agarwal** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |
| 4 | **Vikas Jain** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |
| 5 | **Subhash Chandra Bhargava** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |
| 6 | **Subhash Chander Madan** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |
| 7 | **Khimji Shamji Pandav** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |

**B. Key Managerial Personnel (other than directors)**

| Sr. No. | Name of the Key Managerial Personnel | Shareholding at the beginning/ end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | **Mahesh Bhootra** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |
| 2 | **Tejas Davda** | | | | |
| | At the beginning of the year | - | - | - | - |
| | | No transactions/trade executed during the year | | | |
| | **At the end of the year** | **-** | **-** | **-** | **-** |

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/ accrued but not due for payment**

(Amount in INR in Lakhs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 7,284.28 | - | 245.30 | 7,529.58 |
| ii) Interest due but not paid | - | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| **Total (i+ii+iii)** | **7,284.28** | **0** | **245.30** | **7,529.58** |
| | | | | |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 1,234.31 | 0 | 22.07 | 1,256.38 |
| • Reduction | (4,828.97) | 0 | 0 | (4,828.97) |
| **Net Change** | **(3,594.66)** | **0** | **22.07** | **(3,572.59)** |
| | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 3,689.62 | 0 | 267.37 | 3,956.99 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| **Total (i+ii+iii)** | **3,689.62** | **0** | **267.37** | **3,956.99** |

Note: Figures in bracket indicates negative changes

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Whole-time Directors and /or Manager:**

(Amount in INR)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---|---|---|---|---|
| | | Ashish Agarwal (WTD) | Vikas Jain (WTD) | |
| 1 | Gross salary<br>(a)Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961 | 1,15,05,008 | 1,55,05,008 | **2,70,10,016** |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | **-** |
| | (c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961 | - | - | **-** |
| 2 | Stock option | - | - | **-** |
| 3 | Sweat Equity | - | - | **-** |
| 4 | Commission | - | - | **-** |
| | - as % of profit | - | - | **-** |
| | - others | - | - | **-** |
| 5 | Others | - | - | **-** |
| | **Total (A)** | **1,15,05,008** | **1,55,05,008** | **2,70,10,016** |
| | **Ceiling as per the Act** | **The Total Managerial Remuneration is within the ceiling prescribed** | | |

**B. Remuneration to other directors:**

(Amount in INR)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Subhash Chandra Bhargava | Subhash Chander Madan | Khimji Shamji Pandav | Aditi Mittal | |
| 1 | Independent Directors | | | | | - |
| | Fee for attending board/ committee meetings | 1,25,000 | 1,25,000 | 1,25,000 | - | **3,75,000** |
| | Commission | - | - | - | - | - |
| | Others | - | - | - | - | - |
| | **Total (1)** | **1,25,000** | **1,25,000** | **1,25,000** | - | **3,75,000** |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending board/ committee meetings | - | - | - | 75,000 | **75,000** |
| | Commission | - | - | - | - | - |
| | Others | - | - | - | - | - |
| | **Total (2)** | - | - | - | **75,000** | **75,000** |
| | **Total (B)=(1+2)** | **1,25,000** | **1,25,000** | **1,25,000** | **75,000** | **4,50,000** |
| | **Total Managerial Remuneration (A+B)** | | | | | **2,74,60,016** |
| | **Overall Ceiling as per the Act** | **The Total Managerial Remuneration is within the ceiling prescribed.** | | | | |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in INR)

| Sr No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Mahesh Bhootra (Chief Financial Officer) | Tejas Davda (Company Secretary) | Total |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 77,70,614 | 18,56,364 | **96,26,978** |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission<br>-as % of profit | - | - | - |
| 5 | Others | - | - | - |
| | **Total** | **77,70,614** | **18,56,364** | **96,26,978** |

**VII. PENALTIES/ PUNISHMENT/ COMPUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act, 2013, against the Company or its Directors or other officers in default, if any, during the year.

**For A. K. Capital Services Limited**

Place: Mumbai
Date: August 14, 2020

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

**Vikas Jain**
**Whole-time Director**
**(DIN: 07887754)**

**ANNEXURE - 5**

## DISCLOSURE 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

| Sr. 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 Directors** | **Ratio** |
| | | Mr. A. K. Mittal | NA |
| | | Mr. Ashish Agarwal | 16.51% |
| | | Mr. Vikas Jain | 22.24% |
| 2 | The percentage increase in remuneration of each Director, Chief Financial Officer and the Company Secretary in the Financial Year | **Name of the Directors** | |
| | | Mr. A. K. Mittal* | NA |
| | | Mr. Ashish Agarwal* | NA |
| | | Mr. Vikas Jain* | NA |
| | | *Remuneration paid to Mr. A. K. Mittal, Mr. Ashish Agarwal and Mr. Vikas Jain is not comparable with previous year figures. | |
| | | **Key Managerial Personnel** | |
| | | Mr. Mahesh Bhootra – Chief Financial Officer | 8.60% |
| | | Mr. Tejas Davda | 13.01% |
| | | Percentage mentioned above for Mr. Mahesh Bhootra and Mr. Tejas Davda is calculated on the basis of fixed remuneration. | |
| 3 | The percentage increase in the median remuneration of employees in the Financial Year | During the Financial Year 2019-2020, the percentage increase in the median remuneration of employees as compared to previous year was approximately 1.70%. | |
| 4 | The number of permanent employees on the rolls of Company | There were 60 employees as on March 31, 2020 | |
| 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 10.36% approximately due to high employee turnover.<br>Remuneration paid to Mr. Mahesh Bhootra, Chief Financial Officer was increased by 8.60% based on the responsibilities entrusted on him.<br>Remuneration paid to Mr. Tejas Davda was increased by 13.01% based on the responsibilities entrusted on him.<br>No other Key Managerial Personnel 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 A. K. Capital Services Limited**

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

**Vikas Jain**
**Whole-time Director**
**(DIN: 07887754)**

Place: Mumbai
Date: August 14, 2020

**ANNEXURE -6**

## 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, 2020, were at arm's length basis.

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

**Name and Relationship with Related Party: A. K. Capital Finance Limited, Subsidiary**

| SN | Nature of Transaction | Value (INR in Lakhs) | Duration | Salient Terms | Date of Approval by the Board* | Amount paid in advance |
|---|---|---|---|---|---|---|
| 1 | Purchase of Investments (excluding accrued interest) | 28,145.02 | FY2019-20 | The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis | Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable.<br><br>However, the said transactions were part of omnibus list approved by the Audit Committee of the Company. | Nil |
| 2 | Sale of Investments (excluding accrued interest) | 45,541.45 | | | | |
| 3 | Corporate Guarantee given | 27,500.00 | | | | |
| 4 | Dividend Received | 491.26 | | | | |

**Name and Relationship with Related Party: A.K. Services Private Limited, Promoter Group**

| SN | Nature of Transaction | Value (INR in Lakhs) | Duration | Salient Terms | Date of Approval by the Board* | Amount paid in advance |
|---|---|---|---|---|---|---|
| 1 | Purchase of Investments (excluding accrued interest) | 2,740.00 | FY2019-20 | The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis | Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable.<br><br>However, the said transactions were part of omnibus list approved by the Audit Committee of the Company. | Nil |
| 2 | Loan Taken | 5,050.00 | | | | |
| 3 | Loan Repaid | 5,050.00 | | | | |
| 4 | Interest Expenses | 0.26 | | | | |

**Name and Relationship with Related Party: A. K. Stockmart Private Limited, Wholly-owned Subsidiary**

| SN | Nature of Transaction | Value (INR in Lakhs) | Duration | Salient Terms | Date of Approval by the Board* | Amount paid in advance |
|---|---|---|---|---|---|---|
| 1 | Purchase of Investments (excluding accrued interest) | 4,550.00 | FY2019-20 | The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis | Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable.<br><br>However, the said transactions were part of omnibus list approved by the Audit Committee of the Company. | Nil |
| 2 | Sale of Investments (excluding accrued interest) | 1,499.72 | | | | |
| 3 | Brokerage Charges | 13.01 | | | | |
| 4 | Demat Charges | 0.17 | | | | |
| 5 | Balance Receivable | 164.79 | | | | |

**For and on behalf of A. K. Capital Services Limited**

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

**Vikas Jain**
**Whole-time Director**
**(DIN:07887754)**

Place: Mumbai
Date: August 14, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Indian Economy**

Indian economy continued to face challenges in FY 2019-20. Global headwinds, geopolitical tensions, continued challenges in the domestic financial sector, slowing growth and slippage in fiscal deficit were some of the concerns being faced by the economy. However, the unexpected Covid-19 pandemic that appeared towards the end of the financial year has not only jolted the economy but has also created immeasurable uncertainty in the macroeconomic landscape. Nevertheless, there have been some positive developments in the financial year 2019-20, such as reduction in the corporate tax rate, an all-time high accumulation of foreign exchange reserves, India moving up by 14 positions to 63rd rank in 2019 World Bank's Ease of Doing Business 2020 Report, formation of a stable government, scheme to provide a one-time partial credit guarantee to public sector banks for purchase of pooled assets of financially sound non-banking financial companies (NBFCs), recapitalization followed by merger of 10 public sector banks into four entities and announcement in the National Infrastructure Pipeline (NIP) of projects worth INR 102 lakh crore, which will commence in phases from FY 2020-21 to FY2024-25.

FY2019-20 witnessed sub-6% growth in every quarter. GDP growth registered 5.2 percent (revised) growth in the first quarter on account of weak consumer demand and a tepid investment scenario. GDP eased further in the subsequent two quarters as lack of credit growth and persistent slowdown in demand led to contraction in manufacturing. GDP dropped to an unprecedented 3.1% in the fourth quarter of the financial year as the Covid-19 pandemic led to country-wide lockdown resulting in an economic freeze towards the end of the financial year. The Indian Rupee weakened because of the investors' flight to safety as conditions exacerbated globally causing rapid investment outflows. Despite all the chaos, the Indian economy is among the handful of countries that is expected to remain in a positive growth trajectory. In fact, this is amongst the highest growth rate within the G-20 economies. As per IMF, for 2021, India is expected to post a sharp turnaround and resume its pre-COVID pre-slowdown trajectory by growing at 6.0 percent.

On the external front, current account deficit narrowed to 0.9% of GDP in FY2019-20 from 2.1% in FY2018-19. Trade deficit (USD 70.16 billion) narrowed compared to FY2018-19 driven by increase in services trade surplus and decrease in merchandise trade deficit account of global trade tensions. Fiscal deficit target of 3.3% of GDP was revised upwards to 3.8% of GDP in the Union Budget on 1st Feb'2020 by using the Fiscal Responsibility and Budget Management (FRBM) Act in order to provide adequate space for countercyclical fiscal measures taken for boosting investments. However, the target for FY2019-20 may be difficult to achieve on account of the decline in revenue collections owing to economic slowdown coupled with the lockdown in March 2020 and the subsequent fiscal stimulus announced to tackle the Covid-19 pandemic. On the financing side, net FDI inflows (USD 39.67 billion) were strong during FY 2019-20. Foreign portfolio investors turned net sellers in the domestic capital market in Q4 FY'2019-20. India's foreign exchange reserves were at USD 475.6 billion on March 27, 2020.

**The Growth Environment**

Global economic activity has come to a near standstill as COVID-19 related lockdowns and social distancing have been imposed across almost all countries. The pandemic has added to the growth slowdown that was already taking place on account of weak consumer demand and rising trade tensions. The outlook is now heavily contingent upon the intensity, spread and duration of the pandemic. There is a rising probability that large parts of the global economy will slip into recession. However, with strong reform measures and by responding dynamically to the changing business environment, India has a potential to emerge stronger out of this crisis.

The country witnessed economic slowdown owing to weakness in consumption and tepid investment growth during the major part of the year. The lockdown in the last quarter on account of the Covid-19 pandemic further aggravated the challenges in the economy this year. To tackle the pandemic situation, the government announced the first fiscal stimulus package worth INR 1.7 lakh crore towards the end of the fiscal and is expected to continue with further announcements in FY 2020-21.

**Industry Structure and Bond Market Developments:**

In the biggest corporation tax reduction in 28 years, the government slashed rates by up to 10 percentage points, a major highlight of the previous year. The Ministry of Finance reduced the corporation tax rate from 30% to 22%, and to 15% for new manufacturing companies. In the Union Budget FY2020-21, the government made a number of announcements pertaining to the growth of the industry i.e. manufacturing, micro, small and medium enterprises and its exports.

The Government also implemented measures to ease the stress in the financial sector including both Banks, Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs). Post September 2018, the NBFCs & HFCs went through a period of tight liquidity which restricted their funding avenues and increased their cost of borrowing. The sector had to respond through reducing capital market borrowing, slowing down disbursements, correcting ALM profiles and building up liquidity buffers. The sector struggled with liability-side disruptions rather than asset-side challenges with NBFCs continuing to report healthy asset quality parameters vis-à-vis banks. Among other measures, the government, through the Reserve Bank of India (RBI), provided liquidity support to NBFCs/HFCs under Partial Credit Guarantee Scheme.

As the sector was slowly beginning to emerge out of that crisis, it is now staring at the unprecedented Covid-19 situation. However, NBFCs are learning to calibrate the overall market dynamics and approaching new strategies to lend to different segments.

In order to mitigate the burden of debt brought about by disruptions on account of Covid-19 pandemic the RBI announced additional regulatory measures. The banking regulator has cut down repo rate to a 15-year-low of 4.4 per cent, allowed banks to stall EMIs for term loans for up to three months and liquidity measures to support Mutual Funds, Targeted Long Term Repo Operations and Special Open Market Operations to tide over the challenges brought about by the lockdown. In all, the RBI has released north of INR 8 lakh crores liquidity into the banking system. These measures coupled with increase in bank deposits have led to a surge in the liquidity surplus of banks.

The Prime Minister, Mr. Modi, announced INR 20 lakh crore stimulus package in May 2020. This package was inclusive of RBI measures and measures announced earlier by the Finance Minister, Ms. Nirmala Sitharaman on the pillars of Economy, Infrastructure, System, Demography and Demand. This stimulus package focused on "Atma Nirbhar Bharat Abhiyan" (Self Reliant India Campaign). The Government and RBI has taken a series of measures to generate demand and ease the liquidity for NBFCs/HFCs/MFIs.

In order to support NBFCs/HFCs/MFIs, Government has also launched INR 30,000 crore Special Liquidity Scheme. Under this scheme investment will be made in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs and will be fully guaranteed by GoI. Apart from providing liquidity support for NBFCs/HFC/MFIs and mutual funds this measure will create confidence in the market. Separately, Government has also announced Partial Credit Guarantee Scheme 2.0 for NBFCs. Through this scheme liquidity support of INR 45,000 crore will be provided by the Government.

Interest rates across the G-Sec, credit and corporate bond markets showed a declining tendency in FY20. This fall can be attributed to factors such as a stable outlook to inflation and weakness in the domestic economy which triggered the RBI to slash policy repo rates cumulatively by 110 bps in FY20. Surplus liquidity in the banking system mainly due to rather sluggish growth in credit coupled with external factors like low crude oil prices also supported the decline in interest rates in the economy.

India stepped into FY21 with lower growth projections on the economic front due to the unexpected pandemic. Going ahead, some recouping may take place after lockdown is revoked and businesses re-start their normal operations. The right steps have already been undertaken and we may see further support from the government and the RBI if the need arises.

**OUR BUSINESS**

A. K. Capital Services Limited **("AK Capital/ Company")** is Flagship Company of the A. K. Group, and is registered with SEBI as a Category I Merchant Banker since April 1, 1998 and the registration is valid permanently unless suspended/ cancelled by SEBI.

AK Capital is one of the country's leading merchant bank managing private placements as well as public issues of debt. AK Capital is acknowledged for its unmatched management consultancy, advisory services, financial restructuring etc. and is also one of the few merchant bankers who has direct access as counterparty to almost all domestic banks / institutions. AK Capital is primarily engaged in providing various fee-based services such as fund mobilisation through issue of debt, quasi-equity, structured hybrid instruments, etc. for over 250 clients including India's premier central and state Government undertakings, public and private sector banks, financial institutions and private corporates. AK Capital aspires to facilitate making the debt markets accessible to retail investors and relentlessly strives towards fulfilling its vision of "A bond in every hand".

The Company has also acquired certificate of registration to act as an Investment Advisor. The registration is valid up to May 15, 2022. The Company provides advisory services in fixed income securities to many of the renowned retirement trusts, PF and PT Trust.

AK Capital has 5 subsidiaries and one step down subsidiary which conduct their operations through a network of branches spread over 8 cities of India and 1 at Singapore. The group has interests in diversified business fields and the subsidiaries have been incorporated to undertake and specialize each business area.

A. K. Capital Finance Limited **("AK Capital Finance")**, a subsidiary of AK Capital, is registered with the Reserve Bank of India as a Systematically Important Non Deposit Accepting Non-Banking Financial Company ("NBFC-ND-SI"). AK Capital Finance is engaged in the business of investment and lending activities. The Company primarily operates a hybrid business model, under which the revenue streams comprises of a regular and stable interest income from its growing loan book, fees income and treasury income from its investment book. AK Capital Finance is amongst one of the few NBFCs having CBLO (Collateralized Borrowing and Lending Obligation) membership given by the Clearing Corporation of India Limited (CCIL) which enables the company to access fund on tap against pledge of SLR securities like G-Secs at very competitive cost. AK Capital Finance in its onward lending segment has a strong risk management policies and credit appraisal system in place thereby having maintained strong asset quality, which is reflected by the fact that there are NIL NPAs and ZERO delinquency in its portfolio as on March 31, 2020.

A. K. Stockmart Private Limited **("AK Stockmart")**, a wholly owned subsidiary of AK Capital incorporated in 2006, is a full service brokerage house registered with SEBI as a stock broker with NSE and BSE, governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and is also a SEBI registered Depository Participant with CDSL and NSDL. Besides, AK Stockmart is also registered with SEBI in the wholesale debt market segment of NSE. AK Stockmart is into retail distribution, WDM broking, stock broking and depository services. The company and plays a dominant role in distribution and mobilization of tax free and taxable bonds / debentures/ NCDs offered through public issue route. AK Stockmart is a strong and well-established player in the bond markets. The company has successfully distributed tax-free bonds of major Government entities such as NHAI, IRFC, PFC, REC, NABARD, IIFCL, IREDA etc.

A.K. Stockmart Private Limited has also distributed debt public issues of private sector companies such as Tata Capital Financial Services Limited, Tata Capital Housing Finance Limited, L&T Finance Limited, Mahindra & Mahindra Financial Services Limited, Shriram Transport Finance Company Limited, JM Financial Products Limited, Muthoot Finance Limited, Shriram City Union Finance Limited, etc.

A. K. Wealth Management Private Limited **("AK Wealth")**, incorporated in November 2006 and a wholly owned subsidiary of AK Capital, is registered with SEBI as a Portfolio Management Company. AK Wealth is in the business of providing portfolio management services, private wealth management, asset management, investment advisory and research backed investment solutions to ensure returns commensurate to risk appetite of its clients. As on March 31, 2020, A.K. Wealth had 40 clients with Asset Under Management of INR 23.35 Crores.

A. K. Capital Corporation Private Limited (**"AK Capital Corporation"**), incorporated in November 2006 and a wholly owned subsidiary of AK Capital.

A. K. Capital (Singapore) Pte. Ltd. **("AK Singapore")**, domiciled in Singapore, was incorporated on July 29, 2013 as a wholly owned subsidiary of AK Capital. AK Singapore is registered with Monetary Authority of Singapore as a financial services company and provides financial advisory services to its clients across the globe. It offers cross border funding solutions by identifying potential investors to meet the fund raising needs of its clients. AK Singapore also offers the full range of money market operations in India to meet both the lending and borrowing needs of its clients. The company's research team has conducted in-depth studies of foreign markets and is well-equipped to apply the gained technical information to help accelerate the company's expansion in India and other nascent debt markets.

Family Home Finance Private Limited **("Family Home Finance")**, incorporated in June 2017 and a step-down subsidiary of AK Capital through AK Capital Finance is registered with National Housing Bank as a non-deposit taking housing finance company. Family Home Finance initiated/ commenced its operations at miniscule level during FY 18-19.

**Execution and other services**

AK Capital has marked a glorious journey of over 26 years and has gained expertise as well as recognition in various facets of the corporate bond markets by undertaking and successfully executing various landmark transactions.

AK Capital has been reckoned as a leading arranger for private placement of secured/ unsecured, senior/ subordinated, redeemable, non-convertible debentures/ bonds, perpetual bonds, redeemable preference shares, etc. for a diverse profile of issuers comprising of:

a. Central Public Sector Undertakings;
b. State Government Undertakings;
c. Public and Private Sector Banks;
d. Public Financial Institutions;
e. Private Corporates;
f. Non-Banking Finance Companies;
g. Housing Finance Companies;
h. Infrastructure Finance Companies;
i. Infrastructure Development Funds;
j. Core Investment Companies;
k. Infrastructure Developers; and
l. Manufacturing and Services sector companies.

**Recognition, Awards & Accolades**

1. AK Capital has been awarded the prestigious international title of **"India Bond House of the Year 2018"** for the IFR Asia Awards 2018. With this achievement, AK Capital has marked its presence along with other Asian countries' bond houses like HSBC, Credit Suisse, CIMB, ANZ & Bank of China.
2. Advisor & Sole Arranger to India's Largest bond Issue of INR 20 bn launched by Andhra Pradesh Urban Local Body (ULB)/ Smart City/ Municipal Corporation.
3. AK Stockmart has been rated as **No. 1 Mobiliser** of subscription in public issues of bonds/ debentures over a decade (01-Apr-2009 to 31-Mar-2019) has mobilized INR 68,479.54 crores in 119 public issues of bonds/ debentures (Source: PRIME Database).
4. AK Capital has been awarded as **"Winner in Merchant Banker Category in Debt Segment"** by ASSOCHAM on December 22, 2017. The award was conferred by Sh. P. Radhakrishnan, Hon'ble Minister of State for Finance and Shipping, Government of India.
5. The Company is one of the few merchant banking groups to have CBLO - CCIL membership.
6. Besides private placements and public issues of debt, the Company and its subsidiaries have demonstrated their progressive presence in undertaking and executing transactions in the following segments:

a. Loan syndication, project financing, syndication of short term debt (CPs etc.)
b. Syndication for Venture Capital Funds, Syndication for Infrastructure Development Funds, structured hybrid financial products
c. Asset backed financing, investment and trading in debt securities, loan against property, loan against securities, IPO funding (including debt public issues), real estate funding etc.
d. Direct assignment of pool of receivables and securitization of receivables
e. Trading/investment in Government Securities and Corporate Bonds
f. Stock broking, WDM broking and Depository services
g. Providing portfolio management services, private wealth management, asset management and investment advisory
h. Retirement fund advisory
i. Global financial advisory, cross border funding solutions, foreign currency bonds.

**Outlook and Strategy**

Globally, debt market comprises of large portion of the financial markets. India contributes around 3.2% towards the total global GDP, while its share of debt market capital is less than 2.00% of the global outstanding debt (Source: IMF). India offers moderate-risk, high-yielding debt investment opportunities to offshore investors.

India's total debt outstanding is INR 1,29,863 billion (Source: RBI & SEBI), comprising 76% of sovereign securities and 24% of corporate bonds. Currently, Government bonds dominate the debt market with an advantage of being more liquid and risk free vis-à-vis corporate bonds. Also, ~ 90% of corporate bonds are privately placed to institutional investors restricting development of healthy secondary markets. Crowding out by government bonds is one of the potential obstacles to healthy corporate bond markets.

Earlier around 80-90% of debt in India was in form of bank loans. But mounting NPAs and increased capital requirements under Basel III limited banks' lending to corporates, which further opened up bond market as an avenue for financing the requirements of the growing Indian economy. Bond market rates reflect changes in key interest rates by the RBI more efficiently than the bank lending rates. Thus, there is a need for economical capital at interest rates that better reflect monetary policy through tradable bonds.

There has been a marked acceleration in growth in the resource mobilized from the debt market. The increase in resource mobilization from debt market may mainly be ascribed to:

a) Regulatory measures taken to enhance issuances in this market.

b) Faster transmission of lower interest rates in the bond market.

c) Banks' unwillingness to lend to corporate owing to high NPA levels.

During FY 2019-20, the regulatory authorities have initiated major structural reforms towards building a robust, transparent and vibrant corporate bond markets in India.

For the corporate bond market, a number of measures were introduced like:

a) Proposal to establish an organization to provide credit enhancement for infrastructure and housing projects.

b) Development of credit default swaps (in consultation with SEBI and RBI).

c) Removal of the provision pertaining to maintenance of debenture redemption reserve for public placement of debt.

d) Proposal to enable stock exchanges to allow AA rated bonds at collateral.

e) Norms applicable for credit ratings have been tightened.

f) Streamlining the stamp duty regime of financial securities transactions.

g) Liberalization of ECB norms by relaxing end-user restrictions with regard to working capital, general corporate purpose and repayment of rupee loans.

h) Eligibility limit for NBFCs for debt recovery under SARFAESI Act has been proposed to be reduced to an asset size of100 crore from INR 500 crore earlier or loan size of Rs 50 lakhs from INR 1 crore.

i) FPI limit in corporate bonds increased to 15% from 9% of its outstanding stock.

j) Concessional withholding tax rate of 5% extended till June 2023 to foreign investors (FPIs/QFIs).

k) Concessional withholding tax rate of 5% on interest payment on municipal bonds.

l) Reduction in withholding tax rate from 5% to 4% on interest paid on listed bonds.

m) 100% tax exemption to their interest, dividend and capital gains income in respect of investment made in infrastructure.

n) SEBI widened the scope of municipalities to enable them to list debt securities.

o) RBI made External Benchmark based Interest Rate mandatory for certain loans.

p) First ever debt ETF, Bharat Bond ETF is launched.

q) The government also plans to float a new Debt-ETF consisting primarily of G-Secs in the wake of the success of the recently floated Debt-ETF which will improve retail investors access to G-Secs.

r) Liquidity support to NBFCs/HFCs under Partial Credit Guarantee Scheme to be continued by guaranteeing securities floated.

**OPPORTUNITIES AND CHALLENGES:**

**Opportunities**

A. Debt markets have witnessed an exponential growth in the Country over last decade which may be seen from the tables given below:

**Table-1: Private Placement of Debt (Non-Convertible Debentures/ Bonds)**

| 2019-2020 | | 2009-2010 | |
|---|---|---|---|
| **Total No. of issues** | **Amount (INR in Crores)** | **Total No. of issues** | **Amount (INR in Crores)** |
| 147 | 2,57,474.80 | 458 | 1,57,577.62 |

**Table-2: Public Issue of Debt (Non-Convertible Debentures/ Bonds)**

| 2019-2020 | | 2009-2010 | |
|---|---|---|---|
| **Total No. of issues** | **Amount (INR in Crores)** | **Total No. of issues** | **Amount (INR in Crores)** |
| 17 | 11,018.54 | 3 | 2,500.00 |

**Challenges**

Like any other market:

a. Corporate bond markets are venerable to market risks originating from volatility in interest rates;

b. Operations in corporate bond markets may be vulnerable to competition thereby affecting margins;

c. Besides market risks, corporate bonds may be vulnerable to credit risk;

d. Growth and performance of domestic corporate bond markets is dependent upon a host of domestic and global macro and micro-economic factors. India offers moderate-risk, high-yielding debt investment opportunities to offshore investors. However any significant tightening of monetary policy rates by the global central banks may lead to flight of capital and pose competition to Indian markets.

## SEGMENT WISE PERFORMANCE

Company's whole business is being considered as one segment, viz. proving merchant banking services within India. The Company has only one segment of activity in accordance with the definition of "Segment" covered under Indian Accounting Standard (Ind AS) 108 on Operating Segments.

The performance of the Company is discussed in this Report

## FINANCIAL AND OPERATIONAL PERFORMANCE OF THE COMPANY

On standalone basis, your Company earned total revenue of INR 6,334.25 Lakhs during the financial year under review. The profit before tax is INR 2,220.22 Lakhs. After making provision for tax, the net profit of your Company is INR 1,867.13 Lakhs.

The consolidated total revenue of your Company stood at INR 31,420.68 Lakhs for the financial year ended March 31, 2020. The consolidated profit before tax is INR 6,534.71 Lakhs for the current financial year. After making provision for tax, the consolidated net profit of your Company is INR 5,147.59 Lakhs.

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS ALONG WITH EXPLANATION

In compliance with the requirement of the Listing Regulations, the key financial ratios of the Company along with explanation for significant changes (i.e., for change of 25% or more as compared to the immediately previous financial year will be termed as 'significant changes'), has been provided hereunder

| Sr. No. | Particulars | Financial Year 2019-20 | Financial Year 2018-19 |
|---|---|---|---|
| 1. | Debtors Turnover Ratio | 21.09 | 27.68 |
| 2. | Interest Coverage Ratio | 3.22 | 2.97 |
| 3. | Debt Equity Ratio* | 0.09 | 0.19 |
| 4. | Operating profit margin (%) | 34.95% | 37.05% |
| 5. | Net profit margin (%) | 29.48% | 27.69% |
| 6. | Return on net worth# | 4.70% | 6.15% |
| 7. | Inventory Turnover Ratio | Not Applicable | |
| 8. | Current Ratio | Not Applicable | |

* Debt Equity Ratio: On a standalone basis, the debt equity ratio as on March 31, 2020 stood at 0.09 as against 0.19 as on March 31, 2019. The reduction is primarily on account of reduction in outstanding borrowings and increase in Total equity and liquid funds.

\# Return on Net-worth is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed during the year. Fall in revenue, operating margin, change in EPS has resulted in marginal drop in return on net-worth. During the year company has also paid interim dividend, due to which the Net-worth was reduced to that extent.

## HUMAN RESOURCE

Our employees continue to be our core asset. We understand that our workforce has a life beyond our doors. Our development activities are focused on creating opportunities that help them achieve the right work-life balance and grow in their respective roles and even beyond them. We remain committed to make AK Group a place, wherein the determination and dedication of our employees helps to serve our large clientele & generate long-term value for our shareholders.

Wellbeing and Safety For us, the health and safety of all our employees is of utmost concern and priority. During the Covid-19 situation, measures are taken to ensure that employees and their families are safe.

As on March 31, 2020, the Company had 60 employees on its payroll.

**DIVERSITY & INCLUSION**

At AK Group; diversity is our strength. We hire from different cultural and social backgrounds and have a non-discriminatory approach to acquiring talent. Openness and inclusion makes AK Group a place where you would like to work. Our focus is on developing skills, encouraging talent and helping people do the best they can each day. We work with our employees as partners and provide opportunities for high quality learning, get coaching from industry's best and offer a challenging yet rewarding workplace.

We intend to develop and sustain a diverse workforce which strives to meet the unique needs of our diverse client base and the sectors in which we operate.

**TEAMWORK & LEADERSHIP:**

We believe a lot in teamwork, as all our employees work in different teams and also across multiple offices. These teams have their own areas of expertise but they all have shared responsibility and to achieve this, our employees have to work flexibly and collaboratively.

In AK Group, we expect everyone at the firm to be a leader wherein one is not only just an employee. The Company identifies and recruits people who share their commitment towards business in addition to their intellect and experience.

**EMPLOYEE PROGRAMS:**

We invest in every step of our employees' careers and ensure their long term interests remain closely aligned with those of our clients and shareholders. Our goals are to reinforce the firm's culture, maximize individual potential and expand our employees' professional opportunities and abilities. We hold varied employee engagement activities, offer development workshops and create an environment of openness where learning is always a possibility and asking questions is the norm rather than the exception.

**RISK AND CONCERN**

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies that best match organizational capability with market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organizational capabilities. Accordingly, management of risk has always been an integral part of the Company's Strategy.

**INTERNAL CONTROL SYSTEMS ANDTHEIR ADEQUACY**

The Company has adequate internal control systems to commensurate with the nature of business and size of operations for ensuring:

a. orderly and efficient conduct of business, including adherence to Company's policies and procedures;

b. safeguarding of all our assets against loss from unauthorized use or disposal;

c. prevention and detection of frauds and errors;

d. accuracy and completeness of accounting records;

e. timely preparation of reliable financial information; and

f. compliance with applicable laws and regulations.

Policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly as well as provides for adequate checks and balances.

Adherence to these processes is ensured through frequent internal audits. The internal control system is supplemented by an extensive program of internal audit and reviews by the senior management. To ensure independence, the internal audit function has a reporting line to the Audit Committee of the Board.

The Audit Committee of the Board reviews the performance of the audit and the adequacy of internal control systems and compliance with regulatory guidelines. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken. This system enables us to achieve efficiency and effectiveness of operations, reliability and completeness of financial and management information and compliance with applicable laws and regulations.

**SAFE HARBOUR**

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable laws and regulations. The actual result might differ materially from those expressed or implied depending in the economic conditions, government policies and other incidental factors which may be beyond the control of the Company.

The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. We are under no obligation to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events and assume no liability for any action taken by anyone on the basis of any information contained herein.

# CORPORATE GOVERNANCE REPORT

## (1) 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 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. It is the Board of Directors, KMP and Senior Management who generally governs the functioning 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 Services Limited, completed the journey more than 26 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. As a Company, we believe in implementing Corporate Governance practices that goes beyond meeting the letter of law and we are committed in achieving the same.

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) Regulation, 2015 (hereinafter referred to as the "Listing Regulations") and other applicable laws for the time being in force, is as under:

## (2) BOARD OF DIRECTORS:

### (i) Category of the Board of Directors as on March 31, 2020

| 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 |
|---|---|---|---|---|---|---|---|
| | | | As a member | As a chairperson | | | |
| 1 | Mr. A. K. Mittal<br>(DIN: 00698377)<br>Promoter & Managing Director<br><br>No. of Shares held: 10,36,108 | 3 | 1 | 0 | 5 | 5 | Yes |
| 2 | Mr. Subhash Chandra Bhargava<br>(DIN: 00020021)<br>Chairman & Independent Director<br><br>No. of Shares held: Nil | 6 | 3 | 0 | 5 | 5 | No |
| 3 | Mr. Subhash Chander Madan<br>(DIN: 00785025)<br>Independent Director<br><br>No. of Shares held: Nil | 2 | 2 | 1 | 5 | 5 | Yes |
| 4 | Mr. Khimji Shamji Pandav<br>(DIN: 01070944)<br>Independent Director<br><br>No. of Shares held: Nil | 5 | 5 | 3 | 5 | 5 | Yes |
| 5 | Ms. Aditi Mittal<br>(DIN: 00698397)<br>Non-Executive, Non-Independent, Woman Director<br><br>No. of Shares held:1,49,470 | 4 | 1 | 1 | 5 | 3 | No |

| 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 |
|---|---|---|---|---|---|---|---|
| | | | As a member | As a chairperson | | | |
| 6 | Mr. Ashish Agarwal<br>(DIN: 08064196)<br>Whole-time Director<br><br>No. of Shares held: Nil | 1 | 0 | 0 | 5 | 5 | Yes |
| 7 | Mr. Vikas Jain<br>(DIN: 07887754)<br>Whole-time Director<br><br>No. of Shares held: Nil | 2 | 1 | 0 | 5 | 4 | Yes |

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. Ms. Aditi Mittal is daughter of Mr. A. K. Mittal.
4. During the Financial Year 2019-20, five Meetings of the Board were held on May 25, 2019, August 3, 2019, November 13, 2019, February 8, 2020 and March 6, 2020.
5. 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.

**(ii) Composition of the Board of Directors:**

As on March 31, 2020, the composition of the Board was as follows:

| | |
|---|---|
| Total No. of Directors | 7 |
| Total No. of Executive Directors | 3 |
| Total No. of Non-Executive Directors | 4 |
| 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 Non-Executive Independent Directors have confirmed to the Board that they qualify to be Independent as per the definition of "Independent Director" stipulated under the Listing Regulations and Section 149(6) of the Companies Act, 2013 and rules made thereunder including amendments thereto. Further, in the opinion of the Board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

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.

**(iii) Names of the other listed entities where the director is a director and the category of directorship as on March 31, 2020**

| 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<br>(DIN: 00698397)<br>Promoter & Managing Director | A. K. Capital Finance Limited* | Managing Director |
| 2 | Mr. Subhash Chandra Bhargava<br>(DIN: 00020021)<br>Chairman & Independent Director | Aditya Birla Capital Limited | Non-Executive Independent Director |
| 3 | Mr. Khimji Shamji Pandav<br>(DIN: 01070944)<br>Independent Director | MEP Infrastructure Developers Ltd | Non-Executive Independent Director |
| | | A. K. Capital Finance Limited* | Non-Executive Independent Director |

**Note:**
None of the other directors hold position of Directors in other listed entity.
*A. K. Capital Finance Limited is debt listed Company.

**(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 the law, Mr. Ashish Agarwal, Director (DIN: 08064196) shall be liable to retire by rotation and being eligible offers himself for re-appointment to enable compliance by the Company with the provisions of Section 152 of the Companies Act, 2013.The brief profile of Mr. Ashish Agarwal is also enclosed along with the notice convening 27th Annual General Meeting of the Company.

**(v) Details of familiarization programme imparted to independent directors:**

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has put in place the familiarisation programme for Independent Directors. Further details of familiarisation programmes imparted to independent directors are also disclosed on the web-site of the Company. The link of the same is re-produced herein below:

https://www.akgroup.co.in/docs/Familiarization%20Programme%20for%20Independent%20Director-20200427180450433589 8.pdf

**(vii) The table below summarizes qualifications, core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s):**

| Broad Parameters | Skill-set | A. K. Mittal | S. C. Bhargava | S. C. Madan | K. S. Pandav | Ashish Agarwal | Vikas Jain | 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 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The specific areas of focus or expertise of individual Board members is identified by the Board. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

## (3) BOARD 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.

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 shall perform its role as provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 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/docs/Details%20of%20Board%20Committees-20190827130505826359 8.pdf

**Composition of Committee and Meetings held/ attended by members of the Audit Committee during Financial Year 2019-20:**

| Sr. No | Name of the Member | Category | No. of Audit Committee Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| 1 | Mr. Subhash Chander Madan<br>Chairman | Non-Executive Independent Director | 5 | 5 |
| 2 | Mr. A. K. Mittal<br>Member | Managing Director | 5 | 5 |
| 3 | Mr. Khimji Shamji Pandav<br>Member | Non-Executive Independent Director | 5 | 5 |

**Attendees:**

The Internal Auditor, Chief Financial Officer and representatives of Statutory Auditors were invited to attend the Audit Committee Meetings as and when necessary to point out any observations they may have with regards to finance, accounting, operations and other allied matters. The Company Secretary acts as the Secretary to the Audit Committee.

Mr. Subhash Chander Madan, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2019. The Internal Auditor reports directly to the Audit Committee.

## (II) NOMINATION AND REMUNERATION COMMITTEE

**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 remuneration arrangements to enable the recruitment, motivation and retention of senior management.

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

**Brief description of terms of reference of Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall perform its role as provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Companies Act, 2013and 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 of 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/docs/Details%20of%20Board%20Committees-20190827130505826359 8.pdf

**Composition of Nomination and Remuneration Committee and Meetings held/ attended by members of the Nomination and Remuneration Committee during Financial Year 2019-20:**

| Sr. No | Name of the Member | Category | No. of NRC Committee Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| 1 | Mr. Khimji Shamji Pandav<br>Chairman | Non-Executive Independent Director | 3 | 3 |
| 2 | Mr. Subhash Chander Madan<br>Member | Non-Executive Independent Director | 3 | 3 |
| 3 | Ms. Aditi Mittal<br>Member | Non-Executive Non Independent Woman Director | 3 | 2 |

**Criteria for Performance Evaluation of Independent Directors**

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

i. Providing effective leadership and strategic guidance to the management;

ii. Understanding the Business, including the Risks and regulatory landscape;

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

iv. Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices;

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

vi. Management of conflicts in Board discussion;

vii. Management of Conflict of Interest;

viii. Maintains high level of confidentially;

ix. Exercises independent judgement in the best interest of Company;

x. Assistance in implementing best governance practices and monitors the same;

xi. Understanding governance, regulatory & oversight role of the Board;

xii. Aware of significant risk in the industry and their implications;

xiii. Fulfills the independence criteria as specified in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and their independence from the management.

**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 hereinbelow:

| Name of the Directors | Sitting fees for the Board Meetings paid for the Financial Year 2019-20 (Amount in INR) |
|---|---|
| Mr. Subhash Chandra Bhargava | 1,25,000 |
| Mr. Subhash Chander Madan | 1,25,000 |
| Mr. Khimji Shamji Pandav | 1,25,000 |
| Ms. Aditi Mittal | 75,000 |

**Executive Directors**

Remuneration to Managing Director and Whole-time Director(s) 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 Whole-time Directors during the Financial Year 2019-20 are as under:

(Amount in INR)

| Particulars | Mr. Ashish Agarwal | Mr. Vikas Jain |
|---|---|---|
| Salary, bonus and allowances | 1,15,05,008 | 1,55,05,008 |
| Perquisites (other benefits) | - | - |
| **Total (A)** | **1,15,05,008** | **1,55,05,008** |
| Value of Stock Option | NA | NA |
| Value of Sweat Equity | NA | NA |
| Others (Retirals) | NA | NA |
| **Total (B)** | - | - |
| **Total (A+B)** | **1,15,05,008** | **1,55,05,008** |

**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 Policy of the Company. All the executive directors are required to serve the Notice Period as mandated in the HR Policy of the Company. The terms related to severance fees are also captured in the HR Policy of the Company.

## (III) STAKEHOLDERS' RELATIONSHIP COMMITTEE

**Purpose and Objective of Stakeholders' Relationship Committee**

The object of establishing Stakeholders Relationship Committee is to assist the Board in understanding and addressing the needs of various stakeholders in a time bound manner. The Stakeholders Relationship Committee considers various aspect of interest of the shareholders and other stakeholders holders.

**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.

The Stakeholders' 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 below:

https://www.akgroup.co.in/docs/Details%20of%20Board%20Committees-20190827130505826359 8.pdf

**Composition of Stakeholders' Relationship Committee and Meetings held/ attended by members of the Stakeholder Relationship Committee during Financial Year 2019-20:**

| Sr. No | Name of the Member | Category | No. of Stakeholders' Relationship Committee Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| 1 | Ms. Aditi Mittal<br>Member | Non-Executive Non Independent Woman Director | 5 | 4 |
| 2 | Mr. Vikas Jain<br>Member | Whole-time Director | 5 | 5 |
| 3 | Mr. Subhash Chander Madan<br>Member | Non-Executive Independent Director | 5 | 2 |

Ms. Aditi Mittal, Non-Executive Director heads the Stakeholders' Relationship Committee and Mr. Tejas Davda, Company Secretary acts as a Compliance Officer for the Committee.

**Details of investor complaint received and redressed during Financial Year 2019-20 is as follows:**

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|---|---|---|---|
| 0 | 1 | 1 | 0 |

## (IV) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

**Terms of Reference**

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

i. 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;

ii. Making recommendation on the amount of expenditure to be incurred on CSR activities;

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

iv. 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 of the Companies Act, 2013 and rules made thereunder

**Composition of Corporate Social Responsibility Committee and Meetings held/ attended by members of the Corporate Social Responsibility Committee during Financial Year 2019-20:**

| Sr. No | Name of the Member | Category | No. of Corporate Social Responsibility Committee Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| 1 | Mr. Subhash Chander Madan<br>Chairman | Non-Executive Independent Director | 2 | 2 |
| 2 | Mr. A. K. Mittal<br>Member | Managing Director | 2 | 2 |
| 3 | Mr. Vikas Jain<br>Member | Whole-time Director | 2 | 2 |

The Company formulated CSR Policy, which is uploaded on the website of the Company. The CSR Committee met twice during Financial Year 2019-20, on May 25, 2019 and March 6, 2020.

The activities and initiatives undertaken by the Company on CSR during the year are annexed as Annexure - 2 to the Board's Report.

## OTHER COMMITTEES OF THE DIRECTORS

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

### (I) BANKING & INVESTMENT COMMITTEE

The Banking and Investment Committee of the Board comprises of the following members:

| Name of the Members | Designation |
|---|---|
| Mr. A. K. Mittal | Managing Director |
| Mr. Ashish Agarwal | Whole-time Director |
| Mr. Vikas Jain | Whole-time Director |

**Terms of Reference of the Committee:**

i. To consider the matters relating to opening/operating/closing of bank accounts and/or demat accounts including matters relating to authorizing officers to operate bank/demat account(s) and any change thereto;

ii. To avail E-net, Credit Card and other facilities offered by Banks and/ Financial Institutions;

iii. To open Demat & CSGL account for holding / keeping Government Securities;

iv. To empanel with other market intermediaries, participants and regulators for making investment/ disinvestments;

v. To consider making of Investments, mainly in debt securities, shares and mutual funds, liquid funds and any other securities including Investments in subsidiaries and group companies;

vi. Approve the matters related to giving/ making loans, guarantee and securities;

vii. To avail credit/ loan or other services from the Bank within the limits approved by the Bank;

viii. To authorize officer(s) to exercise rights as an investor from time to time;

ix. To consider such other matters as may be required to make an investments or operation of bank/ demat accounts from time to time.

### (II) MANAGEMENT COMMITTEE

The Management Committee of the Board consists of the following Directors as its members:

| Name of the Members | Designation |
|---|---|
| Mr. A. K. Mittal | Managing Director |
| Ms. Aditi Mittal | Non-Executive Non Independent Woman Director |
| Mr. Ashish Agarwal | Whole-time Director |
| Mr. Vikas Jain | Whole-time Director |

**Terms of Reference of the Committee:**

i. To authorize the officers of the Company to appear before any government / semi government authorities, judicial, quasi-judicial bodies, regulatory/ taxation authorities, stock exchanges;

ii. To authorize officers to make, sign and finalize any documents, applications, affidavits, forms etc to be executed with third parties including but not limited to taxation authorities, vendors, suppliers, clients, regulators, judiciary bodies, shareholder, employees and other stakeholders;

iii. To apply for membership of any of the government / semi government authorities, judicial, quasi-judicial bodies, regulatory/ taxation authorities, stock exchanges in connection with the business of the Company

iv. To avail services/ purchase goods, execute the contracts/ agreements in ordinary course of business of the Company;

v. To authorize the officers of the Company for operational/ business purposes;

vi. To consider the matter relating to participation in particular assignment, mandate, bids or offer(s) and evaluating the proposal placed before it;

vii. To do specific acts or classes of acts, defining the range of their terms of office.

**(III) INFRASTRUCTURE COMMITTEE**

| Name of the Members | Designation |
|---|---|
| Mr. A. K. Mittal | Managing Director |
| Mr. Ashish Agarwal | Whole-time Director |
| Mr. Vikas Jain | Whole-time Director |

**Terms of Reference of the Committee**

The Infrastructure Committee inter-alia takes decision pertaining to:

i. Hiring/Letting, Residential/Commercial accommodation/s on lease for official use;

ii. Acquisition/disposal of fixed assets and commercial property for official purposes;

iii. To enter into an agreement for maintenance of the premises with third parties/ vendors;

iv. To authorize employees to complete the requisite formalities in connection with buying/ selling and letting out the properties of the Company including registration and stamp duty payment thereof.

**(4) GENERAL BODY MEETINGS**

All the resolutions moved at the last Annual General Meeting (AGM) of the Company were passed by e-voting and polling paper with requisite majority of members voted and attending the Meeting. No Extraordinary General Meeting was held during the year.

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

| Financial Year | Date | Time | Venue | Whether any Special resolutions passed |
|---|---|---|---|---|
| 2018-19 | September 28, 2019 | 9.00 a.m. | The Retreat Hotel & Convention Centre, Erangal Beach, Madh Island, Marve Road, Malad (W), Mumbai, Maharashtra - 400061 | Yes |
| 2017-18 | September 22, 2018 | 9.00 a.m. | The Retreat Hotel & Convention Centre, Erangal Beach, Madh Island, Marve Road, Malad (W), Mumbai, Maharashtra - 400061 | Yes |
| 2016-17 | September 16, 2017 | 9.00 a.m. | The Resort, 11, Madh-Marve Road, Aksa Beach, Malad (West), Mumbai - 400095 | Yes |

No postal ballot was conducted during the Financial Year 2019-20.

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.

**(5) MEANS OF COMMUNICATION:**

i. The quarterly/ half yearly and annual financial results of the Company are regularly submitted to the stock exchange where the shares of the Company are listed in accordance with the Listing Regulations and are generally published in an English newspaper (Financial Express) and in a Marathi newspaper (Navshakti). Further pursuant to the relaxation granted by SEBI vide Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/48 dated March 26, 2020 and SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 regarding exemption from publication of advertisements in newspapers as required under Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company have not published notice and Financial results of the quarter and year ended March 31, 2020 in the newspapers. However, intimation of the notice of the Board meeting and the financial results are available on the Company's website at www.akgroup.co.in

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.

**(6) GENERAL SHAREHOLDER INFORMATION:**

**(a) Details of the 27th Annual General Meeting of the Company**

**Day & Date:** Saturday, September 19, 2020

**Mode:** Video conference and other audio-visual means

**Link:** https://instameet.linkintime.co.in

**Time:** 9.00 a.m.

**(b) Financial year of the Company**

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

**(c) Dividend payment date**

The payment of dividend, if any, shall be paid on or before, October 16, 2020

**(d) Listing of Equity Shares on Stock Exchanges:**

The Company's Equity Shares are listed on BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The Company has paid the requisite annual listing fees for the Financial Year 2020-21 to BSE.

**(e) Stock Code and ISIN**

BSE Scrip Code: 530499

International Securities Identification Number (ISIN) : INE701G01012

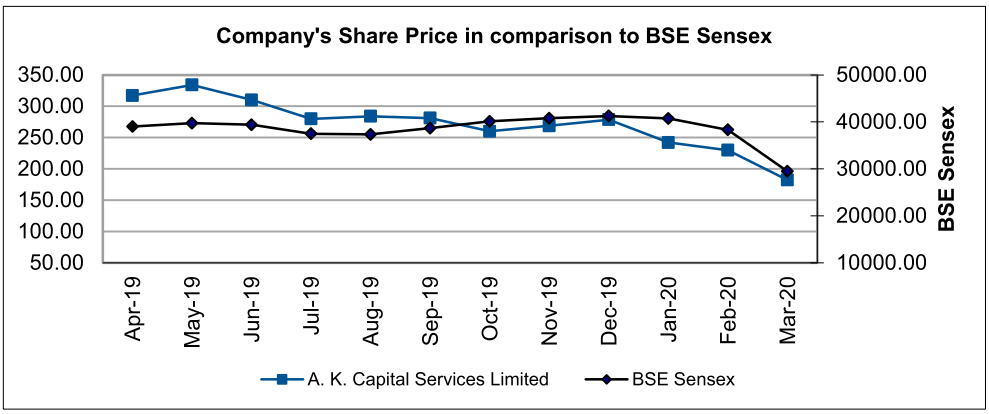
**(f) Market Price data- high, low during each month in last financial year:**

The table below gives the monthly high and low quotations of shares traded at BSE Limited (BSE) for the Financial Year 2019-20.

| Month | High Price (INR) | Low Price (INR) | No. of shares traded |
|---|---|---|---|
| April 2019 | 350.00 | 310.00 | 10,372 |
| May 2019 | 344.90 | 285.00 | 26,824 |
| June 2019 | 337.00 | 301.00 | 13,477 |
| July 2019 | 323.65 | 279.00 | 26,794 |
| August 2019 | 307.75 | 256.00 | 9,613 |
| September 2019 | 310.00 | 253.00 | 37,397 |
| October 2019 | 294.00 | 236.00 | 6,766 |
| November 2019 | 313.00 | 232.00 | 20,519 |
| December 2019 | 284.95 | 236.05 | 80,910 |
| January 2020 | 334.40 | 236.70 | 35,902 |
| February 2020 | 281.70 | 229.00 | 24,052 |
| March 2020 | 240.00 | 152.80 | 494,463 |

**(g) Performance in comparison to broad based indices: BSE Sensex**

The table below shows the performance of the equity share vis a vis BSE Index, SENSEX:




**(h) 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 2019-2020.

**(i) Registrar to an Issue and Share Transfer Agent**

The Company has appointed Link Intime India Private Limited as its Registrar and Share Transfer Agent.

**(j) Share transfer system and half yearly audit of share transfers**

The Company's shares are traded on stock exchange in compulsory dematerialized form. The transfers in physical form lodged at the Registrar and Share Transfer Agent's office are processed within a period of 15 days, from the date of submission of all the required documents. With a view to expediting the process of share transfers, transmissions, etc., the Stakeholders' Relationship Committee along with the Company Secretary, have been severally empowered to approve the same.

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtains the certificate from a Practicing Company Secretary on half yearly basis to the effect that the requests for share transfers, sub-division, consolidation, renewal and exchange of certificates comprising equity shares have been processed within the stipulated time period subject to all the documents being in order. A copy of the certificate so received is submitted to the stock exchanges where the Company's shares are listed.

Pursuant to SEBI Guidelines, the transfer of ownership in Physical Mode is not permitted with effect from March 31, 2019.

**(k) Distribution of Shareholding**

Distribution schedule of Equity shareholding of the Company as at March 31, 2020 is as follows:

| Category | | | Number of Shareholders | % of total Shareholders | Total number of shares held | % of total Shareholding |
|---|---|---|---|---|---|---|
| From | | To | | | | |
| 1 | - | 500 | 2,090 | 86.69 | 1,90,469 | 2.89 |
| 501 | - | 1,000 | 140 | 5.81 | 1,09,442 | 1.66 |
| 1,001 | - | 2,000 | 68 | 2.82 | 1,01,968 | 1.54 |
| 2,001 | - | 3,000 | 28 | 1.16 | 70,478 | 1.07 |
| 3,001 | - | 4,000 | 15 | 0.62 | 51,597 | 0.78 |
| 4,001 | - | 5,000 | 11 | 0.46 | 50,864 | 0.77 |
| 5,001 | - | 10,000 | 26 | 1.08 | 2,00,652 | 3.04 |
| 10,001 | - | Above | 33 | 1.37 | 58,24,530 | 88.25 |
| | | **Total** | **2,411** | **100.00** | **66,00,000** | **100.00** |

Note:
(i) The rounding off of percentages could result into arithmetical differences
(ii) Numbers of Shareholders are calculated on the basis of Folio Numbers

**Equity Shareholding pattern of the Company as at March 31, 2020 is as follows:**

| Category | Number of shares | % of total Shareholding |
|---|---|---|
| **Promoter and promoter group** | | |
| Indian | 45,32,350 | 68.67 |
| Foreign (NRI) | 0 | 0 |
| **Sub-total (A)** | **45,32,350** | **68.67** |
| **Public** | | |
| NRIs/Foreign Bodies Corporate | 22,852 | 0.36 |
| Indian Bodies Corporate | 6,06,233 | 9.18 |
| Individuals/HUF | 14,29,577 | 21.66 |
| Clearing Members | 777 | 0.01 |
| IEPF | 7,211 | 0.11 |
| **Sub-total (B)** | **20,67,650** | **31.33** |
| **Total Shareholding (A) + (B)** | **6,600,000** | **100.00** |

(l) Dematerialization of Shares and Liquidity:

As on March 31, 2020, 99.67% of the paid-up Equity Share Capital of the Company was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's equity shares are frequently traded at the BSE Limited. The market lot is one share as the trading in equity shares of the Company is permitted in dematerialized form.

(m) The Members of the Company are informed that only Equity Share Capital forms the part of the Capital Structure of the Company. The Company has not issued any other instrument(s) such as Preference Shares/ American Depository Receipts/ Global Depository Receipts or any other instruments whether convertible or not.

(n) 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.

(o) Since the Company is engaged in the business of providing Services as a Merchant Banker and Investment Adviser, the Company do not have any manufacturing units/ plants.

(p) **Address for Correspondence:**

For any assistance, request or instruction regarding transmission/transposition of shares, dematerialization of shares, change of address, non-receipt of annual report, interest/dividend warrant and any other query relating to the shares of the Company, the investors may please write to the following address:

**Link Intime India Private Limited**
C-101, 247 Park, L.B.S. Marg, Vikhroli (West)
Mumbai - 400 083
Tel: +91 22 4918 6270
Fax: +91 22 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

**The Company Secretary**
**A. K. Capital Services Limited**
30-38, Free Press House, 3rd Floor, Free Press Journal Marg
215, Nariman Point, Mumbai – 400021
Tel: +91 22 6754 6500 | Fax: +91 22 6610 0594
E-mail: compliance@akgroup.co.in
Website: www.akgroup.co.in

**Chief Financial Officer**
**A. K. Capital Services Limited**
30-38, Free Press House, 3rd Floor, Free Press Journal Marg
215, Nariman Point, Mumbai – 400021
Tel: +91 22 67546500
Fax: +91 22 66100594
E-mail: accounts@akgroup.co.in
Website: www.akgroup.co.in

**(q) List of all credit Rating Obtained by the Company**

Rating of the Bank Loan facilities of the Company is mentioned below:

| Facility | Limits (INR in Crores) | Tenure | Rating |
|---|---|---|---|
| Fund Based | 785.00 | Long Term | BWR AA-<br>(BWR Double A Minus)<br>(Outlook: Stable) |

**(7) OTHER DISCLOSURES:**

(a) 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 2019-20 were on arm's length basis and were in ordinary course of business. All RPTs' are periodically placed before the Audit Committee of the Board for its approval. 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 (IND AS-24), Related Party Disclosures 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. 34 of Notes to the consolidated financial statements and note no. 36 of Notes to the standalone financial statements of your Company.

(b) No 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.

(c) 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

**(d) 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:

**i. The Board:**

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

**ii. Shareholder Rights**:

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

**iii. Modified opinion(s) in Audit Report:**

For the Financial Year ended March 31, 2020, 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

**iv. Separate posts of Chairman and Chief Executive Officer (CEO):**

The Company has separate post of Chairman (Non-Executive) and Managing Director.

**v. Reporting of the Internal Auditor:**

The Internal Auditor reports directly to the Audit Committee.

**(e) Policy on determining Material Subsidiary**

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has one 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/docs/Policy%20for%20Determining%20Material%20Subsidiaries_organized-20200624164921605667 9.pdf

**(f) Policy on dealing with Related Party Transactions:**

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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/docs/Policy%20for%20Determining%20Material%20Subsidiaries_organized-20200624164921605667 9.pdf

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

(h) During the Financial Year 2019-20, the Company has not raised any funds through Preferential Allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**(i) Certificate from Practicing Company Secretary:**

The Certificate from the Practicing Company Secretary, M/s. Manish Ghia & Associates, 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.

(j) The Members of the Company are informed that the Board has accepted all the recommendation of its Committees.

(k) M/s. PYS & Co; Chartered Accountants, [Firm Registration No.: 012388S/S200048] is the Statutory Auditor of the Company. The remuneration paid to the Statutory Auditors for the Services rendered during Financial Year 2019-20 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 part.

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

The Company has constituted the Internal Complaint Committee consisting of such members and representatives as prescribed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the calendar year 2019 i.e. January 1, 2019 to December 31, 2019, no case in the nature of sexual harassment was reported at any workplace of the Company.

(m) 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 SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

(n) The disclosures in relation to adoption of discretionary requirements as specified in Part E of Schedule II are provided in Clause 10 (d) of the Corporate Governance Report.

**8. Disclosures of compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46 (2) (b) to (i) of the Listing Regulations:**

| Sr. No. | Regulation and Particulars | Compliance observed during the Financial Year 2019-20 | Compliance Status Yes/No/N.A. |
|---|---|---|---|
| 1 | Regulation 17<br>Board of Directors | a. Board Composition.<br>b. Passing of Special Resolution for Non-Executive Directors who have attained the age of 75 Years.<br>c. No. of Board Meetings.<br>d. Review of compliance reports.<br>e. Plans for orderly succession for appointments .<br>f. Code of Conduct.<br>g. Fees / compensation to Non-Executive Directors.<br>h. Minimum information to be placed before the Board .<br>i. Compliance Certificate.<br>j. Risk Assessment & Management.<br>k. Performance Evaluation of Independent Directors.<br>l. Other matters provided in Regulation 17 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 2 | Regulation 18<br>Audit Committee | a. Composition of Audit Committee.<br>b. Meeting of Audit Committee .<br>c. Powers of Audit Committee .<br>d. Role of Audit Committee and review of information by the Committee.<br>e. Other matters provided in Regulation 18 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 3 | Regulation 19<br>Nomination and Remuneration Committee | a. Composition of Nomination and Remuneration Committee.<br>b. Presence of Chairperson of Nomination and Remuneration Committee at the Annual General Meeting.<br>c. Role of the Committee and review of information by the Committee.<br>d. Other matters provided in Regulation 19 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 4 | Regulation 20<br>Stakeholders Relationship Committee | a. Composition of Stakeholders Relationship Committee.<br>b. Meetings of the Stakeholders Relationship Committee.<br>c. Role of the Committee and review of information by the Committee.<br>d. Other matters provided in Regulation 20 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 5 | Regulation 21<br>Risk Management Committee | The Company is not in the list of top 100/500 listed entities by market capitalization. Hence the provision of Regulation 21 of the Listing Regulations is not applicable to the Company. | N.A. |
| 6 | Regulation 22 Vigil Mechanism | a. Formulation of Vigil Mechanism.<br>b. Provision for safeguarding and protection of Employees against victimization who avails the mechanism.<br>c. Direct access to Chairperson of Audit Committee.<br>d. Other matters provided in Regulation 22 of the Listing Regulations, to the extent applicable to the Company. | Yes |

| Sr. No. | Regulation and Particulars | Compliance observed during the Financial Year 2019-20 | Compliance Status Yes/No/N.A. |
|---|---|---|---|
| 7 | Regulation 23 Related Party Transactions | a. Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.<br>b. Approval of Shareholders for RPTs exceeding 10% of the annual consolidated turnover.<br>c. Related Party Transactions of the Company are pursuant to contracts duly approved by the Audit Committee (Omnibus), Board of Directors and Shareholders of the Company.<br>d. Review of Related Party Transactions.<br>e. Approval of Audit Committee of all the related party transactions.<br>f. Other matters provided in Regulation 23 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 8 | Regulation 24 Corporate Governance requirements with respect to subsidiary of listed entity | a. One Independent Director from the Board of listed entity shall be a director on the Board of an unlisted material subsidiary.<br>b. To review financial statement of unlisted subsidiary particularly investment by them.<br>c. Minutes of Board of unlisted subsidiary placed at the meeting of Board of listed entity.<br>d. Significant transaction of subsidiaries placed before the Board.<br>e. Other matters provided in Regulation 24 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 9 | Regulation 25 Obligations with respect to Independent Directors | a. Maximum Directorship and Tenure.<br>b. Meeting of Independent Directors.<br>c. Familiarization Program of Independent Directors.<br>d. Re-appointment of Independent Director.<br>e. Other matters provided in Regulation 25 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 10 | Regulation 26 Obligations with respect to Directors and Senior Management | a. Membership(s)/ Chairmanship(s) in the Committee(s).<br>b. Affirmation with compliance to Code of Conduct from Directors and senior management.<br>c. Disclosure of shareholding by Non- Executive Directors.<br>d. Other matters provided in Regulation 26 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 11 | Regulation 27 Other Corporate Governance requirements | a. Compliance with discretionary requirements.<br>b. Filing of quarterly compliance report on Corporate Governance.<br>c. Other matters provided in Regulation 27 of the Listing Regulations, to the extent applicable to the Company. | Yes |
| 12 | Regulation 46 (2) (b) to (I) website | a. Terms and conditions of appointment of Independent Directors.<br>b. Composition of various Committees of Board of Directors.<br>c. Code of Conduct for Directors and Senior Management Personnel.<br>d. Details of establishment of Vigil Mechanism/Whistle Blower Policy<br>e. Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.<br>f. Policy for determining material subsidiaries.<br>g. Details of familiarization program imparted to Independent Directors.<br>h. Other matters provided in Regulation 46 (2), to the extent applicable to the Company. | Yes |

**9. Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account:**

As per Listing Regulations, 2015, the Company reports that, the Company has not transferred any equity shares in demat suspense account/unclaimed suspense account at any point of time.

## 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 Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct in respect of the Financial Year 2019-20.

**For A. K. Capital Services Limited**

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

Place: Mumbai
Date: August 14, 2020

## CERTIFICATE FROM THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To
The Board of Directors;
A. K. Capital Services Limited

A. We have reviewed financial statements and the cash flow statement for the Financial Year 2019-20 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 Services Limited**

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

**Mahesh Bhootra**
**Chief Financial Officer**

Place: Mumbai
Date: August 14, 2020

# CERTIFICATE ON NON – DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,**

**The Member**

**A K Capital Services Limited**

30-38, 3rd Floor, Free Press House,

Free Press Journal Marg,

215, Nariman Point

Mumbai - 400021

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of A K Capital Services Limited having CIN: L74899MH1993PLC274881 and having registered office at 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point Mumbai-400021 (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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment |
|---|---|---|---|
| 1. | Mr. Subhash Chandra Bhargava | 00020021 | 04.09.2007 |
| 2. | Mr. A. K. Mittal | 00698377 | 05.10.1993 |
| 3. | Ms. Aditi Mittal | 00698397 | 03.02.2018 |
| 4. | Mr. Subhash Chander Madan | 00785025 | 28.12.2005 |
| 5. | Mr. Khimji Shamji Pandav | 01070944 | 11.08.2018 |
| 6. | Mr. Vikas Santosh Jain | 07887754 | 03.02.2018 |
| 7. | Mr. Ashish Agarwal | 08064196 | 03.02.2018 |

Ensuring the eligibility of 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 Manish Ghia & Associates**
**Company Secretaries**

**Manish L. Ghia**
**Partner**
**M. No. FCS 6252 C.P. No. 3531**

Place: Mumbai
Date: June 27, 2020
UDIN: F006252B000390108

**INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,

The Members,

**A. K. Capital Services Limited**

30-38, 3rd Floor, Free Press House,

Free Press Journal Marg, 215, Nariman Point,

Mumbai – 400 021.

1. The Corporate Governance Report prepared by A. K. Capital Services Limited ("the Company"), contains details as per regulations 17 to 27, 46 (2) (b) to (i) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015as amended ("the Listing Regulations") with respect to Corporate Governance for the year ended 31 March 2020. This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the shareholders of the Company.

**Management responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

**Auditor's Responsibility**

4. Pursuant to the requirement mentioned above, it is our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by Institute of Chartered Accountants of India.
6. 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.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
   i) Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
   ii) Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors have been met throughout the reporting period;
   iii) Obtained the details of the Directors and verified that at least one woman director was on the Board during the year;
   iv) Obtained and read minutes of the following meetings held from 01 April 2019to 31 March 2020;
      a) Board of Directors meeting;
      b) Audit committee;
      c) Annual General meeting;
      d) Nomination and Remuneration committee;
      e) Stakeholders' Relationship committee;
      f) Corporate Social Responsibility committee;
   v) Obtained necessary representations and declarations from Directors of the Company including the independent directors and
   vi) Performed necessary inquiries with the management and also obtained necessary specific representations from the management.

   The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 6 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31 March 2020, referred to in paragraph 1 above.

**Other matters and Restriction on Use**

9. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and 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 or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

**For PYS & Co LLP**
**Chartered Accountants**
**Firm's Reg.No. : 012388S/S200048**

**G. D. Joglekar**
**Partner**
Membership No.:39407
UDIN : 20039407AAAALL8990
Certificate No.: 7021

Place: Mumbai
Date: August 14, 2020

# INDEPENDENT AUDITORS' REPORT

To
The Members of
**A. K. Capital Services Limited**

**Report on the audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of A. K. Capital Services Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity 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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity 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.

**Emphasis of Matter**

We draw attention to Note 41 of the standalone financial statements which describe the management's assessment of the impact of the COVID-19 pandemic on the financial result of the Company and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

**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 | How Our audit addressed the key audit matter |
|---|---|---|
| 1 | **Measurement of investments in accordance with Ind AS 109 "Financial Instruments" (note 2, 6, 36, 37 and 38 to the Standalone Financial Statements)**<br>On initial recognition, investments are recognized at fair value, in case of Investments which are recognised at fair value through profit and loss (FVTPL), 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.<br>The Company's investments are subsequently classified into following categories based the objective of its business model to manage the cash flows and options available in the standard:<br>• Debt instruments at amortised cost<br>• Debt instruments and equity instruments at fair value through profit or loss (FVTPL)<br>• Equity instruments measured at fair value through other comprehensive income FVTOCI. | **Principal Audit Procedures**<br>• Obtained an understanding of Company's business model assessed in accordance with Ind AS 109;<br>• Evaluated the Company's assessment of business model;<br>• Obtained an understanding of the determination of the measurement of the investments and tested the reasonableness of the significant judgments applied by the management;<br>• Evaluated the design of internal controls relating to the measurement and also tested the operating effectiveness of the aforesaid controls;<br>• 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, including consideration of the current economic and market conditions due to COVID-19 pandemic; |

| Sr. No. | Key Audit Matter | How Our audit addressed the key audit matter |
|---|---|---|
| | The Company has assessed following two business model:<br>- Held to collect contractual cash flows<br>- 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.<br>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 standalone financial statements. | • Obtained and assessed the valuation certificate of independent valuer in respect of fair value investments; and<br>• Assessed the appropriateness of the disclosure in the standalone financial statements in accordance with the applicable financial reporting framework. |
| 2 | **Related party transactions and disclosures**<br>**(as described in note 34 of the Standalone Financial Statements)**<br>The Company has undertaken transactions with its related parties in the normal course of business.<br>We identified the accuracy and completeness of related party transactions and its disclosure as set out in respective notes to the standalone financial statements as a key audit matter to verify whether the transactions are recorded at arm length basis, disclosure of such transactions in the financial statements and regulatory compliance thereon during the year ended March 31, 2020. | **Principal Audit Procedures**<br>- 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.<br>- 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.<br>- 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.<br>- Assessed and tested the disclosures made in accordance with the requirements of Ind AS and the applicable regulations. |

**Information Other than the 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 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.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the 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), cash flows and changes in equity 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.

**Auditors' Responsibility 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 Act, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, 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, based on our audit 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 balance sheet, the statement of profit and loss, statement of cash flows and statement of changes in equity 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 31 March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". 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 standalone financial position;

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

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

For PYS & CO. LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G.D. Joglekar
Partner
Membership No.: 39407
UDIN: 20039407AAAAIR7031

Place: Mumbai
Date: June 27, 2020

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT
## (Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner on yearly basis. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) Considering the nature of business, the Company does not have inventory. In view of this, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable to the Company.

(ii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of Companies Act 2013 in respect of making investments and providing guaranty and security as applicable. Further, the Company has not given any loan in terms of Section 186 of the Act.

(iii) In our opinion and 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 and any other relevant provisions of the Act and the rules framed thereunder apply.

(iv) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Sub-section (1) of Section 148 of the Act.

(vii) (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income tax, goods and service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the March 31, 2020 for a period of more than six months from the date they became payable. As informed, during the year, statutory dues in the nature of employee state insurance and duty of customs are not applicable to the Company.

(b) According to information and explanations given to us, there are no dues on account of sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks, financial institutions. Further, the Company does not have any loans or borrowings from government and has not issued any debentures during the year.

(ix) Based on information and explanations given to us, the term loans have been applied for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer.

(x) To the best of knowledge and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and 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) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For PYS & CO. LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G.D. Joglekar
Partner
Membership No.: 39407
UDIN: 20039407AAAAIR7031
Place: Mumbai
Date: June 27, 2020

# ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT
## (Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of 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 Services Limited as of March 31, 2020 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 over financial reporting 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 ('ICAI'). 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the Standards on Auditing, 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting 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 over financial reporting 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 that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting**

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 over financial reporting to further periods are subject to the risk that the internal financial control over financial reporting 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, the Company has, 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PYS & CO. LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G.D. Joglekar
Partner
Membership No.: 39407
UDIN: 20039407AAAAIR7031
Place: Mumbai
Date: June 27, 2020

# BALANCE SHEET AS AT MARCH 31, 2020

₹ in Lakhs

| | Note No. | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial assets** | | | |
| (a) Cash and cash equivalents | 3 (a) | 240.04 | 113.34 |
| (b) Bank balances other than (a) above | 3 (b) | 189.44 | 29.52 |
| (c) Trade receivables | 4 | 29.97 | 284.31 |
| (d) Loans | 5 | 49.95 | 125.08 |
| (e) Investments | 6 | 40,817.34 | 42,701.73 |
| (f) Other financial assets | 7 | 336.97 | 585.70 |
| **Total financial assets** | | **41,663.71** | **43,839.68** |
| **(2) Non-financial assets** | | | |
| (a) Investment properties | 8 | 2,767.33 | 2,824.87 |
| (b) Property, plant and equipment | 9 | 1,018.17 | 573.21 |
| (c) Intangible assets | 10 | 11.54 | 11.21 |
| (d) Other non financial assets | 11 | 40.50 | 38.23 |
| **Total non-financial assets** | | **3,837.54** | **3,447.52** |
| **TOTAL ASSETS** | | **45,501.25** | **47,287.20** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **(1) Financial liabilities** | | | |
| (a) Trade payables | 12 | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 389.76 | 151.10 |
| (b) Borrowings (other than debt securities) | 13 | 3,689.62 | 7,284.28 |
| (c) Deposits | 14 | 267.37 | 245.30 |
| (d) Other financial liabilities | 15 | 760.74 | 188.61 |
| **Total financial liabilities** | | **5,107.49** | **7,869.29** |
| **(2) Non-financial liabilities** | | | |
| (a) Current tax liabilities (net) | | 77.56 | 65.30 |
| (b) Provisions | 16 | 166.26 | 158.97 |
| (c) Deferred tax liabilities (net) | 17 | 306.26 | 406.93 |
| (d) Other non-financial liabilities | 18 | 123.22 | 159.24 |
| **Total non-financial liabilities** | | **673.30** | **790.44** |
| **TOTAL LIABILITIES** | | **5,780.79** | **8,659.73** |
| **EQUITY** | | | |
| (a) Equity share capital | 19 (a) | 660.00 | 660.00 |
| (b) Other equity | 19 (b) | 39,060.46 | 37,967.47 |
| **TOTAL EQUITY** | | **39,720.46** | **38,627.47** |
| **TOTAL LIABILITIES AND EQUITY** | | **45,501.25** | **47,287.20** |

**Significant accounting policies (Refer Note 2)**

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

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

G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

A. K. Mittal
Managing Director
(DIN: 00698377)
Place: Mumbai
Date: June 27, 2020

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| | Note No. | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Sale of services | 20 | 3,314.84 | 6,458.74 |
| Net gain on fair value changes | 21 | 1,346.15 | 13.71 |
| Net gain on derecognition of financial instrument under amortised cost category | | 30.63 | - |
| Interest income | 22 | 870.63 | 1,578.25 |
| Dividend income | | 491.26 | 151.23 |
| Rental income | | 271.12 | 271.12 |
| **Total revenue from operations** | | **6,324.63** | **8,473.05** |
| Other income | 23 | 9.62 | 19.11 |
| **Total income** | | **6,334.25** | **8,492.16** |
| **Expenses** | | | |
| Finance costs | 24 | 998.68 | 1,600.35 |
| Employee benefits expense | 25 | 1,460.35 | 1,618.00 |
| Impairment of financial instruments | | 15.00 | - |
| Depreciation and amortization expense | 8, 9, 10 | 352.19 | 123.73 |
| Other expenses | 26 | 1,287.81 | 1,991.46 |
| **Total expenses** | | **4,114.03** | **5,333.54** |
| **Profit before exceptional items and tax** | | **2,220.22** | **3,158.62** |
| Exceptional Items | | - | - |
| **Profit before tax** | | **2,220.22** | **3,158.62** |
| **Tax expense:** | | | |
| Current tax | | 500.00 | 970.00 |
| Prior period tax adjustments | | (54.99) | (4.97) |
| Deferred tax expense/ (credit) | | (91.92) | (157.56) |
| **Profit for the year [A]** | | **1,867.13** | **2,351.15** |
| **Other comprehensive income, net of tax** | | | |
| Item that will not to be reclassified to the statement of profit & loss | 28 | (9.50) | 32.15 |
| Less: Income tax expense on above | | 8.75 | (9.36) |
| **Other comprehensive income for the year [B]** | | **(0.75)** | **22.79** |
| **Total comprehensive income for the year [A+B]** | | **1,866.38** | **2,373.94** |
| **Earnings per equity share (₹)** | 33 | | |
| Basic | | 28.29 | 35.62 |
| Diluted | | 28.29 | 35.62 |
| **Significant accounting policies (Refer Note 2)** | | | |

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

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

G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

A. K. Mittal
Managing Director
(DIN: 00698377)
Place: Mumbai
Date: June 27, 2020

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

## A. EQUITY SHARE CAPITAL

₹ in Lakhs

| | Number of shares | Amount |
|---|---|---|
| **At 31 March 2018** | 6,600,000 | 660.00 |
| Issue of share capital | - | - |
| **At 31 March 2019** | 6,600,000 | 660.00 |
| Issue of share capital | - | - |
| **At 31 March 2020** | **6,600,000** | **660.00** |

## B. OTHER EQUITY

₹ in Lakhs

| Particulars | Reserves and surplus | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve | General reserve | Securities premium | Retained earnings | Actuarial gain/ (loss) on defined benefits obligations | Remeas-urement of equity Instruments | |
| **Balance at March 31, 2018** | **675.00** | **4,960.89** | **3,440.00** | **27,607.24** | **39.24** | **(681.09)** | **36,041.28** |
| Profit for the year | - | - | - | 2,351.15 | - | - | **2,351.15** |
| Other comprehensive income net of tax for the year | - | - | - | - | 22.79 | - | **22.79** |
| Dividend paid | - | - | - | (396.00) | - | - | **(396.00)** |
| Dividend distribution tax | - | - | - | (51.75) | - | - | **(51.75)** |
| **Balance at March 31, 2019** | **675.00** | **4,960.89** | **3,440.00** | **29,510.64** | **62.03** | **(681.09)** | **37,967.47** |
| Profit for the year | - | - | - | 1,867.13 | - | - | **1,867.13** |
| Other comprehensive income net of tax for the year | - | - | - | - | (0.69) | (0.06) | **(0.75)** |
| Dividend paid | - | - | - | (726.00) | - | - | **(726.00)** |
| Dividend distribution tax | - | - | - | (47.39) | - | - | **(47.39)** |
| **Balance at March 31, 2020** | **675.00** | **4,960.89** | **3,440.00** | **30,604.38** | **61.34** | **(681.15)** | **39,060.46** |

**Significant accounting policies (Refer Note 2)**

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As per our report of even date attached

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For and on behalf of the Board of Directors of
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(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Cash flow from/(used in) operating activities** | | |
| Profit before tax | 2,220.22 | 3,158.62 |
| **Adjustment for:** | | |
| Depreciation and amortisation | 352.19 | 123.73 |
| Loss / (Profit) on sale of property, plant and equipment | 61.57 | 6.22 |
| Bad debts | 3.01 | - |
| Impairment on financial instruments | 15.00 | - |
| Liabilities written back | - | (10.00) |
| Interest income on deposits | (0.49) | (0.56) |
| Interest income on loans and others | (20.80) | (24.55) |
| Interest income on investements | (849.34) | (1,553.14) |
| Rental income | (271.12) | (271.12) |
| Dividend income | (491.26) | (151.23) |
| Net gain on fair value changes | (1,376.84) | (3.36) |
| Interest expenses | 998.68 | 1,600.35 |
| **Movement in working capital:** | | |
| Increase/(decrease) in trade payable and other financial liabilities | 383.92 | (14.31) |
| (Increase)/decrease in trade receivables and other financial assets | 248.40 | (368.04) |
| (Increase)/decrease in loans and other financial assets | 75.13 | 65.62 |
| (Increase)/decrease in other assets | 32.04 | (55.80) |
| Increase/(decrease) in provisions | (2.15) | (11.06) |
| Increase/(decrease) in other liabilities | (36.02) | 49.23 |
| **Cash generated from/(used in) operations** | **1,342.14** | **2,540.60** |
| Income tax paid | (438.32) | (977.82) |
| **Cash generated from/(used in) operations [A]** | **903.82** | **1,562.78** |
| | | |
| **Cash flow from/(used in) investing activities** | | |
| Proceeds from sale/(payment for purchases) of investments (net) | 3,246.17 | 11,792.18 |
| Payment for acquisition of property, plant and equipment (including capital advance) | (257.90) | (8.41) |
| Payment for acquisition of intangibles | (7.60) | (10.91) |
| Proceeds from sale of property, plant and equipment | 146.84 | 46.81 |
| Proceeds/(Investments) in fixed deposits | 12.77 | (15.22) |
| Interest received on investements | 902.62 | 1,819.40 |
| Interest received on deposits | 0.47 | 0.46 |
| Interest received on loans and others | 9.31 | 24.55 |
| Dividend income | 491.26 | 151.23 |
| Rent income | 249.48 | 271.12 |
| **Cash generated from investing activities [B]** | **4,793.42** | **14,071.21** |
| | | |
| **Cash flow from/(used in) financing activities** | | |
| Proceeds/(Repayment) of short term borrowings | (3,678.14) | (14,044.76) |
| Repayment of long term borrowings | (1,150.83) | (509.22) |
| Proceeds from long term borrowings | 1,200.00 | 1,000.00 |
| Interest paid | (971.04) | (1,614.53) |
| Dividends paid (including dividend distribution tax) | (773.39) | (447.75) |
| Payment of lease liabilities | (197.14) | - |
| **Cash generated from/(used in) financing activities [C]** | **(5,570.54)** | **(15,616.26)** |
| **Net increase/(decrease) in cash and cash equivalents [A+B+C]** | **126.70** | **17.73** |
| Add: Cash and cash equivalents at the beginning of the year | 113.34 | 95.61 |
| Cash and cash equivalents at the end of the year | 240.04 | 113.34 |

**Reconciliation of liabilities arising from financing activities**

₹ in Lakhs

| Particulars | As at 31-03-2019 | Cash Flows | Transaction cost | Interest accrual | As at 31-03-2020 |
|---|---|---|---|---|---|
| Long-term borrowings | 3,547.14 | 49.17 | (2.34) | - | 3,593.97 |
| Short-term borrowings | 3,737.14 | (3,678.14) | 36.65 | - | 95.65 |
| Lease liabilities | - | (241.80) | 645.65 | 44.66 | 448.51 |
| Interest on above borrowings | - | (971.04) | 22.59 | 948.45 | - |
| **Total liabilities from financing activities** | **7,284.28** | **(4,841.81)** | **702.55** | **993.11** | **4,138.13** |

| Particulars | As at 31-03-2018 | Cash Flows | Transaction cost | Interest accrual | As at 31-03-2019 |
|---|---|---|---|---|---|
| Long-term borrowings | 3,056.20 | 490.78 | 0.16 | - | 3,547.14 |
| Short-term borrowings | 17,761.93 | (14,044.76) | 19.97 | - | 3,737.14 |
| Interest on above borrowings | 34.26 | (1,614.53) | (11.65) | 1,591.92 | - |
| **Total liabilities from financing activities** | **20,852.39** | **(15,168.51)** | **8.48** | **1,591.92** | **7,284.28** |

**Significant accounting policies (Refer Note 2)**

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For and on behalf of the Board of Directors of
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G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

A. K. Mittal
Managing Director
(DIN: 00698377)
Place: Mumbai
Date: June 27, 2020

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 1

## CORPORATE INFORMATION

A. K. Capital Services Limited ("the Company") is a listed Company having its registered office at 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400021 and incorporated on October 05,1993 under the provisions of the Companies Act, 1956. The Company is a SEBI Registered Category I Merchant Banker. The Financial statements are approved for issue by the Company's Board of Directors on June 27, 2020.

## NOTE - 2

## SIGNIFICANT ACCOUNTING POLICIES

### 2.01 Basis of preparation and presentation 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 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 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.

### 2.02 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.

### 2.03 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

### 2.04 Fair value measurement and hierarchy

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 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.

**2.05 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.

**Merchant banking fees**

Revenue from merchant banking fees includes arranger fees, advisory fees, lead manager fees are recognized when the Company satisfies performance obligation. Lead manager fees are recognised over a point of time. The Company measures its progress towards satisfaction of performance obligation based on output method i.e. milestone basis. Revenue from arranger services and advisory services are recognised point in time.

**Brokerage**

Revenue from brokerage is recognised point in time.

**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.

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 Company 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at Fair value through Other Comprehensive Income ("FVTOCI") 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.

### 2.06 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.

### 2.07 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 and 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**2.08 Investment property**

Property that is held for long term rental yield or for capital appreciation or both , and that is not occupied by the 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.

**2.09 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.

**2.10 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.

**2.11 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.

**2.12 Impairment of assets**

**a) Financial assets**

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. The Company applies a simplified approach in calculating Expected Credit Losses (ECLs) on trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

**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.

### 2.13 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.

**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 FVTOCI, 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 (FVTOCI):** 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 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 ('FVTOCI') 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 'other income' in the Statement of Profit and Loss

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**(c) Measured at fair value through profit or loss:**

A financial asset not classified as either amortised cost or FVTOCI, 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 Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

The Company 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 Company has elected to measure such instrument at FVTOCI. Fair value changes excluding dividends, on an equity instrument measured at FVTOCI 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 of asset**

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 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 Company'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.

**(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. 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**2.14 Investments in equity instruments including deemed equity instruments of subsidiaries**

Investments in equity instruments including deemed 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.

**2.15 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.

**2.16 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.

**2.17 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.

**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 lumpsum 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.

**iv) Compensated absences**

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided at the end of year and charged to the Statement of Profit and Loss.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## 2.18 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.

## 2.19 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.

## 2.20 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

## 2.21 Other changes to Ind AS

Following changes of Ind AS have also become applicable from financial year beginning April 01, 2020. However, the adoption of these changes does not have any impact on the financial statements as there are no transactions covered under these amendments:

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

Amendments to Ind AS 28: Long-term interests in associates and joint ventures

Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation

Amendments to Ind AS 111: Joint Arrangements

Amendments to Ind AS 12: Income Taxes

Amendments to Ind AS 23: Borrowing Costs

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **NOTE - 3** | | |
| **(a) CASH AND CASH EQUIVALENTS** | | |
| Cash on hand | 13.86 | 28.54 |
| Balances with banks | 226.18 | 84.80 |
| | **240.04** | **113.34** |
| **(b) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | |
| Balance with banks in unpaid dividend account | 186.99 | 14.30 |
| Fixed deposits with banks* | 2.45 | 15.22 |
| | **189.44** | **29.52** |
| *Lien against guarantee in current year (previous year lein against deposit with Securitisation Trust) | | |
| **NOTE - 4** | | |
| **TRADE RECEIVABLES** | | |
| Trade receivables considered good - unsecured | 29.97 | 284.31 |
| | **29.97** | **284.31** |
| **NOTE - 5** | | |
| **LOANS (AT AMORTISED COST)** | | |
| **(A) Loans** | | |
| (i) Loan to an employee | 49.95 | 50.02 |
| (ii) Loan to securitisation trusts | - | 75.06 |
| **Total (A) - Gross** | **49.95** | **125.08** |
| **Less: Impairment loss allowance** | - | - |
| **Total (A) - Net** | **49.95** | **125.08** |
| **(B)** | | |
| (i) Secured | - | - |
| (ii) Unsecured | 49.95 | 125.08 |
| **Total (B)-Gross** | **49.95** | **125.08** |
| **Less: Impairment loss allowance** | - | - |
| **Total (B) - Net** | **49.95** | **125.08** |
| **(C) Loans in India** | | |
| (i) Public sector | - | - |
| (ii) Others | 49.95 | 125.08 |
| **Total (C) - Gross** | **49.95** | **125.08** |
| **Less: Impairment loss allowance** | - | - |
| **Total (C) - Net** | **49.95** | **125.08** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 6
## INVESTMENTS

₹ in Lakhs

| Particulars | As at 31-03-2020 | | | | | |
|---|---|---|---|---|---|---|
| | Amortised cost | At fair value | | Subtotal | At cost | Total |
| | | Through other comprehensive Income* | Through profit or loss | | | |
| **(I) Debt securities** | **500.58** | **-** | **3,881.16** | **3,881.16** | **-** | **4,381.74** |
| i) Quoted | - | - | 3,881.16 | 3,881.16 | - | 3,881.16 |
| ii) Unquoted | 500.58 | - | - | - | - | 500.58 |
| **(II) Equity instruments** | **-** | **0.46** | **-** | **0.46** | **31,391.63** | **31,392.09** |
| i) Unquoted | | | | | | |
| - in subsidiaries | - | - | - | - | 31,391.63 | 31,391.63 |
| 1,20,00,000 Equity shares of A. K. Stockmart Private Limited of ₹ 10 each | - | - | - | - | 1,200.00 | 1,200.00 |
| 21,00,000 Equity shares of A. K. Capital Corporation Private Limited of ₹ 10 each | - | - | - | - | 210.00 | 210.00 |
| 22,50,000 Equity shares of A. K. Wealth Management Private Limited of ₹ 10 each | - | - | - | - | 225.00 | 225.00 |
| 8,65,000 Equity shares of A.K. Capital (Singapore) PTE. Limited of 1 SGD each | - | - | - | - | 451.39 | 451.39 |
| 2,29,97,490 Equity shares of A. K. Capital Finance Limited of ₹ 10 each | - | - | - | - | 29,305.24 | 29,305.24 |
| **- in other companies** | **-** | **0.46** | **-** | **0.46** | **-** | **0.46** |
| Designated at Fair value through other comprehensive income | | | | | | |
| 4,15,000 Equity Shares of Neesa Leisure Limited of ₹ 10 each* | - | - | - | - | - | - |
| 8,500 Equity shares of Shamken Spinners Limited of ₹ 10 each* | - | - | - | - | - | - |
| 4,600 Equity shares of Intelligroup Advisors Private Limited of ₹ 10 each | - | 0.46 | - | 0.46 | - | 0.46 |
| **(III) Preference instruments** | **-** | **-** | **-** | **-** | **5,050.00** | **5,050.00** |
| i) Unquoted | | | | | | |
| - in subsidiaries | | | | | | |
| 45,00,000 Compulsory Convertible Preference shares of A. K. Capital Finance Limited of Rs 100 each | - | - | - | | 5,050.00 | 5,050.00 |
| **(IV) Units of Venture Capital Fund** | - | **-** | **8.51** | **8.51** | - | **8.51** |
| **Total – Gross (A)** | **500.58** | **0.46** | **3,889.67** | **3,890.13** | **36,441.63** | **40,832.34** |
| (i) Investments outside India | - | - | - | - | 451.39 | 451.39 |
| (ii) Investments in India | 500.58 | 0.46 | 3,889.67 | 3,890.13 | 35,990.24 | 40,380.95 |
| **Total (B)** | **500.58** | **0.46** | **3,889.67** | **3,890.13** | **36,441.63** | **40,832.34** |
| **Less: Allowance for Impairment loss (C)** | **15.00** | **-** | **-** | **-** | **-** | **15.00** |
| **Total – Net D= (A)-(C)** | **485.58** | **0.46** | **3,889.67** | **3,890.13** | **36,441.63** | **40,817.34** |

| Particulars | As at 31-03-2019 | | | | | |
|---|---|---|---|---|---|---|
| | Amortised cost | At fair value | | Subtotal | At cost | Total |
| | | Through other comprehensive Income* | Through profit or loss | | | |
| **(I) Debt securities** | **5,165.51** | **-** | **3,584.61** | **3,584.61** | **-** | **8,750.12** |
| i) Quoted | 4,664.94 | - | 3,584.61 | 3,584.61 | - | 8,249.55 |
| ii) Unquoted | 500.57 | - | - | - | - | 500.57 |
| **(II) Equity instruments** | **-** | **0.86** | **-** | **0.86** | **31,391.63** | **31,392.49** |
| i) Unquoted | | | | | | |
| - in subsidiaries | - | - | - | - | 31,391.63 | 31,391.63 |
| 1,20,00,000 Equity shares of A. K. Stockmart Private Limited of ₹10 each | - | - | - | - | 1,200.00 | 1,200.00 |
| 21,00,000 Equity shares of A. K. Capital Corporation Private Limited of ₹ 10 each | - | - | - | - | 210.00 | 210.00 |
| 22,50,000 Equity shares of A. K. Wealth Management Private Limited of ₹ 10 each | - | - | - | - | 225.00 | 225.00 |
| 8,65,000 Equity shares of A.K. Capital (Singapore) PTE. Limited of 1 SGD each | - | - | - | - | 451.39 | 451.39 |
| 2,29,97,490 Equity shares of A. K. Capital Finance Limited of ₹ 10 each | - | - | - | - | 29,305.24 | 29,305.24 |
| **- in other companies** | **-** | **0.86** | **-** | **0.86** | **-** | **0.86** |
| Designated at Fair value through other comprehensive income | | | | | | |
| 4,15,000 Equity Shares of Neesa Leisure Limited of ₹ 10 each* | - | - | - | - | - | - |
| 8,500 Equity shares of Shamken Spinners Limited of ₹ 10 each* | - | - | - | - | - | - |
| 4,600 Equity shares of Intelligroup Advisors Private Limited of ₹ 10 each | - | 0.46 | - | 0.46 | - | 0.46 |
| 1,000 Equity shares of A. K. Capital Retail Private Limited of ₹ 10 each | - | 0.10 | - | 0.10 | - | 0.10 |
| 3,000 Equity shares of A. K. Commodities Private Limited of ₹ 10 each | - | 0.30 | - | 0.30 | - | 0.30 |
| **(III) Preference instruments** | **-** | **-** | **-** | **-** | **2,550.00** | **2,550.00** |
| i) Unquoted | | | | | | |
| - in subsidiaries | | | | | | |
| 25,00,000 Compulsory Convertible Preference shares of A. K. Capital Finance Limited of ₹ 100 each | - | - | - | - | 2,550.00 | 2,550.00 |
| **(IV) Units of Venture Capital Fund** | - | **-** | **9.12** | **9.12** | - | **9.12** |
| **Total – Gross (A)** | **5,165.51** | **0.86** | **3,593.73** | **3,594.59** | **33,941.63** | **42,701.73** |
| (i) Investments outside India | - | - | - | - | 451.39 | 451.39 |
| (ii) Investments in India | 5,165.51 | 0.86 | 3,593.73 | 3,594.59 | 33,490.24 | 42,250.34 |
| **Total (B)** | **5,165.51** | **0.86** | **3,593.73** | **3,594.59** | **33,941.63** | **42,701.73** |
| **Less: Allowance for Impairment loss (C)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total – Net D= (A)-(C)** | **5,165.51** | **0.86** | **3,593.73** | **3,594.59** | **33,941.63** | **42,701.73** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| NOTE - 7 OTHER FINANCIAL ASSETS (AT AMORTISED COST) | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| (i) Deposits | | |
| - Earnest money deposits | 16.55 | 38.45 |
| - Rental deposits | | |
| i) with relatives and directors | 40.60 | 67.60 |
| ii) with others | 88.85 | 93.48 |
| - Security deposits for utilities | 4.61 | 4.63 |
| (ii) Interest accrued but not due on investments / deposits | 21.57 | 74.83 |
| (iii) Other receivables | 164.79 | 306.71 |
| | **336.97** | **585.70** |

₹ in Lakhs

| NOTE - 8 INVESTMENT PROPERTY | Building | Total |
|---|---|---|
| **Gross block** | | |
| **As at 31 March 2018** | 2,939.63 | 2,939.63 |
| Additions | - | - |
| Disposals | - | - |
| **As at 31 March 2019** | **2,939.63** | **2,939.63** |
| Additions | - | - |
| Disposals | - | - |
| **As at 31 March 2020** | **2,939.63** | **2,939.63** |
| **Accumulated depreciation** | | |
| **As at 31 March 2018** | 57.38 | 57.38 |
| Additions | 57.38 | 57.38 |
| Disposals | - | - |
| **As at 31 March 2019** | **114.76** | **114.76** |
| Additions | 57.54 | 57.54 |
| Disposals | - | - |
| **As at 31 March 2020** | **172.30** | **172.30** |
| **Net block** | | |
| **As at 31 March 2019** | **2,824.87** | **2,824.87** |
| **As at 31 March 2020** | **2,767.33** | **2,767.33** |

## 8.a RECONCILIATION OF CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTY:

The fair value of the Company's investment properties as at March 31, 2019 was arrived on the basis of valuation carried out by an external independent valuer registered with the authority which governs the valuer in India. However, for the year ended March 31, 2020, the management has considered the input based on prevailing average market rate of the nearby similar properties. 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. Since the fair value of the properties is determined by the management for the year ended March 31, 2020, the management has considered to give the sensitivity analysis for the value of the properties due to COVID-19 pandemic.

Sensitivity Level (a hypothetical increase / (decrease) by) 10% would result in increase / (decrease) in fair value by ₹ 486.15 Lakhs.

₹ in Lakhs

| Particulars | Building | Total |
|---|---|---|
| **As at 31 March 2018** | 4,472.53 | 4,472.53 |
| Changes in the fair value | - | - |
| **As at 31 March 2019** | **4,472.53** | **4,472.53** |
| Changes in the fair value | 388.92 | 388.92 |
| **As at 31 March 2020** | **4,861.45** | **4,861.45** |

## 8.b INCOME AND EXPENDITURE OF INVESTMENT PROPERTY

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Rental income derived from investment property | 271.12 | 271.12 |
| Direct operating expenses (including repairs & maintenance) generating rental income | 102.84 | 23.34 |
| Direct operating expenses (including repairs & maintenance) that did not generate rental income | - | - |
| Profit arising from investment property before depreciation and indirect expenses | 168.28 | 247.78 |
| Less: Depreciation | 57.54 | 57.38 |
| Profit arising from investment property before indirect expenses | **110.74** | **190.40** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 9
## PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

| Particulars | Plant and machinery | Computers | Furniture and fixtures | Office equipments | Office building | Vehicles | Building Right-of-use (Refer note 35) | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | | |
| **As at 31 March 2018** | 0.23 | 23.33 | 36.52 | 10.31 | 460.71 | 214.04 | - | 745.14 |
| Additions | - | 3.25 | 1.33 | 3.83 | - | - | - | 8.41 |
| Disposals | - | - | - | (0.21) | - | (83.81) | - | (84.02) |
| **As at 31 March 2019** | **0.23** | **26.58** | **37.85** | **13.93** | **460.71** | **130.23** | **-** | **669.53** |
| Additions | - | 84.29 | 2.34 | 2.79 | 168.48 | - | 682.85 | 940.75 |
| Disposals | - | - | - | - | (214.46) | (35.19) | - | (249.65) |
| **As at 31 March 2020** | **0.23** | **110.87** | **40.19** | **16.72** | **414.73** | **95.04** | **682.85** | **1,360.63** |
| **Accumulated depreciation** | | | | | | | | |
| **As at 31 March 2018** | 0.06 | 4.43 | 16.58 | 3.75 | 8.41 | 32.04 | - | 65.27 |
| Additions | 0.17 | 9.34 | 9.68 | 2.72 | 8.05 | 32.08 | - | 62.04 |
| Disposals | - | - | - | (0.03) | - | (30.96) | - | (30.99) |
| **As at 31 March 2019** | **0.23** | **13.77** | **26.26** | **6.44** | **16.46** | **33.16** | **-** | **96.32** |
| Additions | - | 19.72 | 4.26 | 2.37 | 9.88 | 25.38 | 225.77 | 287.38 |
| Disposals | - | - | - | - | (9.34) | (31.90) | - | (41.24) |
| **As at 31 March 2020** | **0.23** | **33.49** | **30.52** | **8.81** | **17.00** | **26.64** | **225.77** | **342.46** |
| **Net block** | | | | | | | | |
| **As at 31 March 2019** | **-** | **12.81** | **11.59** | **7.49** | **444.25** | **97.07** | **-** | **573.21** |
| **As at 31 March 2020** | **-** | **77.38** | **9.67** | **7.91** | **397.73** | **68.40** | **457.08** | **1,018.17** |

Vehicles include vehicles hypothecated against loan taken having net block of ₹ 68.40 Lakhs (as at March 31, 2019 ₹ 80.31 Lakhs).

## NOTE - 10
## INTANGIBLE ASSETS

₹ in Lakhs

| | Software | Total |
|---|---|---|
| **Gross block** | | |
| **As at 31 March 2018** | 6.60 | 6.60 |
| Additions | 10.91 | 10.91 |
| Disposals | - | - |
| **As at 31 March 2019** | **17.51** | **17.51** |
| Additions | 7.60 | 7.60 |
| Disposals | - | - |
| **As at 31 March 2020** | **25.11** | **25.11** |
| **Accumulated amortisation** | | |
| **As at 31 March 2018** | 1.99 | 1.99 |
| Additions | 4.31 | 4.31 |
| Disposals | - | - |
| **As at 31 March 2019** | **6.30** | **6.30** |
| Additions | 7.27 | 7.27 |
| Disposals | - | - |
| **As at 31 March 2020** | **13.57** | **13.57** |
| **Net block** | | |
| **As at 31 March 2019** | **11.21** | **11.21** |
| **As at 31 March 2020** | **11.54** | **11.54** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 11
## OTHER NON-FINANCIAL ASSETS

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Other advances | 2.83 | 5.14 |
| Prepaid expenses | 20.46 | 22.32 |
| Balance with government authorities | 17.21 | 10.77 |
| | **40.50** | **38.23** |

## NOTE - 12
## TRADE PAYABLES

| | | |
|---|---|---|
| (i) Total outstanding dues of micro enterprises and small enterprises* | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises & small enterprises | 389.76 | 151.10 |
| | **389.76** | **151.10** |

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 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| (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 | - | - |

## NOTE - 13
## BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

₹ in Lakhs

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **(a)Term loans** | | |
| (i) from banks* | 3,553.99 | 3,494.81 |
| **(b) Loans repayable on demand** | | |
| (i) from banks** | 95.65 | 3,737.14 |
| **(c) Other loans** | | |
| (i) vehicle loans*** | 39.98 | 52.33 |
| **Total (A)** | **3,689.62** | **7,284.28** |
| Borrowings in India | 3,689.62 | 7,284.28 |
| Borrowings outside India | - | - |
| **Total (B)** | **3,689.62** | **7,284.28** |
| Secured | 3,689.62 | 7,284.28 |
| Unsecured | - | - |
| **Total (C)** | **3,689.62** | **7,284.28** |

* Term loan from bank is secured against mortgage of the Company's immovable property together with all structures and appurtenances thereon held by the Company situated at 8th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021. The loans amount are repayable in the range of 20-48 monthly / quarterly installments.

** Loan repayable on demand from bank is secured against pledge/lien on government securities and other debt securities.

*** Vehicle loans from banks are repayable in 60 equated monthly instalments along with interest from the date of loan. The loans are secured by hypothecation of motor vehicle purchased there against.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| NOTE - 14<br>DEPOSITS (AT AMORTISED COST) | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Rental deposits from others (Unsecured) | 267.37 | 245.30 |
| **Total** | **267.37** | **245.30** |

| NOTE - 15<br>OTHER FINANCIAL LIABILITIES | | |
|---|---|---|
| Employee dues | 114.39 | 141.82 |
| Lease liabilities | 448.51 | - |
| Unpaid dividends* | 186.99 | 14.30 |
| Deferred lease income | 10.85 | 32.49 |
| | **760.74** | **188.61** |

* During the year ended March 31, 2020, ₹ 1.52 Lakhs ( Previous year ₹ 1.48 Lakhs) has been credited into Investor Education and Protection Fund under Section 124 of the Companies Act, 2013.

| NOTE - 16<br>PROVISIONS | | |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity (refer note 32) | 166.26 | 146.20 |
| Leave encashment | - | 12.77 |
| | **166.26** | **158.97** |

| NOTE - 17<br>DEFERRED TAX LIABILITIES/ (ASSETS) (NET) | | |
|---|---|---|
| **Deferred tax liabilities** | | |
| **On the account of** | | |
| Depreciation | 375.25 | 453.64 |
| **Less: Deferred tax assets:** | | |
| Expenses allowable on payment basis (gratuity) | (41.84) | (33.22) |
| Disallowance of share issue expenses | (4.78) | (11.07) |
| Right-of-use and lease liabilities | (2.16) | - |
| Fair value gain / (loss) on investments | (16.43) | (2.42) |
| Impairment on financial instruments | (3.78) | - |
| **Deferred tax liabilities / (assets) (net)** | **306.26** | **406.93** |

| NOTE - 18<br>OTHER NON-FINANCIAL LIABILITIES | | |
|---|---|---|
| Statutory dues | 123.22 | 159.24 |
| | **123.22** | **159.24** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 19
## (a) SHARE CAPITAL
### Equity share capital

₹ in Lakhs

| Particulars | As at 31-03-2020 | | As at 31-03-2019 | |
|---|---|---|---|---|
| | Numbers of shares | Amount | Numbers of shares | Amount |
| **Authorized:** | | | | |
| Equity shares of ₹ 10 each | 33,000,000 | 3,300.00 | 33,000,000 | 3,300.00 |
| Preference shares of ₹ 100 each | 10,200,000 | 10,200.00 | 10,200,000 | 10,200.00 |
| **Total** | | **13,500.00** | | **13,500.00** |
| **Issued, subscribed and paid-up:** | | | | |
| Equity shares of ₹ 10 each fully paid up | 6,600,000 | 660.00 | 6,600,000 | 660.00 |
| **Total** | | **660.00** | | **660.00** |

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each holder of equity share(s) is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders 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.

**Details of shareholders holding more than 5% equity shares in the Company :**

| Name of the shareholder | As at 31-03-2020 | | As at 31-03-2019 | |
|---|---|---|---|---|
| | Numbers of shares | Percentage of shareholding | Numbers of shares | Percentage of shareholding |
| Family Home Consultancy Services Private Limited | 3,210,873 | 48.65% | 3,002,024 | 45.49% |
| A. K. Mittal | 1,036,108 | 15.70% | 689,965 | 10.45% |
| A. M. Credit Analysis and Research LLP | 371,000 | 5.62% | 371,000 | 5.62% |

**The reconciliation of the number of shares outstanding at the beginning and end of the year:**

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Shares at the beginning of the year | 6,600,000 | 6,600,000 |
| Add :Shares issued during the year | - | - |
| **Shares at the end of the year** | **6,600,000** | **6,600,000** |

₹ in Lakhs

## (b) OTHER EQUITY

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Capital reserve** | | |
| At the beginning of the year | 675.00 | 675.00 |
| Add: Additions during the year | - | - |
| **At the close of the year** | **675.00** | **675.00** |
| **Securities premium** | | |
| Opening balance | 3,440.00 | 3,440.00 |
| Add: Additions during the year | - | - |
| **At the close of the year** | **3,440.00** | **3,440.00** |
| **General reserve** | | |
| Opening balance | 4,960.89 | 4,960.89 |
| Add: Additions during the year | - | - |
| **At the close of the year** | **4,960.89** | **4,960.89** |
| **Retained earnings** | | |
| Opening balance | 29,510.64 | 27,607.24 |
| Add: Profit for the year | 1,867.13 | 2,351.15 |
| **Profit available for appropriation** | **31,377.77** | **29,958.39** |
| Less: Dividend paid* | 726.00 | 396.00 |
| Less: Dividend distribution tax* | 47.39 | 51.75 |
| **Closing balance of retained earnings** | **30,604.38** | **29,510.64** |
| **Other comprehensive income** | | |
| Opening balance | **(619.06)** | **(641.85)** |
| Add: Other comprehensive income for the year | (0.75) | 22.79 |
| **Closing balance of other comprehensive income** | (619.81) | (619.06) |
| **Total** | **39,060.46** | **37,967.47** |

* During the year 2019-20, the Board of Directors of the Company had paid a final dividend of ₹ 6 per equity share (previous year ₹ 6 per equity share pertaining to financial year ended March 31, 2018) having face value of ₹10 each for the year ended March 31, 2019. The same is approved by the shareholders of the Company in the annual general meeting held on September 28, 2019 (previous year's annual general meeting held on September 22, 2018). The total cash outflow of ₹ 415.46 Lakhs (previous year 447.75 Lakhs), including corporate dividend tax.

* During the year 2019-20, the Board of Directors of the Company had paid interim dividend of ₹ 5 per equity share having face value of ₹10 each for the year ended March 31, 2020. The total cash outflow of ₹ 357.93 Lakhs, including corporate dividend tax.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 20
## SALE OF SERVICES

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Merchant banking fees | 3,274.31 | 6,411.69 |
| Brokerage income | 40.53 | 47.05 |
| | **3,314.84** | **6,458.74** |

## NOTE - 21
## NET GAIN ON FAIR VALUE CHANGES

| | | |
|---|---|---|
| Net gain/(loss) on investments at fair value through profit and loss | | |
| - Realised | 1,430.15 | 10.35 |
| - Unrealised | (53.37) | 3.36 |
| | **1,376.78** | **13.71** |
| Additional Information : | | |
| Profit on sale of Investments (actual) (A) | 1,433.66 | 278.10 |
| Net gain/(loss) on investments due to fair value change (B) | | |
| - Realised | (3.51) | (267.75) |
| - Unrealised | (53.37) | 3.36 |
| | **(56.88)** | **(264.39)** |
| **Total (A+B)** | **1,376.78** | **13.71** |

## NOTE - 22
## INTEREST INCOME

₹ in Lakhs

| Particulars | Current Year 2019-2020 | | Previous Year 2018-2019 | |
|---|---|---|---|---|
| | On financial assets measured at amortised cost | Interest income on securities classified at fair value through profit or loss | On financial assets measured at amortised cost | Interest income on securities classified at fair value through profit or loss |
| Interest income from investments | 70.00 | 779.34 | 375.95 | 1,177.19 |
| Interest on deposits with banks | 0.49 | - | 0.56 | - |
| Interest income on loans | 8.35 | - | 17.60 | - |
| Other interest incomes | 12.45 | - | 6.95 | - |
| | **91.29** | **779.34** | **401.06** | **1,177.19** |

₹ in Lakhs

## NOTE - 23
## OTHER INCOME

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Liabilities written back | - | 10.00 |
| Interest on income tax refund | 8.92 | - |
| Miscellaneous incomes | 0.70 | 9.11 |
| | **9.62** | **19.11** |

## NOTE - 24
## FINANCE COSTS (AT AMORTISED COST)

| | | |
|---|---|---|
| Interest on borrowings | 926.37 | 1,571.67 |
| Interest on income tax | 5.57 | 8.43 |
| Unwinding interest cost | 66.74 | 20.25 |
| | **998.68** | **1,600.35** |

## NOTE - 25
## EMPLOYEE BENEFITS EXPENSES

| | | |
|---|---|---|
| Salaries and wages | 1,406.75 | 1,561.85 |
| Gratuity | 26.33 | 28.95 |
| Contribution to provident and other funds | 9.87 | 11.42 |
| Staff welfare expenses | 17.40 | 15.78 |
| | **1,460.35** | **1,618.00** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 26
## OTHER EXPENSES

₹ in Lakhs

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Rent, taxes and energy costs | 120.89 | 268.47 |
| Repairs and maintenance | 37.67 | 34.48 |
| Software expenses | 62.25 | 2.05 |
| Printing and stationery | 7.61 | 9.63 |
| Selling expenses | 473.15 | 1,174.75 |
| Advertisement and publicity | 13.98 | 25.68 |
| Auditor's remuneration | | |
| - for audit fees | 3.00 | 3.00 |
| - for tax audit fees | 0.60 | 0.60 |
| - for other services | 2.97 | 1.59 |
| Legal and professional charges | 91.94 | 125.52 |
| Travelling expense | 103.25 | 143.43 |
| Bad debts | 3.01 | - |
| Loss on sale of property, plant and equipment | 61.57 | 6.22 |
| Corporate social responsibilities (Refer note no.31) | 148.75 | 26.50 |
| Directors' sitting fees | 4.50 | 4.05 |
| Communication cost | 27.83 | 28.68 |
| Insurance expenses | 11.02 | 11.06 |
| Miscellaneous expenses | 113.82 | 125.75 |
| | **1,287.81** | **1,991.46** |

## NOTE - 27
## CONTINGENT LIABILITIES AND COMMITMENTS

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Corporate guarantee given to a bank in respect of working capital facility and cash credit facility taken by a subsidiary company | 27,500.00 | 27,500.00 |
| **Total** | **27,500.00** | **27,500.00** |

There are no commitments as at March 31, 2020 and March 31, 2019.

## NOTE - 28
## OTHER COMPREHENSIVE INCOME

| | | |
|---|---|---|
| **Items that will not be reclassified to profit or loss** | | |
| a. Remeasurement of defined benefit obligation | (9.44) | (32.15) |
| b. Equity instruments through other comprehensive income | (0.06) | - |
| **Total** | **(9.50)** | **(32.15)** |

## NOTE - 29
## SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108, the Company operates in a single operating segment i.e. "Providing Merchant Banking Services" within India. Accordingly, no separate disclosure is required. The Board of Directors of the Company are collectively the Chief Operating Decision Makers (CODMs) of the Company.

## NOTE - 30
## 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

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Sale of services (Merchant banking fees)** | | |
| Arranger and advisory fees | 3,102.47 | 6,157.59 |
| Lead manager fees | 171.84 | 254.10 |
| Brokerage income | 40.53 | 47.05 |
| **Total revenue from contracts with the customers** | **3,314.84** | **6,458.74** |
| **Geographical markets** | | |
| -India | 3,314.84 | 6,458.74 |
| -Outside India | - | - |
| **Total revenue from contracts with the customers** | **3,314.84** | **6,458.74** |
| **Relation with customer** | | |
| -Non related party | **3,314.84** | **6,458.74** |
| -Related Party | - | - |
| **Total revenue from contracts with the customers** | **3,314.84** | **6,458.74** |
| **Timing of revenue recognition** | | |
| -Service transferred over a period of time | 171.84 | 254.10 |
| -Service transferred over a point in time | 3,143.00 | 6,204.64 |
| **Total revenue from contracts with the customers** | **3,314.84** | **6,458.74** |

Geographical revenue is allocated based on the location of the services.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 31
## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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, setting up homes and ensuring environmental sustainability.

₹ in Lakhs

| Particulars | | | Amount |
|---|---|---|---|
| Gross amount required to be spent by the Company during the year (including previous years' shortfall of ₹ 97.41) | | | 165.59 |
| **Amount spent during the year** | **Yet to be paid in Cash** | **In Cash** | **Total** |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) Donation for promoting education | - | - | - |
| (iii) Donation for promoting preventive health care and sanitation | - | - | - |
| (iv) Donation for empowering woman and setting up homes | - | - | - |
| (v) Contribution to any fund set up by the Central Government for socio-economic development and relief qualifies | - | 148.75 | 148.75 |
| **Short fall in CSR expenditure** | | | **16.84** |

## NOTE - 32
## EMPLOYEE BENEFIT OBLIGATION

**A. Defined contribution plan**

Contribution to defined contribution plan , recognised as expense for the year is as under :

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Employer's contribution to provident fund | 9.87 | 11.42 |

**B. Defined benefit plan**

The Company has an unfunded defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **(a) Statement of profit and loss** | | |
| **Net employee benefit expense recognised in the employee cost** | | |
| Current service cost | 15.14 | 14.40 |
| Past service cost | - | - |
| Interest cost on defined benefit obligation | 11.19 | 14.55 |
| (Gain) / losses on settlement | - | - |
| **Total expense charged to profit & loss account (included in salaries, wages & incentives) (A)** | **26.33** | **28.95** |
| **(b) Amount recorded in Other Comprehensive Income (OCI)** | | |
| **Opening amount recognised in OCI outside profit and loss account** | | |
| **Remeasurement during the period due to :** | | |
| Actuarial loss / (gain) arising from change in financial assumptions | 21.15 | 17.20 |
| Actuarial loss / (gain) arising from change in demographical assumptions | (0.13) | - |
| Actuarial loss / (gain) arising on account of experience changes | (11.58) | (49.35) |
| **Amount recognised in OCI (B)** | **9.44** | **(32.15)** |
| **Gratuity expense recognised in the statement of profit and loss and OCI (A+B)** | **35.77** | **(3.20)** |
| **(c) Reconciliation of net liability / (asset)** | | |
| Opening defined benefit liability / (assets) | 146.20 | 188.03 |
| Expense charged to profit & loss account | 26.33 | 28.95 |
| Amount recognised in outside profit and loss account | 9.44 | (32.15) |
| Benefit paid/ payable | (15.71) | (38.63) |
| **Closing net defined benefit liability / (asset)** | **166.26** | **146.20** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 32
## EMPLOYEE BENEFIT OBLIGATION (CONTD.)

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **(d) Movement in benefit obligation and balance sheet** | | |
| Opening defined benefit obligation | 146.20 | 188.03 |
| Current service cost | 15.14 | 14.40 |
| Past service cost | - | - |
| Interest on defined benefit obligation | 11.19 | 14.55 |
| **Remeasurement during the period due to :** | | |
| Actuarial loss / (gain) arising from change in financial assumptions | 21.15 | 17.20 |
| Actuarial loss / (gain) arising from change in demographical assumptions | (0.13) | - |
| Actuarial loss / (gain) arising on account of experience changes | (11.58) | (49.35) |
| Benefit paid/ payable | (15.71) | (38.63) |
| **Closing defined benefit obligation [liability/(asset)] recognised in balancesheet** | **166.26** | **146.20** |
| **(e) The principal assumptions used in determining gratuity benefit obligation for the company's plans are shown below:** | | |
| Discount rate | 6.91% | 7.65% |
| Salary escalation rate (p.a.) | 5.00% | 5.00% |
| Withdrawal rate | | |
| Upto 30 years | 30.00% | 30.00% |
| From 31 to 44 years | 21.00% | 20.00% |
| Above 45 years | 30.00% | 20.00% |
| Mortality pre-retirement | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2006-08) |
| **(f) A quantitative analysis for significant assumption is as shown below:** | | |
| **Indian gratuity plan:** | | |
| **Assumptions -Discount rate** | | |
| Sensitivity Level (a hypothetical increase / (decrease) by) | 0.50% | 0.50% |
| Impact on defined benefit obligation -increase of sensitivity level | (2.86) | (32.48) |
| Impact on defined benefit obligation -decrease of sensitivity level | 2.96 | 139.71 |
| **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 | 3.00 | 39.71 |
| Impact on defined benefit obligation-decrease of sensitivity level | (2.93) | (32.38) |

The following payments are expected contributions to the defined benefit plant in future years.

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Within 1-2 year | 54.38 | 35.29 |
| 2-3 year | 62.17 | 26.68 |
| 3-4 year | 70.86 | 43.73 |
| 5-6 year | 78.78 | 47.26 |
| 6-7 year | 89.12 | 56.14 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.12 years (March 31, 2019 - 13.52 years)

## NOTE - 33
## EARNINGS PER SHARE

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Profit for the year as per statement of profit and loss ( ₹ in Lakhs) | 1,867.13 | 2,351.15 |
| Weighted average number of equity shares outstanding during the year for basic and diluted earnings per share (₹) | 6,600,000 | 6,600,000 |
| Basic and diluted earnings per share (₹) | 28.29 | 35.62 |
| Nominal value of share (₹) | 10.00 | 10.00 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 34
## Related party disclosure

**I Related party relationships:**

**Key managerial personnel**

Mr. A. K. Mittal- Managing Director
Mr. Vikas Jain - Whole Time Director
Mr. Ashish Agarwal - Whole Time Director
Mr. Mahesh Bhootra - Chief Financial Officer
Mr. Tejas Davda - Company Secretary
Mr. Subhash Chandra Bhargava - Independent Director
Mr. Subhash Chander Madan - Independent Director
Mr. Khimji Shamji Pandav - Independent Director (Appointed w.e.f. 11th August, 2018)

**Subsidiaries**

A. K. Stockmart Private Limited (wholly owned)
A. K. Wealth Management Private Limited (wholly owned)
A. K. Capital Corporation Private Limited (wholly owned)
A. K. Capital (Singapore) PTE Limited (wholly owned)
A. K. Capital Finance Limited
Family Home Finance Private Limited (step down subsidiary)

**Relative of key management personnel**

Mrs. Anshu
Mr. Abhinav Kumar Mittal
Mrs. Aditi Mittal (Non-executive women Director)

**Enterprise controlled by key management personnel**

A. K. Services Private Limited
India Bond Private Limited

**Enterprise in which key management personnel is having significant influence**

M Square Automobile 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 relatives.

**II Details of related party transactions are as follows:**

₹ in Lakhs

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Key managerial remuneration *** | | |
| Short term benefits ( including perquisites) | 366.37 | 498.22 |
| Directors' sitting fees | 4.50 | 4.05 |
| **Brokerage expense** | | |
| A. K. Stockmart Private Limited | 13.01 | 5.24 |
| **Software expenses** | | |
| India Bond Private Limited | 60.00 | - |
| **Dividend received** | | |
| A. K. Capital Finance Limited | 491.26 | 151.23 |
| **Demat charges** | | |
| A. K. Stockmart Private Limited | 0.17 | 0.22 |
| **Purchase of Office and building** | | |
| Abhinav Kumar Mittal | 156.00 | - |
| **Repairs and maintenance charges** | | |
| M Square Automobile Private Limited | 2.90 | 2.63 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**NOTE - 34**

**Related party disclosure (CONTD.)**

₹ in Lakhs

| II Details of related party transactions are as follows: | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Rent expense** | | |
| A. K. Mittal | 28.80 | 33.64 |
| Anshu | - | 16.84 |
| Abhinav Kumar Mittal | 14.58 | 21.70 |
| **Rent Deposit received Back** | | |
| Abhinav Kumar Mittal | 17.12 | - |
| Anshu | - | 24.50 |
| A. K. Mittal | - | 14.50 |
| **Purchase/Subscription of investments (excluding accrued interest)** | | |
| A. K. Capital Finance Limited | 28,145.02 | - |
| A. K. Stockmart Private Limited | 4,550.00 | - |
| A. K. Services Private Limited | 2,740.00 | - |
| A. K. Mittal | 1,250.00 | - |
| A. K. Capital (Singapore) PTE. Limited | - | 105.20 |
| **Sale of investments (excluding accrued interest)** | | |
| A. K. Capital Finance Limited | 45,541.45 | - |
| A. K. Stockmart Private Limited | 1,499.72 | - |
| A. K. Services Private Limited | - | 292.50 |
| **Interest expenses** | | |
| A. K. Services Private Limited | 0.26 | 1.21 |
| **Interest Income on Investment in non convertible debentures** | | |
| A. K. Capital Finance Limited | - | 2.00 |
| **Loan taken during the year** | | |
| A. K. Services Private Limited | 5,050.00 | 1,000.00 |
| **Loan repaid during the year** | | |
| A. K. Services Private Limited | 5,050.00 | 1,000.00 |
| **Investment in non convertible debentures** | | |
| A. K. Capital Finance Limited (Including accrued interest of ₹ 0.43 Lakhs) | - | 500.43 |

₹ in Lakhs

| III Balances with related parties: | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Balance payable** | | |
| A. K. Stockmart Private Limited | - | 0.01 |
| **Balance receivable** | | |
| A. K. Stockmart Private Limited | 164.79 | - |
| **Rent deposit given outstanding as at year end** | | |
| A. K. Mittal | 48.00 | 48.00 |
| Abhinav Kumar Mittal | 2.50 | 19.62 |
| **Corporate guarantee given to a bank in respect of working capital demand loan taken by a subsidiary company** | | |
| A. K. Capital Finance Limited | 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 Company based on the actuarial valuation carried out by Independent Actuary.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 35

## LEASES

**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 12 to 52 months. The Company has contracts which have fixed rentals.

**Transition**

From April 01, 2019, the Indian Accounting Standard i.e. IND-AS 116 "Leases" became effective, the Company has adopted the standard with modified retrospective approach as per Para C8 (c) (ii) of IND AS 116 and recognised asset in the form of "Right of use asset", (representing its right of use the leased asset over the lease term) and also liability towards the present value of the balance of future lease payments for the leases.

**The following is the summary of practical expedients elected on initial application:**

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS116 is applied only to contracts that were previously identified as leases under Ind AS 17.

**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 March 31, 2020:**

₹ in Lakhs

| Particulars | Building Right-of-use |
|---|---|
| Reclassified on account of adoption of Ind AS 116 | 682.85 |
| Deduction on account of termination of lease | - |
| **Closing gross block value of account on adoption of Ind AS 116** | **682.85** |
| Depreciation charged for the year | 225.77 |
| Deduction on account of termination of lease | - |
| **Closing accumulated depreciation of account on adoption of Ind AS 116** | **225.77** |
| **Closing net block value as at March 31, 2020** | **457.08** |

Carrying value of lease liabilities is disclosed under note 15 - other financial liabilities at ₹ 448.51 Lakhs as at March 31, 2020.

The following is the movement in lease liabilities during the year ended March 31, 2020

₹ in Lakhs

| Particulars | Current Year 2019-2020 |
|---|---|
| **Balance at the beginning of the year** | - |
| Additions | 645.65 |
| Finance cost accrued during the year | 44.66 |
| Deletions | - |
| Payment of lease liabilities | (241.80) |
| **Balance at the end of the year** | **448.51** |

In the statement of profit and loss for the year ended March 31, 2020, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right of use asset and finance cost for interest accrued on lease liability. To this extent performance for the year ended March 31, 2020 is not comparable with previous year.

₹ in Lakhs

| Adjustments to Increase/ (decrease) in net profit | Current Year 2019-2020 comparable basis | Changes due to IND AS 116 Increase / (decrease) | Current Year 2019-2020 as reported |
|---|---|---|---|
| Other expense | 1,529.61 | (241.80) | 1,287.81 |
| Finance costs | 954.02 | 44.66 | 998.68 |
| Depreciation and amortisation expense | 126.42 | 225.77 | 352.19 |
| Profit before tax | 2,248.85 | (28.63) | 2,220.22 |

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the Company's financial statements for year ended March 31, 2020.

**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 31-03-2020 |
|---|---|
| Not later than one year | 259.04 |
| Later than one year and not later than five years | 226.97 |
| 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 2019-2020 is ₹ 241.80 Lakhs

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**II Where the Company is lessor:**

The future minimum lease payments receivable as per the lease agreements are as follows:

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Not later than one year | 261.95 | 249.48 |
| Later than one year and not later than five years | - | 261.95 |
| Later than five years | - | - |

The amount of minimum lease income with respect to operating lease recognised in the statement of profit and loss for the year is ₹ 271.12 (previous year ₹ 271.12)

## NOTE - 36

## 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 March 31, 2020 were as follows:**

₹ in Lakhs

| Particulars | At Amortised cost | At fair value through profit and loss | At fair value through OCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | 240.04 | - | - | 240.04 | 240.04 |
| Bank balances other than above | 189.44 | - | - | 189.44 | 189.44 |
| Trade receivables | 29.97 | - | - | 29.97 | 29.97 |
| Loans | 49.95 | - | - | 49.95 | 49.95 |
| Investments | 485.58 | 3,889.67 | 0.46 | 4,375.71 | 4,424.23 |
| Other financial assets | 315.40 | 21.57 | - | 336.97 | 336.97 |
| **Total** | **1,310.38** | **3,911.24** | **0.46** | **5,222.08** | **5,270.60** |
| **Liabilities:** | | | | | |
| Trade payables | 389.76 | - | - | 389.76 | 389.76 |
| Borrowings (other then debt securities) | 3,689.62 | - | - | 3,689.62 | 3,694.33 |
| Deposits | 267.37 | - | - | 267.37 | 267.37 |
| Other financial liabilities | 760.74 | - | - | 760.74 | 760.74 |
| **Total** | **5,107.49** | **-** | **-** | **5,107.49** | **5,112.20** |

**The carrying value and fair value of financial instrument by categories as of March 31, 2019 were as follows:**

₹ in Lakhs

| Particulars | At Amortised cost | At fair value through profit and loss | At fair value through OCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | 113.34 | - | - | 113.34 | 113.34 |
| Bank balances other than above | 29.52 | - | - | 29.52 | 29.52 |
| Trade receivables | 284.31 | - | - | 284.31 | 284.31 |
| Loans | 125.08 | - | - | 125.08 | 125.08 |
| Investments | 5,165.51 | 3,593.73 | 0.86 | 8,760.10 | 8,975.61 |
| Other financial assets | 510.87 | 74.83 | - | 585.70 | 585.70 |
| **Total** | **6,228.63** | **3,668.56** | **0.86** | **9,898.05** | **10,113.56** |
| **Liabilities:** | | | | | |
| Trade payables | 151.10 | - | - | 151.10 | 151.10 |
| Borrowings (other then debt securities) | 7,284.28 | - | - | 7,284.28 | 7,293.72 |
| Deposits | 245.30 | - | - | 245.30 | 245.30 |
| Other financial liabilities | 188.61 | - | - | 188.61 | 188.61 |
| **Total** | **7,869.29** | **-** | **-** | **7,869.29** | **7,878.73** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 37
## 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 investments.

**Credit risk**

**Revenue / Trade receivable**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is from trade receivables amounting to ₹ 29.97 Lakhs and ₹ 284.31 Lakhs as at March 31, 2020 and March 31, 2019. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal cause of business.

The Company applies a simplified approach in calculating Expected Credit Losses (ECLs) on trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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. Based on the provision matrix, no provision is required to be made at the respective reporting date.

The Company have provided details of revenue from single largest customer, revenue from top 5 customer and ageing of trade receivables below:

**(a) The following table gives details in respect of revenues generated from top customer and top 5 customers:**

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Revenue from top customer | 475.00 | 1,727.00 |
| Revenue from top 5 customers | 1,885.16 | 4,772.43 |

**(b) Ageing analysis of the age of trade receivable amounts that are not due as at the end of reporting year:**

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Within credit days | 17.60 | 271.37 |

**(c) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:**

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Trade receivables:** | | |
| Less than 90 days | 12.37 | 11.73 |
| 91 to 180 days | - | 1.21 |
| 181 to 270 days | - | - |
| **Total** | **12.37** | **12.94** |

**Balances with banks and other financial assets:**

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**Investments in debt securities measured at amortised cost**

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 characteristic 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.

**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. The following table analyse the breakdown of the financial assets and liabilities by type of interest rate:

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Financial assets** | | |
| **Interest bearing** | | |
| - fixed interest rate | | |
| Loans | 49.95 | 125.08 |
| Bank balances other than cash and cash equivalents | 2.45 | 15.22 |
| Investments | 4,396.74 | 8,750.12 |
| - floating interest rate | | |
| Investments | - | - |
| - non interest bearing | | |
| Investment | 36,435.60 | 33,951.61 |
| Cash and cash equivalent | 427.03 | 127.64 |
| Trade receivables | 29.97 | 284.31 |
| Other financial assets | 336.97 | 585.70 |
| **Total** | **41,678.71** | **43,839.68** |
| **Financial Liabilities** | | |
| **Interest bearing** | | |
| - fixed interest rate | | |
| Borrowings (Vehicle loans) | 39.98 | 52.33 |
| Lease liabilities | 448.51 | - |
| - floating interest rate | | |
| Borrowings (Term loans) | 3,553.99 | 3,494.81 |
| Borrowings (Repayable on demand) | 95.65 | 3,737.14 |
| - non interest bearing | | |
| Trade payables | 389.76 | 151.10 |
| Deposits | 267.37 | 245.30 |
| Other financial liabilities | 312.23 | 188.61 |
| **Total** | **5,107.49** | **7,869.29** |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of 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 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Increase in basis points | 50 | 50 |
| Effect on profit before tax | (18.25) | (36.16) |
| Decrease in basis points | 50 | 50 |
| Effect on profit before tax | 18.25 | 36.16 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 38
## 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 March 31, 2020 and March 31, 2019 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 with maturity profile ranging between 0 to 5 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 2020** | | | | | | |
| Borrowings | 96.48 | 409.36 | 1,184.04 | 2,463.56 | - | **4,153.44** |
| Trade and other payables | - | 389.76 | - | - | - | **389.76** |
| Deposits | - | - | - | 267.37 | | **267.37** |
| Other financial liabilities | 186.99 | 184.79 | 199.50 | 226.97 | - | **798.25** |
| | **283.47** | **983.91** | **1,383.54** | **2,957.90** | - | **5,608.82** |
| **As at 31 March 2019** | | | | | | |
| Borrowings | 3,774.62 | 349.10 | 1,006.44 | 2,435.59 | - | **7,565.75** |
| Trade and other payables | - | 151.10 | - | - | - | **151.10** |
| Deposits | - | - | - | 245.30 | - | **245.30** |
| Other financial liabilities | 14.30 | 147.23 | 16.23 | 10.85 | - | **188.61** |
| | **3,788.92** | **647.43** | **1,022.67** | **2,691.74** | - | **8,150.76** |

**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 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Borrowings | 3,689.62 | 7,284.28 |
| Trade payables | 389.76 | 151.10 |
| Deposits | 267.37 | 245.30 |
| Other financial liabilities | 760.74 | 188.61 |
| Less: cash and cash equivalents | (240.04) | (113.34) |
| **Net debt (A)** | **4,867.45** | **7,755.95** |
| Equity share capital | 660.00 | 660.00 |
| Other equity | 39,060.46 | 37,967.47 |
| **Total member's capital (B)** | **39,720.46** | **38,627.47** |
| **Capital and net debt (C=A+B)** | **44,587.91** | **46,383.42** |
| **Gearing ratio (%) (A/C)** | **10.92** | **16.72** |

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, 2020

## NOTE - 39
## 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 and liabilities measured at fair value on a recurring basis as of March 31, 2020:

₹ in Lakhs

| Particulars | As at 31-03-2020 | Fair value measurement at end of the reporting year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets:** | | | | |
| Investments in hybrid instruments FVTPL | 8.51 | - | 8.51 | - |
| Debt instruments FVTPL | 3,881.16 | - | 3,881.16 | - |
| Equity instruments FVTOCI | 0.46 | - | - | 0.46 |

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

₹ in Lakhs

| Particulars | As at 31-03-2019 | Fair value measurement at end of the reporting year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets:** | | | | |
| Investments in hybrid instruments FVTPL | 9.12 | - | 9.12 | - |
| Debt instruments FVTPL | 3,584.61 | - | 3,584.61 | - |
| Equity instruments FVTOCI | 0.86 | - | - | 0.86 |

**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 measured at FVTPL | Level II | Valuation techniques and inputs in order of first preference are as under:<br>1. Cost of securities only if the securities are allotted within last 20 days or purchased within 14 days from the measurement date.<br>2. Latest traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-14 days<br>3. Weighted average (appropriate weight considered by the company) of;<br>-Future cash flows which are discounted using a discount rate arrived at by adding the spread provided by FIMMDA and<br>-Latest subsequent traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-14 days<br>4. 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 |
| Unquoted equity instruments measured at FVTOCI | 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. |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 40
## INCOME TAX

A The major components of income tax expense for the years are:

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 500.00 | 970.00 |
| Adjustments in respect of previous year | (54.99) | (4.97) |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | (91.92) | (157.56) |
| **Income tax expense reported in the statement of profit or loss** | **353.09** | **807.47** |

B The income tax expense for the year can be reconciled to the accounting profit as follows

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Profit before tax** | 2,220.22 | 3,158.62 |
| Applicable tax rate | 25.17% | 29.12% |
| Computed expected tax expenses | 558.78 | 919.79 |
| **Tax effect of :** | | |
| Tax effect due to exempt income | (123.64) | (44.04) |
| Tax effect due to non-deductible expenses | 46.29 | 53.96 |
| Tax effect due to additional deduction under income tax | (18.12) | (20.97) |
| Tax effect due to change in tax rate | (55.22) | (78.26) |
| Tax effect due to different tax rate | (0.01) | (18.04) |
| Adjustments in respect of current income tax of previous year | (54.99) | (4.97) |
| **Income tax expense reported in the statement of profit or loss** | **353.09** | **807.47** |

C The Gross movement in the current income tax asset/(Liability) for the year ended March 31, 2020 and March 31, 2019 is as follows

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Net current income tax asset/(liability) at the beginning of the year | (65.30) | (69.66) |
| Income tax paid | 438.32 | 977.82 |
| Current tax expenses | (500.00) | (970.00) |
| Interest on tax expenses | (5.57) | (8.43) |
| Excess/(short) provision of earlier year | 54.99 | 4.97 |
| **Net current income tax asset/(liability) at the end of the year** | **(77.56)** | **(65.30)** |

D The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Net deferred tax asset/(liability) at the beginning of the year | (406.93) | (555.13) |
| Property plant and equipments | 78.39 | 83.92 |
| Gratuity | 8.62 | (10.28) |
| Disallowance of share issue expenses | (6.29) | (8.18) |
| Fair value gain on investments in debt securities | 14.01 | 88.92 |
| Disallowance due to straightlining of rent expenses | - | (6.18) |
| Impairment on financial instruments | 3.78 | - |
| Right-of-use and lease liabilities | 2.16 | - |
| **Net deferred tax asset/(liability) at the end of the year** | **(306.26)** | **(406.93)** |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 41

The COVID-19 pandemic has significantly impacted economic activities, businesses, individuals across the spectrum. The Company recognizes the need to make reasonable estimation of the impact of this pandemic on the repayment ability of its customers, and make additional provisions as considered appropriate, over-and-above the extant provisions, for expected credit losses. The Company has segmented its portfolio on the basis of various parameters to ascertain the impact of COVID-19 and basis its estimates, assumptions and judgements arrived at the additional impairment which is provided for in its financial statements. Given the uncertainty over the potential macro-economic condition, the impact of the COVID-19 may be different from that expected as at the date of approval of these financial statements. As per the Company's assessment, this by itself has not resulted into any significant increase in the credit risk. The Company will continue to closely monitor any material changes to future economic conditions and suitable effect will be given in the respective future period.

## NOTE - 42

### 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 March 31, 2020. 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 ₹ 9.44 Lakhs, for the year ended March 31, 2020.

Further details about gratuity obligations are given in Note - 32.

**(b) Impairment allowance for investments**

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 and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

**(c) 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**(d) 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.

The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax for quarter, half year and year ended on March 31, 2020 and re-measured its deferred tax assets based on the rate prescribed in the aforesaid section and recognized the effect of change by revising the effective income tax rate. The rate of income tax is changed from 29.12% to 25.168% during the year ended March 31, 2020. There remeasurement of accumulated deferred tax asset has resulted in a one-time additional deferred tax credit of ₹ 54.29 Lakhs.

## NOTE - 43

There was no impairment loss on 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 - 44

Balances of certain trade receivables, trade payables are subject to confirmation/reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation/adjustments.

## NOTE - 45

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 - 46

## SUBSEQUENT EVENTS

The Board of Directors of the Company in its meeting held on June 27, 2020, have recommended a final dividend of ₹ 1 per equity share having face value of ₹10 each for the year ended March 31, 2020. The same is subject to approval of the shareholders in the ensuing annual general meeting. The proposed divided if approved at the ensuing annual general meeting, will result in a total cash outflow of ₹ 66 lakhs.

## NOTE - 47

Previous year's figure have been regrouped or rearranged, wherever considered necessary, to conform with the current year's presentation.

## SIGNATURES TO 1 TO 47

As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

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

G. D. Joglekar
Partner
Membership No. 39407

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

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

Place: Mumbai
Date: June 27, 2020

Place: Mumbai
Date: June 27, 2020

# INDEPENDENT AUDITORS' REPORT

To,

**The Members of**

**A. K. Capital Services Limited**

**Report on the audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of A. K. Capital Services Limited ("the Holding Company") and its subsidiaries (together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). 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 independence 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 ICAI's 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.

**Emphasis of Matter**

We draw attention to Note 46 of the consolidated financial statements which describe the management's assessment of the impact of the COVID-19 pandemic on the consolidated financial result of the Group and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

**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 2, 6, 7(a), 40 and 42 to the consolidated financial statements)**<br>On initial recognition, investments are recognized at fair value, in case of Investments which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the consolidated statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the investments.<br>The Group's investments are subsequently classified into following categories based the objective of its business model to manage the cash flows and options available in the standard:<br>• Debt instruments at amortised cost<br>• Debt instruments and equity instruments at fair value through profit or loss (FVTPL)<br>• Equity instruments measured at fair value through other comprehensive income (FVTOCI). | **Principal Audit Procedures**<br>• Obtained an understanding of Group's business model assessed in accordance with Ind AS 109;<br>• Evaluated the Group's assessment of business model;<br>• Obtained an understanding of the determination of the measurement of the investments and tested the reasonableness of the significant judgments applied by the management;<br>• Evaluated the design of internal controls relating to the measurement and also tested the operating effectiveness of the aforesaid controls;<br>• 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, including consideration of the current economic and market conditions due to COVID-19 pandemic; |

| Sr. No. | Key Audit Matter | Auditor's response |
|---|---|---|
| | The Group has assessed following two business model:<br>- Held to collect contractual cash flows<br>- 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.<br>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 investments; and<br>• 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: (note 2, 6, 7(a), 40 and 42 to the consolidated financial statements**)<br>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.<br>The most significant areas are:<br>- Credit ratings of the investments;<br>- Investment staging criteria<br>- Calculation of probability of default / Loss given default<br>- Consideration of probability weighted scenarios and<br>- Forward looking macro-economic factors.<br>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 and has taken into account estimates of possible effect from the pandemic relating to COVID -19.<br>There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model & therefore we identified allowance for credit losses of investments as a key audit matter. | **Principal Audit Procedures**<br>• Analysed the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions arising from the COVID-19 pandemic;<br>• 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.<br>• Verified the data inputs used for probability of default and loss given defaults;<br>• Verified the computation of the allowance for credit losses and tested the mathematical accuracy ; and<br>• Assessed the appropriateness of the disclosure in the consolidated financial statements in accordance with the applicable financial reporting framework. |
| 2 | **Loans and impairment loss allowance**<br>**(note 2, 5, 40 and 42 to the consolidated financial statements)**<br>The value of loans as at March 31, 2020 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.<br>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.<br>The most significant areas are:<br>- Credit ratings of the parties to whom loans have been given<br>- Loans staging criteria<br>- Calculation of probability of default / Loss given default<br>- Consideration of probability weighted scenarios and<br>- Forward looking macro-economic factors. | **Principal Audit Procedures**<br>We have started our audit procedures with understanding of the internal control environment related to 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.<br>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.<br>For loans which are assessed for impairment on a portfolio basis, we performed particularly the following procedures:<br>• We read and understood the methodology and policy laid down for loans given by the Group.<br>• We have verified the existence of recovery process plan in the event of default.<br>• We have verified the historical trends of repayment of principal amount of loan and repayment of interest; |

| Sr. No. | Key Audit Matter | Auditor's response |
|---|---|---|
| 2 | 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 and has taken into account estimates of possible effect from the pandemic relating to COVID -19.<br>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. | • We tested the reliability of key data inputs and related management controls;<br>• We checked the stage classification as at the balance sheet date as per definition of default of the Group;<br>• We have assessed the assumptions made by the Group in making provision considering forward looking information. |

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in 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.

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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the audit of the 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 preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity 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 is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 is 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 is responsible for overseeing the financial reporting process of the Group.

Auditors' 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

- 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.

- 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 ability of the Group 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 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 6 subsidiaries, whose financial statements reflect total assets of ₹ 150,007.77 Lakhs as at March 31, 2020, total revenues of ₹ 25,956.07 Lakhs, total net profit after tax of ₹ 3,930.76 Lakhs and net cash flows amounting to ₹ 8,946.10 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 subsidiaries & our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports 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**

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(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 Auditor's) Rules, 2014, 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 material foreseeable losses on long-term contracts including derivative contracts; and

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

For PYS & CO. LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G.D. Joglekar
Partner
Membership No.: 39407
UDIN: 20039407AAAAIQ3397

Place: Mumbai
Date: June 27, 2020

# ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT
## (Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of 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 Services Limited ("the Holding Company") as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting with reference to the financial statements of the Holding Company and its subsidiaries 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 subsidiaries 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 ("the ICAI)". 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 the respective 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 over financial reporting of the Holding Company and its subsidiaries which are incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI (the "Guidance Note") and the Standards on Auditing, 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that 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 financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 subsidiaries, 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, 2020, 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 Matters**

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 6 subsidiaries which are incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For PYS & CO. LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G.D. Joglekar
Partner
Membership No.: 39407
UDIN: 20039407AAAAIQ3397

Place: Mumbai
Date: June 27, 2020

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

₹ in Lakhs

| | Note No. | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial assets** | | | |
| (a) Cash and cash equivalents | 3(a) | 10,133.72 | 1,060.91 |
| (b) Bank balances other than (a) above | 3(b) | 254.44 | 601.40 |
| (c) Trade receivables | 4 | 181.38 | 809.76 |
| (d) Loans | 5 | 27,471.00 | 73,468.32 |
| (e) Investments | 6 | 59,093.12 | 79,078.36 |
| (f) Other financial assets | | | |
| (i) Stock of securities | 7(a) | 49,853.26 | 91,725.88 |
| (ii) Other financial assets | 7(b) | 3,628.48 | 2,684.55 |
| **Total financial assets** | | **150,615.40** | **249,429.18** |
| **(2) Non-financial assets** | | | |
| (a) Current tax assets (net) | | 166.07 | 267.62 |
| (b) Deferred tax assets (net) | 8 | 258.84 | 17.46 |
| (c) Investment properties | 9 | 3,795.16 | 3,870.58 |
| (d) Property, plant and equipment | 10 | 2,875.55 | 2,330.43 |
| (e) Goodwill | | 399.97 | 399.97 |
| (f) Intangible assets | 11 | 35.88 | 52.11 |
| (g) Other non financial assets | 12 | 218.30 | 190.45 |
| **Total non-financial assets** | | **7,749.77** | **7,128.62** |
| **TOTAL ASSETS** | | **158,365.17** | **256,557.80** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **(1) Financial liabilities** | | | |
| (a) Trade payables | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | 0.62 | - |
| (ii) Total outstanding dues of creditors other than micro enterprises & small enterprises | 13 | 1,000.53 | 786.47 |
| (b) Debt securities | 14 | 50,722.00 | 71,727.00 |
| (c) Borrowings (other than debt securities) | 15 | 37,118.21 | 115,813.55 |
| (d) Deposits | 16 | 296.34 | 271.89 |
| (e) Other financial liabilities | 17 | 3,977.34 | 3,618.00 |
| **Total financial liabilities** | | **93,115.04** | **192,216.91** |
| **(2) Non-financial liabilities** | | | |
| (a) Current tax liabilities (net) | | 227.16 | 106.33 |
| (b) Provisions | 18 | 312.48 | 297.82 |
| (c) Deferred tax liabilities (net) | 19 | 306.26 | 447.23 |
| (d) Other non-financial liabilities | 20 | 299.40 | 374.43 |
| **Total non-financial liabilities** | | **1,145.30** | **1,225.81** |
| **TOTAL LIABILITIES** | | **94,260.34** | **193,442.72** |
| **EQUITY** | | | |
| (a) Equity share capital | 21(a) | 660.00 | 660.00 |
| (b) Other equity | 21(b) | 60,806.52 | 57,846.30 |
| (c) Non controlling interest | | 2,638.31 | 4,608.78 |
| **TOTAL EQUITY** | | **64,104.83** | **63,115.08** |
| **TOTAL LIABILITIES AND EQUITY** | | **158,365.17** | **256,557.80** |

**Significant accounting policies (Refer Note 2)**

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

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

A. K. Mittal
Managing Director
(DIN: 00698377)
Place: Mumbai
Date: June 27, 2020

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| | Note No. | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Interest income | 22 | 16,012.47 | 21,413.84 |
| Sale of services | 23 | 10,476.10 | 18,355.16 |
| Net gain on fair value changes | 24 | 4,293.45 | 1,940.88 |
| Net gain on derecognition of finanical instrument under ammortised cost category | | 99.36 | 37.57 |
| Dividend income | | - | 40.48 |
| Rental income | | 357.88 | 354.65 |
| **Total revenue from operations** | | **31,239.26** | **42,142.58** |
| Other income | 25 | 181.42 | 24.88 |
| **Total income** | | **31,420.68** | **42,167.46** |
| | | | |
| **Expenses** | | | |
| Finance costs | 26 | 11,520.14 | 15,302.66 |
| Fees and commission expense | | 664.82 | 213.74 |
| Impairment on financial instruments | 27 | 3.00 | 88.47 |
| Employee benefits expense | 28 | 5,214.37 | 5,088.43 |
| Depreciation and amortization expense | 9,10,11 | 713.93 | 267.25 |
| Other expenses | 29 | 6,769.71 | 11,542.48 |
| **Total expenses** | | **24,885.97** | **32,503.03** |
| | | | |
| **Profit before exceptional items and tax** | | **6,534.71** | **9,664.43** |
| Exceptional Items | | - | - |
| **Profit before tax** | | **6,534.71** | **9,664.43** |
| **Tax expense:** | | | |
| Current tax | | 1,642.71 | 2,760.65 |
| Prior period tax adjustments | | 112.32 | 16.29 |
| Deferred tax expense/ (credit) | | (367.91) | (308.99) |
| **Profit for the year [A]** | | **5,147.59** | **7,196.48** |
| Other comprehensive income, net of tax | | | |
| Item that will not to be reclassified to the statement of profit and loss | 30 | (42.43) | 95.61 |
| Less: Income tax expense on above | | 14.44 | (26.87) |
| **Other comprehensive income for the year [B]** | | **(27.99)** | **68.74** |
| **Total comprehensive income for the year [A+B]** | | **5,119.60** | **7,265.22** |
| | | | |
| **Profit for the year attributable to:** | | **5,147.59** | **7,196.48** |
| Owners of the Company | | 5,100.59 | 7,137.53 |
| Non-controlling interest | | 47.00 | 58.95 |
| | | | |
| **Other comprehensive income attributable to:** | | **(27.99)** | **68.74** |
| Owners of the Company | | (27.84) | 68.70 |
| Non-controlling interest | | (0.15) | 0.04 |
| | | | |
| **Total comprehensive income attributable to:** | | **5,119.60** | **7,265.22** |
| Owners of the Company | | 5,072.75 | 7,206.23 |
| Non-controlling interest | | 46.85 | 58.99 |
| | | | |
| **Earnings per equity share (₹)** | 34 | | |
| Basic | | 77.28 | 108.14 |
| Diluted | | 77.28 | 108.14 |

**Significant accounting policies (Refer Note 2)**

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

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

A. K. Mittal
Managing Director
(DIN: 00698377)
Place: Mumbai
Date: June 27, 2020

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

## A. EQUITY SHARE CAPITAL

₹ in Lakhs

| | Number of shares | Amount |
|---|---|---|
| **At 31 March 2018** | 6,600,000 | 660.00 |
| Issue of share capital | - | - |
| **At 31 March 2019** | **6,600,000** | **660.00** |
| Issue of share capital | - | - |
| **At 31 March 2020** | **6,600,000** | **660.00** |

## B. OTHER EQUITY

₹ in Lakhs

| Particulars | Reserves and surplus | | | | | | Items of other comprehensive income | | Non controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | General reserve | Special reserve | Securities premium | Translation reserve | Retained earnings | Actuarial gain/ (loss) on defined benefits obligations | Remeas-urement of equity Instruments | | |
| **Balance at 31 March 2018** | **675.00** | **4,960.89** | **2,987.93** | **3,657.35** | **(10.84)** | **41,774.46** | **(27.00)** | **(2,293.38)** | **4,293.84** | **56,018.25** |
| Profit for the year | - | - | - | - | - | 7,137.53 | - | - | 58.95 | **7,196.48** |
| Other comprehensive income net of tax for the year | - | - | - | - | - | - | 72.11 | (3.41) | 0.04 | **68.74** |
| Transfer to/(from) reserves | - | - | 917.11 | - | - | (917.11) | - | - | - | **-** |
| Share of non controlling interest | - | - | - | - | - | (255.95) | - | - | 255.95 | **-** |
| Addition to translation reserves | - | - | - | - | (5.18) | - | - | - | - | **(5.18)** |
| Other adjustments | - | - | - | - | - | - | (83.75) | - | - | **(83.75)** |
| Dividend paid | - | - | - | - | - | (637.97) | - | - | - | **(637.97)** |
| Dividend distribution tax | - | - | - | - | - | (101.49) | - | - | - | **(101.49)** |
| **Balance at 31 March 2019** | **675.00** | **4,960.89** | **3,905.04** | **3,657.35** | **(16.02)** | **46,999.47** | **(38.64)** | **(2,296.79)** | **4,608.78** | **62,455.08** |
| Profit for the year | - | - | - | - | - | 5,100.59 | - | - | 47.00 | **5,147.59** |
| Purchase of CCPS from non-controlling interest | - | - | - | - | - | (500.00) | - | - | (2,000.00) | **(2,500.00)** |
| Other comprehensive income net of tax for the year | - | - | - | - | - | - | (13.24) | (14.60) | (0.15) | **(27.99)** |
| Transfer to/(from) reserves | - | - | 740.61 | - | - | (740.61) | - | - | - | **-** |
| Addition to translation reserves | - | - | - | - | 16.31 | - | - | - | - | **16.31** |
| Dividend paid | - | - | - | - | - | (1,355.24) | - | - | (14.41) | **(1,369.65)** |
| Dividend distribution tax | - | - | - | - | - | (273.60) | - | - | (2.91) | **(276.51)** |
| **Balance at 31 March 2020** | **675.00** | **4,960.89** | **4,645.65** | **3,657.35** | **0.29** | **49,230.61** | **(51.88)** | **(2,311.39)** | **2,638.31** | **63,444.83** |

**Significant accounting policies (Refer Note 2)**

As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

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

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

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

Place: Mumbai
Date: June 27, 2020

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

₹ in Lakhs

| | | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|---|
| (A) | **Cash flow from/(used in) operating activities** | | |
| | Profit before tax | 6,534.71 | 9,664.43 |
| | **Adjustment for:** | | |
| | Depreciation and amortisation | 713.93 | 267.25 |
| | Loss / (Profit) on sale of property, plant and equipment (net) | (27.93) | 23.91 |
| | Loss / (Profit) on termination of lease | (0.23) | - |
| | Loss / (Profit) on redemption of non convertible debenture | (80.00) | - |
| | Bad debts | 3.01 | - |
| | Impairment of financial instruments | 3.00 | 88.47 |
| | Dividend income | - | (40.48) |
| | Interest income | (6,133.48) | (6,872.94) |
| | Rental income | (357.88) | (354.65) |
| | Net gain on fair value changes | (3,353.25) | (291.70) |
| | Interest expenses | 11,520.14 | 15,302.66 |
| | **Movement in working capital:** | | |
| | Increase/(decrease) in trade payable and other financial liabilities | 437.45 | 540.76 |
| | Increase/(decrease) in porvisions and other non-financial liabilities | (60.37) | (374.41) |
| | (Increase)/decrease in loans | 46,181.47 | 24,743.48 |
| | (Increase)/decrease in trade receivables and other financial assets | 42,809.10 | (37,600.64) |
| | (Increase)/decrease in non-financial assets | (27.85) | 154.36 |
| | **Cash (used in)/generated from operations** | **98,161.82** | **5,250.50** |
| | Income tax paid | (1,549.00) | (2,751.20) |
| | **Net cash (used in)/generated from operating activities [A]** | **96,612.82** | **2,499.30** |
| (B) | **Cash flow from/(used in) investing activities** | | |
| | Proceeds from sale/(payment for purchases) of investments (net) | 23,151.34 | 4,014.50 |
| | Payment for acquisition of property, plant and equipment (including capital advance) | (314.79) | (28.51) |
| | Payment for acquisition of intangibles | (11.20) | (52.69) |
| | Proceeds from sale of property, plant and equipment | 422.97 | 408.08 |
| | Proceeds from /(payment for) investments in fixed deposits | 346.96 | 709.72 |
| | Interest income received | 4,862.13 | 7,809.89 |
| | Dividend income received | - | 40.48 |
| | Rent income received | 335.19 | 354.65 |
| | **Cash generated from/(used in) investing activities [B]** | **28,792.60** | **13,256.12** |
| (C) | **Cash flow from/(used in) financing activities** | | |
| | Proceeds from long-term borrowings (including debt securities) | 1,200.00 | 106,677.00 |
| | Repayments of long-term borrowings (including debt securities) | (42,660.92) | (12,207.08) |
| | Purchase of CCPS from non-controlling interest | (2,500.00) | - |
| | Proceeds/(Repayment) of short term borrowings (net) | (58,478.75) | (95,376.02) |
| | Interest paid | (11,871.38) | (13,514.67) |
| | Dividends paid including dividend distribution tax | (1,646.16) | (739.46) |
| | Payment of lease liabilities | (375.40) | - |
| | **Cash used in financing activities [C]** | **(116,332.61)** | **(15,160.23)** |
| | **Net increase/(decrease) in cash and cash equivalents [A+B+C]** | **9,072.81** | **595.19** |
| | Add: Cash and cash equivalents at the beginning of the year | 1,060.91 | 465.72 |
| | Cash and cash equivalents at the end of the year | 10,133.72 | 1,060.91 |

**Reconciliation of liabilities arising from financing activities**

₹ in Lakhs

| Particulars | As at 31-03-2019 | Cash Flows | Transaction cost | Interest accrual | As at 31-03-2020 |
|---|---|---|---|---|---|
| Long-term borrowings | 129,024.73 | (41,460.92) | 180.75 | - | 87,744.56 |
| Short-term borrowings | 58,515.82 | (58,478.75) | 58.58 | - | 95.65 |
| Lease liabilites | - | (458.44) | 1,141.04 | 83.04 | 765.64 |
| Interest on above borrowings | 3,256.30 | (11,871.38) | (148.70) | 11,437.10 | 2,673.32 |
| **Total liabilities from financing activities** | **190,796.85** | **(112,269.49)** | **1,231.67** | **11,520.14** | **91,279.17** |

| Particulars | As at 31-03-2018 | Cash Flows | Transaction cost | Interest accrual | As at 31-03-2019 |
|---|---|---|---|---|---|
| Long-term borrowings | 34,554.81 | 94,469.92 | - | - | 1,29,024.73 |
| Short-term borrowings | 1,53,891.84 | (95,376.02) | - | - | 58,515.82 |
| Interest on above borrowings | 1,468.31 | (13,514.67) | - | 15,302.66 | 3,256.30 |
| **Total liabilities from financing activities** | **1,89,914.96** | **(14,420.77)** | - | **15,302.66** | **1,90,796.85** |

**Significant accounting policies (Refer Note 2)**

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G. D. Joglekar
Partner
Membership No. 39407
Place: Mumbai
Date: June 27, 2020

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

A. K. Mittal
Managing Director
(DIN: 00698377)
Place: Mumbai
Date: June 27, 2020

Vikas Jain
Director
(DIN: 07887754)

Mahesh Bhootra
Chief Financial Officer

Tejas Davda
Company Secretary
(ACS: A27660)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 1

## CORPORATE INFORMATION

The consolidated financial statements comprise of financial statements of A. K. Capital Services Limited ('the Company' or 'the Holding Company' or 'Parent') and its subsidiaries (collectively, 'the Group'). The Company was incorporated on October 05,1993. The registered address of the Company is situated at 30-38, 3rd, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400021.The Company is a SEBI Registered Category I Merchant Banker. The financial statements of the Group for the year ended March 31, 2020 were authorized for issue by the Board of Directors on June 27, 2020.

## NOTE - 2

## SIGNIFICANT ACCOUNTING POLICIES

**2.01 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 subsidiaries as at March 31, 2020. 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 subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group losses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiaries 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 subsidiaries.

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 subsidiaries. For this purpose, income and expenses of the subsidiaries 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 subsidiaries and the parent's portion of equity of each subsidiaries.

(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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 subsidiaries. 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 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 subsidiaries over the Parent Company's portion of equity of the subsidiaries 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 subsidiaries used in consolidation are drawn upto the same reporting date as that of the Parent Company.

(h) Following companies are consolidated:

| Name of Company | Country of incorporation | Reporting currency | Effective date of becoming subsidiaries | Nature of principal activity | Extent of Holding % | |
|---|---|---|---|---|---|---|
| | | | | | As at 31-03-2020 | As at 31-03-2019 |
| A. K. Stockmart Private Limited | India | Indian Rupees | 20-02-2006 | Stock broking (Retail Distribution, WDM Broking, Stock Broking, Depository Services) | 100 | 100 |
| A. K. Capital Corporation Private Limited | India | Indian Rupees | 29-01-2007 | Investment activity | 100 | 100 |
| A. K. Capital Finance Limited | India | Indian Rupees | 04-09-2008 | Non Banking Finance Company (Investment and lending activities) | 98.73 | 98.73 |
| A. K. Wealth Management Private Limited | India | Indian Rupees | 12-05-2010 | Portfolio management services | 100 | 100 |
| A. K. Capital (Singapore) Pte. Limited | Singapore | Singapore Dollar | 29-07-2013 | Financial advisory services | 100 | 100 |
| Family Home Finance Private Limited | India | Indian Rupees | 29-06-2017 | Housing Finance activity | 98.73* | 98.73* |

*Effective shareholding

### 2.02 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 deimal places to the nearest lakhs unless otherwise stated.

### 2.03 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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 2.04 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.

### 2.05 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.

**Merchant banking fees**

Revenue from merchant banking fees includes arranger fees, advisory fees and lead manager fees are recognized when the Group satisfies performance obligation. Lead manager fees are recognised over a point of time. The Group measures its progress towards satisfaction of performance obligation based on output method i.e. milestone basis. Revenue from arranger services and advisory services are recognised point in time.

**Brokerage**

Revenue from brokerage is recognised point in time.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**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.

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 ("FVTOCI") 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.

### 2.06 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 2.07 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.

### 2.08 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.

### 2.09 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.

### 2.10 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.

### 2.11 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

### 2.12 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 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.

**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.

### 2.13 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.

**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.

**Fair value through profit and loss (FVTPL):** A financial asset not classified as either amortised cost or FVTOCI, 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 (FVTOCI):** 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**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 ('FVTOCI') 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 FVTOCI, 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 other investments in equity instruments classified under financial assets are initially measured at fair value , the Group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI 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 FVTOCI. Fair value changes excluding dividends, on an equity instrument measured at FVTOCI 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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**(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 of assets**

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.

### 2.14 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**

Companies whole business is being considered as one segment.

### 2.15 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.

### 2.16 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 lumpsum 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**iv) Compensated absences**

The employees of the Group are entitled to leave as per the leave policy of the Group. The liability in respect of unutilized leave balances is provided at the end of year and charged to the Statement of Profit and Loss.

**2.17 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.

**2.18 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.

**2.19 Recent accounting pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

**2.20 Other changes to Ind AS**

Following changes of Ind AS have also become applicable from financial year beginning April 01, 2020. However, the adoption of these changes does not have any impact on the financial statements as there are no transactions covered under these amendments:

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

Amendments to Ind AS 28: Long-term interests in associates and joint ventures

Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation

Amendments to Ind AS 111: Joint Arrangements

Amendments to Ind AS 12: Income Taxes

Amendments to Ind AS 23: Borrowing Costs

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| NOTE - 3<br>(a) CASH AND CASH EQUIVALENTS | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Cash on hand | 36.90 | 61.70 |
| Balances with banks | 2,656.82 | 980.11 |
| Fixed deposits with bank with maturity of less than 3 months | 7,440.00 | - |
| Cheques, drafts on hand | - | 19.10 |
| | **10,133.72** | **1,060.91** |
| **(B) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | |
| Balance with banks in unpaid dividend account | 186.99 | 14.30 |
| Fixed deposits with banks* | 67.45 | 587.10 |
| | **254.44** | **601.40** |

*Deposit lien against Guarantee as at March 31, 2020 of ₹ 2.45 lakhs (with securitisation trust as at March 31, 2019 of ₹ 15.22 lakhs) and fixed deposit amounting to ₹ 65 lakhs (as at March 31, 2019 ₹ 75 lakhs) is held as margin money, guarantee or security deposit with stock exchange

₹ in Lakhs

| NOTE - 4<br>TRADE RECEIVABLES | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Trade receivables considered good - unsecured | 181.38 | 809.76 |
| | **181.38** | **809.76** |

₹ in Lakhs

| NOTE - 5<br>LOANS (AT AMORTISED COST) | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **(A) Loans** | | |
| (i) Loan to an employee | 49.95 | 50.02 |
| (ii) Loan to securitisation trust | - | 75.06 |
| (iii) Loan repayable on demand | 4,500.00 | 400.00 |
| (iv) Term loans | 23,031.37 | 73,237.71 |
| **Total (A) - Gross** | **27,581.32** | **73,762.79** |
| **Less: Impairment loss allowance** | 110.32 | 294.47 |
| **Total (A) - Net** | **27,471.00** | **73,468.32** |
| **(B)** | | |
| (i) Secured | 26,674.50 | 71,715.25 |
| (ii) Unsecured | 906.82 | 2,047.54 |
| **Total (B) - Gross** | **27,581.32** | **73,762.79** |
| **Less: Impairment loss allowance** | 110.32 | 294.47 |
| **Total (B) - Net** | **27,471.00** | **73,468.32** |
| **(C) Loans in India** | | |
| (i) Public sector | - | - |
| (ii) Others | 27,581.32 | 73,762.79 |
| **Total (C) - Gross** | **27,581.32** | **73,762.79** |
| **Less: Impairment loss allowance** | 110.32 | 294.47 |
| **Total (C) - Net** | **27,471.00** | **73,468.32** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 6
## INVESTMENTS

₹ in Lakhs

| Particulars | As at 31-03-2020 | | | | |
|---|---|---|---|---|---|
| | | At fair value | | | |
| | Amortised cost | Through other comprehensive Income* | Through profit or loss | Subtotal | Total |
| **(I) Government securities** | **-** | **-** | **10,375.33** | **10,375.33** | **10,375.33** |
| i) Quoted | - | - | 10,375.33 | 10,375.33 | 10,375.33 |
| **(II) Mutual fund** | **-** | **-** | **2,987.44** | **2,987.44** | **2,987.44** |
| i) Quoted | - | - | 2,987.44 | 2,987.44 | 2,987.44 |
| **(III) Debt securities** | **38,256.37** | **-** | **7,825.76** | **7,825.76** | **46,082.13** |
| i) Quoted | 37,755.79 | - | 7,825.76 | 7,825.76 | 45,581.55 |
| ii) Unquoted | 500.58 | - | - | - | 500.58 |
| **(III) Equity instruments** | | | | | |
| i) Quoted (fully paid) | **-** | **13.59** | **-** | **13.59** | **13.59** |
| 1,50,000 Equity shares of UCO Bank of ₹ 10 each | - | 13.59 | - | 13.59 | 13.59 |
| ii) Unquoted (fully paid) | | | | | |
| - in other companies | **-** | **0.46** | **-** | **0.46** | **0.46** |
| 6,36,000 Equity shares of Neesa Leisure Limited of ₹ 10 each* | - | - | - | - | - |
| 4,600 Equity shares of Intelligroup Advisors Private Limited of ₹ 10 each | - | 0.46 | - | 0.46 | 0.46 |
| 8,500 Equity shares of Shamken Spinners Limited of ₹ 10 each* | - | - | - | - | - |
| **(IV) Units of venture capital fund** | - | **-** | **8.51** | **8.51** | **8.51** |
| **Total – Gross (A)** | **38,256.37** | **14.05** | **21,197.04** | **21,211.09** | **59,467.46** |
| (i) Investments outside India | - | - | - | - | - |
| (ii) Investments in India | 38,256.37 | 14.05 | 21,197.04 | 21,211.09 | 59,467.46 |
| **Total (B)** | **38,256.37** | **14.05** | **21,197.04** | **21,211.09** | **59,467.46** |
| **Less: Allowance for impairment loss (C)** | **374.34** | **-** | **-** | **-** | **374.34** |
| **Total – Net D= (A)-(C)** | **37,882.03** | **14.05** | **21,197.04** | **21,211.09** | **59,093.12** |

| Particulars | As at 31-03-2019 | | | | |
|---|---|---|---|---|---|
| | | At fair value | | | |
| | Amortised cost | Through other comprehensive Income* | Through profit or loss | Subtotal | Total |
| **(I) Government securities** | **13,220.98** | **-** | **-** | **13,220.98** | **13,220.98** |
| i) Quoted | 13,220.98 | - | - | 13,220.98 | 13,220.98 |
| **(II) Mutual Fund** | **-** | **-** | **28.03** | **28.03** | **28.03** |
| i) Quoted | - | - | 28.03 | 28.03 | 28.03 |
| **(III) Debt securities** | **46,809.48** | **-** | **17,809.50** | **64,618.98** | **64,618.98** |
| i) Quoted | 46,809.48 | - | 17,809.50 | 64,618.98 | 64,618.98 |
| ii) Unquoted | - | - | - | - | - |
| **(IV) Equity instruments** | | | | | |
| i) Quoted (fully paid) | **-** | **28.13** | **-** | **28.13** | **28.13** |
| 1,50,000 Equity shares of UCO Bank of Rs 10 each | - | 28.13 | - | 28.13 | 28.13 |
| ii) Unquoted (fully paid) | **-** | **0.86** | **-** | **0.86** | **0.86** |
| 6,36,000 Equity Shares of Neesa Leisure Limited of Rs 10 each* | - | - | - | - | - |
| 8,500 Equity Shares of Shamsken Spinners Limited of Rs 10 each* | - | - | - | - | - |
| 4,600 Equity shares of Intelligroup Advisors Private Limited of Rs 10 each | - | 0.46 | - | 0.46 | 0.46 |
| 1,000 Equity shares of A. K. Capital Retail Private Limited of Rs 10 each | - | 0.10 | - | 0.10 | 0.10 |
| 3,000 Equity shares of A. K. Commodities Private Limited of Rs 10 each | - | 0.30 | - | 0.30 | 0.30 |
| **(V) Units of venture capital fund** | **-** | **-** | **9.12** | **9.12** | **9.12** |
| **(VI) Units of securitisation trust** | **1,359.45** | **-** | **-** | **1,359.45** | **1,359.45** |
| **Total – Gross (A)** | **61,389.91** | **28.99** | **17,846.65** | **79,265.55** | **79,265.55** |
| (i) Investments outside India | - | - | - | - | - |
| (ii) Investments in India | 61,389.91 | 28.99 | 17,846.65 | 79,265.55 | 79,265.55 |
| **Total (B)** | **61,389.91** | **28.99** | **17,846.65** | **79,265.55** | **79,265.55** |
| **Total (A) to tally with (B)** | | | | | |
| **Less: Allowance for impairment loss (C)** | (187.19) | - | - | (187.19) | (187.19) |
| **Total – Net D= (A)-(C)** | **61,202.72** | **28.99** | **17,846.65** | **79,078.36** | **79,078.36** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 7

| (A) STOCK OF SECURITIES (MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS) | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Debt** | | |
| (i) Quoted | 49,788.48 | 91,716.02 |
| **Exchange traded** | | |
| (i) Quoted | 64.78 | 9.86 |
| **Total – Gross (A)** | **49,853.26** | **91,725.88** |
| (i) Stock of securities outside India | - | - |
| (ii) Stock of securities in India | 49,853.26 | 91,725.88 |
| **Total – Net (B)** | **49,853.26** | **91,725.88** |

| (B) OTHER FINANCIAL ASSETS | | |
|---|---|---|
| **Deposits** | | |
| Earnest money deposits | 19.55 | 41.45 |
| Exchanges/Depository/Clearing house deposits | 648.60 | 330.60 |
| Security deposits for utilities | 4.61 | 4.63 |
| Rental deposits | | |
| i) with related parties | 266.68 | 317.58 |
| ii) with others | 147.62 | 162.64 |
| Other deposits | 78.35 | 24.43 |
| Interest accrued but not due on financial assets | 2,215.99 | 944.64 |
| Other receivables | 247.08 | 858.58 |
| **Total** | **3,628.48** | **2,684.55** |

₹ in Lakhs

## NOTE 8

| DEFERRED TAX ASSETS (NET) | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Deferred tax assets** | | |
| **On account of:** | | |
| Depreciation | 3.03 | - |
| Disallowance of share issue expenses | 7.70 | 2.16 |
| Impairment on loans | 27.64 | - |
| Fair valuation of securities | 165.20 | - |
| Impairment allowance on investments | 90.44 | - |
| EIR on HTM securities | 2.39 | - |
| Expenses allowable on payment basis (gratuity) | 36.80 | 15.71 |
| Transaction costs on financial liabilities | 58.60 | - |
| **Less: Deferred tax liabilities:** | | |
| Right-of-use and lease liabilities | (4.80) | - |
| Fair valuation of securities | (0.01) | - |
| Depreciation | (123.63) | (0.41) |
| Transaction costs on financial liabilities | (4.52) | - |
| **Deferred tax assets (net)** | **258.84** | **17.46** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 9
## INVESTMENT PROPERTIES

| | Building | Total |
|---|---|---|
| **Gross block** | | |
| **As at 31 March 2018** | 4,009.63 | 4,009.63 |
| Additions | - | - |
| Disposals | - | - |
| **As at 31 March 2019** | **4,009.63** | **4,009.63** |
| Additions | - | - |
| Disposals | - | - |
| **As at 31 March 2020** | **4,009.63** | **4,009.63** |
| | | |
| **Accumulated depreciation** | | |
| **As at 31 March 2018** | 63.83 | 63.83 |
| Additions | 75.22 | 75.22 |
| Disposals | - | - |
| **As at 31 March 2019** | **139.05** | **139.05** |
| Additions | 75.42 | 75.42 |
| Disposals | - | - |
| **As at 31 March 2020** | **214.47** | **214.47** |
| | | |
| **Net block** | | |
| **As at 31 March 2019** | **3,870.58** | **3,870.58** |
| **As at 31 March 2020** | **3,795.16** | **3,795.16** |

### 9.a Reconciliation of changes in the fair vale of investment properties:

The fair value of the Group's investment properties as at March 31, 2019 was arrived on the basis of valuation carried out by an external independent valuer registered with the authority which governs the valuer in India. However, for the year ended March 31, 2020, the management has considered the input based on prevailing average market rate of the nearby similar properties. The fair value measurement for investment properties 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 properties is adopted. Since the fair value of the properties is determined by the management for the year ended March 31, 2020, the management has considered to give the sensitivity analysis for the value of the properties due to COVID-19 pandemic.

Sensitivity Level (a hypothetical increase / (decrease) by) 10% would result in increase / (decrease) in fair value by ₹ 618.44 Lakhs.

₹ in Lakhs

| Particulars | Building | Total |
|---|---|---|
| **As at March 31, 2018** | **5,542.53** | **5,542.53** |
| Changes in the fair value | 51.64 | 51.64 |
| **Closing balance as on March 31, 2019** | **5,594.17** | **5,594.17** |
| Changes in the fair value | 590.24 | 590.24 |
| **Closing balance as on March 31, 2020** | **6,184.41** | **6,184.41** |

### 9.b INCOME AND EXPENDITURE OF INVESTMENT PROPERTIES

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Rental income derived from investment properties | 357.88 | 354.65 |
| Direct operating expenses (including repairs & maintenance) generating rental income | 104.05 | 24.55 |
| Direct operating expenses (including repairs & maintenance) that did not generate rental income | - | - |
| **Profit arising from investment properties before depreciation & indirect expenses** | **253.83** | **330.10** |
| Less: Depreciation | 75.42 | 75.22 |
| **Profit arising from investment properties before indirect expenses** | **178.41** | **254.88** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 10
## PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

| Particulars | Plant and machinery | Computers | Furniture and fixtures | Office equipments | Office buildings | Vehicles | Building Righ-of-use (refer note 37) | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | | |
| **As at 31 March 2018** | 0.23 | 62.89 | 94.72 | 36.96 | 2,246.92 | 630.13 | - | 3,071.85 |
| Additions | - | 14.80 | 1.40 | 7.07 | 5.24 | - | - | 28.51 |
| Disposals | - | (1.28) | - | (0.21) | (364.51) | (121.74) | - | (487.74) |
| **As at 31 March 2019** | **0.23** | **76.41** | **96.12** | **43.82** | **1,887.65** | **508.39** | **-** | **2,612.62** |
| Additions | - | 135.40 | 5.09 | 5.82 | 168.48 | - | 1,244.60 | 1,559.39 |
| Disposals | - | - | - | - | (403.36) | (45.15) | (9.27) | (457.78) |
| **As at 31 March 2020** | **0.23** | **211.81** | **101.21** | **49.64** | **1,652.77** | **463.24** | **1,235.33** | **3,714.23** |
| **Accumulated depreciation** | | | | | | | | |
| **As at 31 March 2018** | 0.06 | 13.95 | 22.63 | 11.09 | 35.22 | 82.86 | - | 165.81 |
| Additions | 0.17 | 24.52 | 16.12 | 9.39 | 33.56 | 88.37 | - | 172.13 |
| Disposals | - | - | - | (0.03) | (5.89) | (49.83) | - | (55.75) |
| **As at 31 March 2019** | **0.23** | **38.47** | **38.75** | **20.45** | **62.89** | **121.40** | **-** | **282.19** |
| Additions | - | 42.99 | 10.76 | 9.30 | 32.63 | 72.13 | 443.27 | 611.08 |
| Disposals | - | - | - | - | (17.05) | (36.42) | (1.12) | (54.59) |
| **As at 31 March 2020** | **0.23** | **81.46** | **49.51** | **29.75** | **78.47** | **157.11** | **442.15** | **838.68** |
| **Net block** | | | | | | | | |
| **As at 31 March 2019** | **-** | **37.94** | **57.37** | **23.37** | **1,824.76** | **386.99** | **-** | **2,330.43** |
| **As at 31 March 2020** | **-** | **130.35** | **51.70** | **19.89** | **1,574.30** | **306.13** | **793.18** | **2,875.55** |

1) Vehicles include vehicles hypothecated against loan taken having net block as at March 31, 2020 of ₹ 116.49 Lakhs (as at March 31, 2019 ₹ 144.18 Lakhs).
2) Building include premises hypothecated against loan taken having net block as at March 31, 2020 of ₹ 693.16 lakhs (as at March 31, 2019 ₹ 706.03 lakhs).
3) Building include premises mortgaged against non convertible debenture issued having net block as at March 31, 2020 of ₹ 10.00 lakhs (as at March 31, 2019 ₹ 192.78 lakhs).

## NOTE - 11
## INTANGIBLE ASSETS

₹ in Lakhs

| | Software | Total |
|---|---|---|
| **Gross block** | | |
| **As at 31 March 2018** | 28.43 | 28.43 |
| Additions | 52.69 | 52.69 |
| Disposals | - | - |
| **As at 31 March 2019** | **81.12** | **81.12** |
| Additions | 11.20 | 11.20 |
| Disposals | - | - |
| **As at 31 March 2020** | **92.32** | **92.32** |
| **Accumulated amortisation** | | |
| **As at 31 March 2018** | 9.11 | 9.11 |
| Additions | 19.90 | 19.90 |
| Disposals | - | - |
| **As at 31 March 2019** | **29.01** | **29.01** |
| Additions | 27.43 | 27.43 |
| Disposals | - | - |
| **As at 31 March 2020** | **56.44** | **56.44** |
| Net block | | |
| **As at 31 March 2019** | **52.11** | **52.11** |
| **As at 31 March 2020** | **35.88** | **35.88** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

### NOTE - 12
### OTHER NON-FINANCIAL ASSETS

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Prepaid expenses | 56.67 | 65.38 |
| Balance with government authorities | 130.73 | 119.38 |
| Other advances and receivables | 30.90 | 5.69 |
| | **218.30** | **190.45** |

### NOTE - 13
### TRADE PAYABLES

| | | |
|---|---|---|
| (i) Total outstanding dues of micro enterprises and small enterprises* | 0.62 | - |
| (ii) Total outstanding dues of creditors other than micro enterprises & small enterprises | 1,000.53 | 786.47 |
| | **1,001.15** | **786.47** |

*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 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 0.62 | - |
| (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 | - | - |

₹ in Lakhs

### NOTE - 14
### DEBT SECURITIES (AT AMORTISED COST)

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Non convertible debentures (Refer note 43) | 50,722.00 | 71,727.00 |
| **Total (A)** | **50,722.00** | **71,727.00** |
| Debt securities in India | 50,722.00 | 71,727.00 |
| Debt securities outside India | - | - |
| **Total (B)** | **50,722.00** | **71,727.00** |

( Secured by a first charge over the identified "business assets" i.e. investments/receivables of the Group and a Pari-passu charge over the immovable properties of the Group situated at Chennai and Pune.)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 15
## BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **(a) Term loans** | | |
| (i) from banks* | 36,405.00 | 56,603.23 |
| (ii) from NBFC's** | 541.40 | 588.91 |
| **(b) Loans repayable on demand** | | |
| (i) from banks*** | 95.65 | 46,515.82 |
| (ii) from other parties | | |
| **(c) Other loans** | | |
| (i) from Collaterlised Borrowing and Lending Obligation**** | - | 12,000.00 |
| **(d) Vehicle Loans *****| 76.16 | 105.59 |
| **Total (A)** | **37,118.21** | **115,813.55** |
| Borrowings in India | 37,118.21 | 115,813.55 |
| Borrowings outside India | - | - |
| **Total (B)** | **37,118.21** | **115,813.55** |
| Secured | 37,118.21 | 115,813.55 |
| Unsecured | - | - |
| **Total (C)** | **37,118.21** | **115,813.55** |

* Term loans from bank to the extent of ₹ 3,553.99 lakhs (as at March 31, 2019 ₹ 3,494.81 lakhs) are secured against mortgage of the Group's immovable property together with all structures and appurtenances thereon held by the Group situated at 8th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021. The loans amount are repayable in the range of 20-48 monthly / quarterly installments.

* Term loans from banks to the extent of ₹ 32,851.01 lakhs (₹ 53,108.42 lakhs) 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. The loans are repayable in 8 to 16 quarterly installments along with interest from the date of loan.

** Term 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.

*** Loan repayable on demand from bank to the extent of ₹ 95.65 lakhs (as at March 31, 2019 ₹ 3,737.14 lakhs) is secured against on government securities and other debt securities.

*** Loan repayable on demand from banks to the extent of ₹ Nil (as at March 31, 2019 ₹ 40,280.92 lakhs) are secured against:

(a) pledge/lien on government securities and other debt securities and corporate guarantee of a Holding Company and demand promissory note.

(b) first pari passu charge by way of hypothecation/ assignment of assets financed including current and future receivables of a subsidiary company, in favour of the security trustee.

*** Loan repayable on demand from banks to the extent of ₹ Nil (as at March 31, 2018 ₹ 2,497.76 lakhs) are secured against pledge/lien on government securities and other debt securities.

**** Loan from Collaterlised Borrowing and Lending Obligation (CCIL) is secured against lien on government securities and cash deposit.

***** Vehicle loans from banks are repayable in 36 to 60 equated monthly installments along with interest from the date of loan. The loans are secured by hypothecation of motor vehicle purchased there against.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **NOTE - 16 DEPOSITS (AT AMORTISED COST)** | | |
| Rental deposits from others (unsecured) | 296.34 | 271.89 |
| | **296.34** | **271.89** |
| **NOTE - 17 OTHER FINANCIAL LIABILITIES** | | |
| Interest accrued but not due on borrowings | 2,673.32 | 3,256.30 |
| Employee dues | 340.01 | 314.91 |
| Lease liabilities | 765.64 | - |
| Unpaid dividends* | 186.99 | 14.30 |
| Deferred lease income | 10.85 | 32.49 |
| Other payables | 0.53 | - |
| | **3,977.34** | **3,618.00** |

* During the year ended March 31, 2020, ₹ 1.52 lakhs ( Previous year ₹ 1.48 lakhs) has been credited into Investor Education and Protection Fund under Section 124 of the Companies Act, 2013.

| | | |
|---|---|---|
| **NOTE - 18 PROVISIONS** | | |
| Provision for employee benefits | | |
| Gratuity (refer note 35) | 312.48 | 262.15 |
| Leave encashment | - | 35.67 |
| | **312.48** | **297.82** |
| **NOTE - 19 DEFERRED TAX LIABILITIES/ (ASSETS) (NET)** | | |
| **Deferred tax liabilities** | | |
| **On the account of** | | |
| Depreciation | 375.25 | 561.41 |
| Fair value gain / (loss) on investment in debt securities | - | 53.73 |
| Transaction costs | - | 19.19 |
| **Less: Deferred tax assets:** | | |
| Expenses allowable on payment basis (gratuity) | (41.84) | (50.37) |
| Disallowances of share issue expenses | (4.78) | (22.23) |
| Right-of-use and lease liabilities | (2.16) | - |
| Fair value loss on investments in equity shares | - | (2.42) |
| Fair value gain / (loss) on investment in debt securities | (16.43) | - |
| Impairment on financial instruments | (3.78) | - |
| Impairment of loans | - | (85.56) |
| Transaction costs | - | (26.52) |
| **Deferred tax liabilities/ (assets) (net)** | **306.26** | **447.23** |
| **NOTE - 20 OTHER NON-FINANCIAL LIABILITIES** | | |
| Statutory dues | 299.18 | 373.21 |
| Deferred lease income | 0.22 | 1.22 |
| | **299.40** | **374.43** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 21

### (a) SHARE CAPITAL

₹ in Lakhs

| Particulars | As at 31-03-2020 | | As at 31-03-2019 | |
|---|---|---|---|---|
| | Numbers of shares | Amount | Numbers of shares | Amount |
| **Authorized:** | | | | |
| Equity shares of ₹ 10 each | 33,000,000 | 3,300.00 | 33,000,000 | 3,300.00 |
| Preference shares of ₹ 100 each | 10,200,000 | 10,200.00 | 10,200,000 | 10,200.00 |
| **Total** | | **13,500.00** | | **13,500.00** |
| **Issued, subscribed and paid-up:** | | | | |
| Equity shares of ₹ 10 each fully paid up | 6,600,000 | 660.00 | 6,600,000 | 660.00 |
| **Total** | | **660.00** | | **660.00** |

**Rights, preferences and restrictions attached to equity shares**

The Holding Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each holder of equity share(s) is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shareholders holding more than 5% equity shares in the Holding Company (i.e. A. K. Capital Services Limited):**

| Name of the shareholder | As at 31-03-2020 | | As at 31-03-2019 | |
|---|---|---|---|---|
| | Numbers of shares | Percentage of shareholding | Numbers of shares | Percentage of shareholding |
| Family Home Consultancy Services Private Limited | 3,210,873 | 48.65% | 3,002,024 | 45.49% |
| A. K. Mittal | 1,036,108 | 15.70% | 689,965 | 10.45% |
| A. M. Credit Analysis and Research LLP | 371,000 | 5.62% | 371,000 | 5.62% |

**The reconciliation of the number of shares outstanding at the beginning and end of the year:**

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Shares at the beginning of the year | 6,600,000 | 6,600,000 |
| Add :Shares issued during the year | - | - |
| **Shares at the end of the year** | **6,600,000** | **6,600,000** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

| (b) OTHER EQUITY | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Capital reserve** | | |
| At the beginning of the year | 675.00 | 675.00 |
| Add: Additions during the year | - | - |
| **Closing balance of capital reserve** | **675.00** | **675.00** |
| **Special reserve** | | |
| Opening balance | 3,905.04 | 2,987.93 |
| Add: Current year transfer | 740.61 | 917.11 |
| **Closing balance of special reserve*** | **4,645.65** | **3,905.04** |
| **Securities premium** | | |
| Opening balance | 3,657.35 | 3,657.35 |
| Add: Additions during the year | - | - |
| **Closing balance of securities premium** | **3,657.35** | **3,657.35** |
| **General reserve** | | |
| Opening balance | 4,960.89 | 4,960.89 |
| Add: Additions during the year | - | - |
| **Closing balance of general reserve** | **4,960.89** | **4,960.89** |
| **Translation reserve** | | |
| Opening balance | (16.02) | (10.84) |
| Add: Additions during the year | 16.31 | (5.18) |
| **Closing balance of translation reserve** | **0.29** | **(16.02)** |
| **Retained earnings** | | |
| Opening balance | 46,999.47 | 41,774.46 |
| Add: Profit for the year | 5,100.59 | 7,137.53 |
| **Profit available for appropriation** | **52,100.06** | **48,911.99** |
| Less: Dividend paid on equity** | (726.00) | (637.97) |
| Less: Dividend paid on CCPS | (629.24) | - |
| Less: Dividend distribution tax** | (273.60) | (101.49) |
| Less: Transfer to special reserve | (740.61) | (917.11) |
| Less: Acquisitions of CCPS | (500.00) | - |
| Less: Share of non-controlling interest | - | (255.95) |
| **Closing balance of retained earnings** | **49,230.61** | **46,999.47** |
| **Other comprehensive income** | | |
| Opening balance | (2,335.43) | (2,320.38) |
| Add: Other comprehensive income for the year | (27.84) | 68.70 |
| Add: Other adjustment | - | (83.75) |
| **Closing balance of other comprehensive income** | **(2,363.27)** | **(2,335.43)** |
| | **60,806.52** | **57,846.30** |

*(a) 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.

*(b) Special Reserve represents the reserve created pursuant to the National Housing Bank Act, 1987 ("the NHB Act"). In terms of Section 29C of the NHB Act, a Housing 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.

** During the year 2019-20, the Board of Directors of the Holding Company had paid a final dividend of ₹ 6 per equity share (previous year ₹ 6 per equity share pertaining to financial year ended March 31, 2018) having face value of ₹ 10 each for the year ended March 31, 2019. The same is approved by the shareholders of the Holding Company in the annual general meeting held on September 28, 2019 (previous year's annual general meeting held on September 22, 2018). The total cash outflow of ₹ 415.46 Lakhs (previous year 447.75 Lakhs), including corporate dividend tax.

** During the year 2019-20, the Board of Directors of the Holding Company had paid interim dividend of ₹ 5 per equity share having face value of ₹ 10 each for the year ended March 31, 2020. The total cash outflow of ₹ 357.93 Lakhs, including corporate dividend tax.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 22
## INTEREST INCOME

₹ in Lakhs

| Particulars | Current Year 2019-2020 | | | Previous Year 2018-2019 | | |
|---|---|---|---|---|---|---|
| | 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 income on loans | 5,483.31 | - | 5,483.31 | 11,608.91 | - | 11,608.91 |
| Processing fees income | 311.17 | - | 311.17 | 199.22 | - | 199.22 |
| Interest income from investments | 3,736.83 | 2,360.35 | 6,097.18 | 4,679.07 | 2,080.84 | 6,759.91 |
| Interest income from stock of securities | - | 4,048.38 | 4,048.38 | - | 2,732.77 | 2,732.77 |
| Interest on deposits with banks | 15.79 | - | 15.79 | 89.53 | - | 89.53 |
| Interest on other deposits | 20.51 | - | 20.51 | 7.67 | - | 7.67 |
| Other interest incomes | 36.13 | - | 36.13 | 15.83 | - | 15.83 |
| **Total** | **9,603.74** | **6,408.73** | **16,012.47** | **16,600.23** | **4,813.61** | **21,413.84** |

₹ in Lakhs

## NOTE - 23
## SALE OF SERVICES

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Merchant banking fees | 3,274.31 | 6,411.69 |
| Brokerage income | 5,166.78 | 9,372.66 |
| Syndication and other fees | - | 867.30 |
| Advisory fees | 1,103.57 | 685.70 |
| Fees and other operative incomes | 931.44 | 1,017.81 |
| | **10,476.10** | **18,355.16** |

## NOTE - 24
## NET GAIN/(LOSS) ON FAIR VALUE CHANGES

| | | |
|---|---|---|
| **Net gain/(loss) on financial instruments at fair value** | | |
| -Investments | 3,353.25 | 291.70 |
| -Stock of securities | 1,039.56 | 1,686.75 |
| **Total** | **4,392.81** | **1,978.45** |
| | | |
| **Net gain/(loss) on financial instruments at fair value** | | |
| -Realised | 5,108.96 | 1,754.61 |
| -Unrealised | (716.15) | 223.84 |
| **Total** | **4,392.81** | **1,978.45** |
| | | |
| **Additional Information:** | | |
| Profit / (loss) on sale of Investments (actual) (A) | 3,405.23 | 1,224.60 |
| **Net gain/(loss) on investments due to fair value change (B)** | | |
| -Realised | (75.02) | (862.66) |
| -Unrealised | 23.04 | (70.24) |
| **Total (C=A+B)** | **3,353.25** | **291.70** |
| | | |
| Profit on sale of stock of securities (actual) ( D) | 2,072.52 | 1,127.05 |
| **Net gain/(loss) on stock of securities due to fair value change (E)** | | |
| -Realised | (293.77) | 265.62 |
| -Unrealised | (739.19) | 294.08 |
| **Total (F=D+E)** | **1,039.56** | **1,686.75** |
| **Total (C+F)** | **4,392.81** | **1,978.45** |

## NOTE - 25
## OTHER INCOME

| | | |
|---|---|---|
| Profit on sale of property, plant and equipment (net) | 89.50 | - |
| Profit on redemption of non convertible debentures | 80.00 | - |
| Gain on termination of lease | 0.23 | - |
| Interest on income tax refund | 9.59 | 3.47 |
| Miscellaneous incomes | 2.10 | 21.41 |
| | **181.42** | **24.88** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 26
## FINANCE COSTS (AT AMORTISED COST)

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Interest on borrowings | 5,315.24 | 8,286.30 |
| Interest on debt securities | 5,817.82 | 6,234.34 |
| Interest on income tax | 16.35 | 8.43 |
| Unwinding interest cost | 82.58 | 20.25 |
| Other interest expenses | 288.15 | 753.34 |
| | **11,520.14** | **15,302.66** |

## NOTE - 27
## IMPAIRMENT OF FINANCIAL INSTRUMENTS

| | | |
|---|---|---|
| **On financial instruments measured at amortised cost** | | |
| Loans (net) | (184.15) | (98.72) |
| Investments (net) | 187.15 | 187.19 |
| | **3.00** | **88.47** |

## NOTE - 28
## EMPLOYEE BENEFITS EXPENSES

| | | |
|---|---|---|
| Salaries and wages | 5,034.49 | 4,908.90 |
| Gratuity | 43.24 | 46.93 |
| Contribution to provident and other funds | 46.28 | 46.83 |
| Staff welfare expenses* | 90.36 | 85.77 |
| | **5,214.37** | **5,088.43** |

*includes rental expense for staff accomodation ₹ 55.84 lakhs,(previous year ₹ 55.58 lakhs)

## NOTE - 29
## OTHER EXPENSES

| | | |
|---|---|---|
| Rent, taxes and energy costs | 173.03 | 584.45 |
| Repairs and maintenance | 62.09 | 63.43 |
| Sotware expenses | 238.70 | 10.02 |
| Printing and stationery | 11.18 | 14.40 |
| Selling expenses | 556.85 | 1,251.23 |
| Advertisement expenses | 42.34 | 62.38 |
| Auditor's remuneration | | |
| -for audit fees | 13.25 | 9.34 |
| -for tax audit fees | 1.50 | 1.50 |
| -for other services | 7.74 | 3.99 |
| Legal and professional charges | 696.47 | 585.66 |
| Travelling expense | 298.48 | 360.73 |
| Bad debts | 3.01 | - |
| Loss on sale of property, plant and equipment | 61.57 | 23.91 |
| Corporate social responsibilities (Refer note no.38) | 382.25 | 58.50 |
| Brokerage paid | 3,789.50 | 8,128.32 |
| IPO marketing fees | 69.10 | 34.85 |
| Stock exchange expenses | 9.06 | 9.86 |
| Processing and other charges | 0.38 | 3.65 |
| Communication cost | 20.56 | 51.91 |
| Office expenses | 61.80 | 135.08 |
| Directors' sitting fees | 14.50 | 12.00 |
| Insurance expenses | 34.91 | 29.55 |
| Miscellaneous expenses | 221.44 | 107.72 |
| | **6,769.71** | **11,542.48** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

## NOTE - 30
## OTHER COMPREHENSIVE INCOME

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Items that will not be reclassified to profit or loss** | | |
| a. Remeasurement of defined benefit obligation | (27.83) | 94.69 |
| b. Equity instruments through other comprehensive income | (14.60) | 0.92 |
| | **(42.43)** | **95.61** |

## NOTE - 31
## CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments as at March 31, 2020 and March 31, 2019.

## NOTE - 32
## 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

| | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Sale of services, fees and commission income** | | |
| Arranger and advisory fees | 4,206.04 | 8,728.40 |
| Lead manager fees | 171.84 | 254.10 |
| Brokerage income | 5,166.78 | 9,372.66 |
| Fees and other operative income | 931.44 | - |
| **Total revenue from contracts with the customers** | **10,476.10** | **18,355.16** |
| **Geographical markets** | | |
| -India | 10,070.33 | 18,209.28 |
| -Outside India | 405.77 | 145.88 |
| **Total revenue from contracts with the customers** | **10,476.10** | **18,355.16** |
| **Relation with customer** | | |
| -Non related party | 10,470.26 | 18,352.95 |
| -Related Party | 5.84 | 2.21 |
| **Total revenue from contracts with the customers** | **10,476.10** | **18,355.16** |
| **Timing of revenue recognition** | | |
| -Service transferred over a period of time | 171.84 | 399.98 |
| -Service transferred over a point in time | 10,304.26 | 17,955.18 |
| **Total revenue from contracts with the customers** | **10,476.10** | **18,355.16** |

Geographical revenue is allocated based on the location of the services.

## NOTE - 33
## SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108, the Group operates in a single operating segment i.e. "Investment and Financing Activity" within India. Accordingly, no separate disclosure is required. The Board of Directors of the Holding Company are collectively the Chief Operating Decision Makers (CODMs) of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 34
## EARNINGS PER SHARE

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Profit after tax available for equity share holders for basic earning per share (₹ in lakhs.) | 5,100.59 | 7,137.53 |
| Weighted average number of equity shares outstanding during the year for basic earnings per share (Nos.) | 6,600,000 | 6,600,000 |
| Basic earnings per share (₹) | 77.28 | 108.14 |
| Diluted earnings per share (₹) | 77.28 | 108.14 |
| Nominal value of share (₹) | 10.00 | 10.00 |

## NOTE - 35
## EMPLOYEE BENEFIT OBLIGATION

**a) Defined contribution plans**

Contribution to defined contribution plan, recognised as expense for the year is as under :

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Employer's contribution to provident fund | 46.28 | 46.83 |
| Contribution to labour welfare fund | 0.08 | 0.09 |

**b) Defined Benefit Plan**

The Group has an unfunded defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **(a) Statement of profit and loss** | | |
| **Net employee benefit expense recognised in the employee cost** | | |
| Current service cost | 45.12 | 47.20 |
| Past service cost | - | - |
| Interest cost on defined benefit obligation | 20.06 | 25.55 |
| (Gain) / losses on settlement | - | |
| **Total expense charged to profit and loss account (included in salaries, wages and incentives) (A)** | **65.18** | **72.75** |
| **(b) Amount recorded in Other Comprehensive Income (OCI)** | | |
| **Opening amount recognised in OCI outside profit and loss account** | - | - |
| **Remeasurement during the period due to :** | | |
| Actuarial loss / (gain) arising from change in financial assumptions | 40.48 | 27.97 |
| Actuarial loss / (gain) arising from change in demographical assumptions | (21.94) | - |
| Actuarial loss / (gain) arising on account of experience changes | 9.29 | (122.66) |
| **Amount recognised in OCI (B)** | **27.83** | **(94.69)** |
| **Gratuity expense recognised in the statement of profit and loss and OCI (A+B)** | **93.01** | **(21.94)** |
| **(c) Reconciliation of net liability / (asset)** | | |
| Opening defined benefit liability / (asset) | 262.15 | 330.19 |
| Expense charged to profit & loss account | 65.18 | 72.75 |
| Amount recognised in outside profit and loss account | 27.83 | (94.70) |
| Benefit paid/ payable | (42.68) | (46.10) |
| **Closing net defined benefit liability / (asset)** | **312.48** | **262.14** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 35
## EMPLOYEE BENEFIT OBLIGATION (CONTD.)

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **(d) Movement in benefit obligation and balance sheet** | | |
| Opening defined benefit obligation | 262.15 | 330.19 |
| Current service cost | 45.12 | 47.20 |
| Past service cost | - | - |
| Interest on defined benefit obligation | 20.06 | 25.55 |
| **Remeasurement during the period due to :** | | |
| Actuarial loss / (gain) arising from change in financial assumptions | 40.48 | 27.96 |
| Actuarial loss / (gain) arising from change in demographical assumptions | (21.94) | - |
| Actuarial loss / (gain) arising on account of experience changes | 9.29 | (122.66) |
| Benefit paid/ payable | (42.68) | (46.10) |
| **Closing defined benefit obligation [liability/(asset)] recognised in balance sheet** | **312.48** | **262.14** |
| **(e) The principal assumptions used in determining gratuity benefit obligation for the Group's plans are shown below:** | | |
| Discount rate | 6.91% | 7.65% |
| Salary escalation rate (p.a.) | 5.00% | 5.00% |
| Withdrawal rate | | |
| - Upto 30 years | 30.00% | 30.00% |
| - From 31 to 44 years | 21.00% | 20.00% |
| - Above 45 years | 30.00% | 20.00% |
| Mortality pre-retirement | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2006-08) |
| **(f) A quantitative analysis for significant assumption is as shown below: Indian gratuity plan:** | | |
| **Assumptions -Discount rate** | | |
| Sensitivity Level (a hypothetical increase / (decrease) by) | 0.50% | 0.50% |
| Impact on defined benefit obligation -increase of sensitivity level | (5.27) | (34.93) |
| Impact on defined benefit obligation -decrease of sensitivity level | 5.44 | 142.29 |
| **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 | 5.53 | 42.34 |
| Impact on defined benefit obligation-decrease of sensitivity level | (5.38) | (34.90) |

The following payments are expected contributions to the defined benefit plant in future years.

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Within 1-2 year | 129.23 | 89.39 |
| 2-3 year | 155.40 | 98.31 |
| 3-4 year | 187.77 | 134.45 |
| 5-6 year | 216.93 | 159.64 |
| 6-7 year | 255.56 | 189.41 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 1.97-13.12 years (March 31, 2019 - 0.98-13.52 years)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 36
## RELATED PARTY DISCLOSURES

### I RELATED PARTY RELATIONSHIPS:

**a Key managerial personnel**

Mr. A.K. Mittal
Ms. Aditi Mittal
Mr. Ashish Agarwal
Mr. Vikas Jain
Mr. Subhash Chandra Bhargava
Mr. Subhash Chander Madan
Mr. Khimji Shamji Pandav (Appointed w.e.f. 11th August, 2018)
Mr. Abhinav Kumar Mittal (Upto 20th September, 2018)
Mrs. Sneh Lata Mittal (Upto 25th July, 2019)
Ms. Annu Garg
Mr. Rajiv Kumar Bakshi
Mr. Raghubinder Rai
Mr. Ankit Gupta
Mr. Prashant Roongta (Appointed w.e.f. 11th June, 2019)
Mr. Harit Oberoi
Mr. Mahesh Bhootra
Mr. Tejas Davda
Mr. Govind Lalwani
Mr. Ranjit Dutta
Mr. Ram Suthar

**b Relatives of key managerial personnel**

Mrs. Anshu
Mrs. Purvi Jain

**c Enterprise having significant influence in Holding Company**

Family Home Consultancy Services Private Limited

**d Enterprises in which key managerial personnel is having significant influence**

A. K. Services Private Limited
A. K. Capital Markets Limited
M Square Automobile Private Limited
M Square Advisors Private Limited
India Bond Private Limited

**e Enterprises in which relative of key managerial personnel is having influence**

Goodwill Capital Services Private Limited

**Notes:**

a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) - 24 'Related Party Disclosures' and the same have been relied upon by the auditors.

b) The relationship as mentioned above pertains to those related parties with whom transactions have taken place during the year and the previous year, except where control exist, in which case the relationship has been mentioned irrespective of the transaction with the related parties.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 36

## RELATED PARTY DISCLOSURES (CONTD.)

₹ in Lakhs

| II Details of transactions with related parties are given as under: | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Key managerial remuneration *** | | |
| Short term benefits ( including perquisites) | 934.06 | 1,066.05 |
| Director's sitting fees | 12.75 | 11.05 |
| **Remuneration to relative of key managerial personnel** | | |
| Anshu | 251.70 | 96.83 |
| **Professional Fees** | | |
| A. K. Services Private Limited | 42.00 | - |
| **Software expenses** | | |
| India Bond Private Limited | 216.00 | - |
| **Brokerage received** | | |
| A. K. Services Private Limited | 1.59 | 0.26 |
| Family Home Consultancy Services Private Limited | 0.14 | 0.16 |
| A. K Mittal | 0.72 | - |
| Anshu | 0.36 | - |
| Abhinav Kumar Mittal | 0.47 | - |
| Purvi Jain | 0.02 | 0.03 |
| **Brokerage paid** | | |
| M Square Automobile Private Limited | - | 625.04 |
| Family Home Consultancy Services Private Limited | - | 3.00 |
| **Demat charges received** | | |
| A. K. Capital Markets Limited | 0.02 | 0.02 |
| A. K. Services Private Limited | 1.71 | 0.56 |
| Family Home Consultancy Services Private Limited | 0.05 | 0.02 |
| Goodwill Capital Services Private Limited | 0.01 | 0.03 |
| M Square Automobile Private Limited | - | 0.01 |
| M Square Advisors Private Limited | - | 0.01 |
| Anshu | 0.01 | - |
| Abhinav Kumar Mittal | 0.01 | - |
| **Purchase of office building** | | |
| Abhinav Kumar Mittal | 156.00 | - |
| **Sales of securities (excluding accrued interest)** | | |
| A. K. Capital Markets Limited | - | 60.05 |
| A. K. Services Private Limited | 6,193.80 | 2,984.47 |
| Family Home Consultancy Services Private Limited | 99.80 | 50.05 |
| **Purchase/Subscription of investments (excluding accrued interest)** | | |
| A. K. Services Private Limited | 57,082.26 | 41,685.35 |
| A. K. Capital Markets Limited | 20.00 | - |
| Goodwill Capital Services Private Limited | - | 280.06 |
| Family Home Consultancy Services Private Limited | 140.01 | 6.00 |
| Aditi Mittal | - | 18.54 |
| A. K. Mittal | 1,250.00 | - |
| **Repurchase of non convertible debentures (excluding accrued interest)** | | |
| A. K. Services Private Limited | - | 1.00 |
| A. K. Capital Markets Limited | - | 10.00 |
| Family Home Consultancy Services Private Limited | - | 24.00 |
| **Repairs and maintenance expenses** | | |
| M Square Automobile Private Limited | 8.30 | 6.94 |
| **Interest expenses** | | |
| A. K. Services Private Limtied | 0.26 | 1.21 |
| **Rent Paid** | | |
| A. K. Mittal | 64.80 | 69.64 |
| Aditi Mittal | 24.00 | 24.00 |
| Anshu | 18.00 | 34.84 |
| Abhinav Kumar Mittal | 14.58 | 21.70 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**NOTE - 36**

**RELATED PARTY DISCLOSURES (CONTD.)**

₹ in Lakhs

| II Details of transactions with related parties are given as under: | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Interest income on loan given** | | |
| A. K. Services Private Limited | 458.95 | - |
| M Square Automobile Private Limited | 81.13 | 206.89 |
| Goodwill Capital Services Private Limited | - | 111.62 |
| **Loan given** | | |
| A. K. Services Private Limited | 13,750.00 | - |
| (Revolving Credit Sanction Limits amounting upto a maximum amount of ₹ 8,000 lakhs) | | |
| M Square Automobile Private Limited | 1,845.00 | 1,600.00 |
| (Revolving Credit Sanction Limits amounting to C.Y. ₹ 1,450 lakhs P.Y. ₹ 3,500 lakhs) | | |
| Goodwill Capital Services Private Limited | - | 11,510.00 |
| (Revolving Credit Sanction Limit amounting to ₹ 5,000 lakhs valid till March 31, 2019) | | |
| **Repayment of loan given** | | |
| A. K. Services Private Limited | 9,250.00 | - |
| (Revolving Credit Sanction Limits amounting upto a maximum amount of ₹ 8,000 lakhs) | | |
| M Square Automobile Private Limited (Sanction amount) | 2,245.00 | 2,700.00 |
| (Revolving Credit Sanction Limits amounting to C.Y. ₹ 1,450 lakhs P.Y. ₹ 3,500 lakhs) | | |
| Goodwill Capital Services Private Limited | - | 11,510.00 |
| (Revolving Credit Sanction Limit amounting to ₹ 5,000 lakhs valid till March 31,2019) | | |
| Goodwill Capital Services Private Limited (Term loan) | - | 1,030.00 |
| **Loan taken during the year** | | |
| A. K. Services Private Limtied | 5,050.00 | 1,000.00 |
| **Loan repaid during the year** | | |
| A. K. Services Private Limtied | 5,050.00 | 1,000.00 |
| **Interest expenses on non convertible debentures** | | |
| Family Home Consultancy Services Private Limited | - | 0.71 |
| A. K. Capital Markets Limited | - | 0.89 |
| A. K. Services Private Limited | - | 0.03 |
| **Rent deposits received back** | | |
| Abhinav Kumar Mittal | 17.12 | - |
| Anshu | - | 24.50 |
| A. K. Mittal | - | 14.50 |

₹ in Lakhs

| III Balances with related parties | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Balances payable** | | |
| M Square Automobile Private Limited | - | 1.71 |
| **Balances receivable** | | |
| A. K. Services Private Limited | 0.04 | 0.09 |
| M Square Advisors Private Limited | - | 0.01 |
| Goodwill Capital Services Pvt. Ltd. | - | 0.02 |
| Anshu | 0.01 | - |
| Abhinav Kumar Mittal | 0.01 | - |
| **Investment in non convertible debentures** | | |
| A. K. Services Private Limited | - | 25.00 |
| **Interest accrued on non convertible debentures** | | |
| A. K. Services Private Limited | - | 0.20 |
| **Rent deposit given outstanding as at year end** | | |
| A. K. Mittal | 148.00 | 148.00 |
| Anshu | 50.00 | 50.00 |
| Aditi Mittal | 100.00 | 100.00 |
| Abhinav Kumar Mittal | 2.50 | 19.62 |
| **Loan given outstanding** | | |
| A. K. Services Private Limited | 4,500.00 | - |
| M Square Automobile Private Limited | - | 400.00 |

**Note: Transaction amount is excluding taxes, wherever applicable.**

* Key managerial remuneration related to retirement benefits (i.e. gratuity) are recognised under employee benefit 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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 37
## 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 12 to 52 months. The Group has contracts which have fixed rentals.

**Transition**

From April 01, 2019, the Indian Accounting Standard i.e. IND-AS 116 "Leases" became effective, the Group has adopted the Standard with modified retrospective approach as per Para C8 (c) (ii) of IND AS 116 and recognised asset in the form of "Right of use asset", (representing its right of use the leased asset over the lease term) and also liability towards the present value of the balance of future lease payments for the leases.

**The following is the summary of practical expedients elected on initial application:**

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Following are the changes in the carrying value of right-of-use assets (disclosed under note 10 - property, plant and equipment) for the year ended March 31, 2020:

₹ in Lakhs

| Particulars | Building Right-of-use |
|---|---|
| **Reclassified on account of adoption of Ind AS 116** | 1,244.60 |
| Deduction on account of termination of lease | (9.27) |
| **Closing gross block value of account on adoption of Ind AS 116** | **1,235.33** |
| | |
| **Depreciation charged for the year** | 443.27 |
| Deduction on account of termination of lease | (1.12) |
| **Closing accumulated depreciation of account on adoption of Ind AS 116** | **442.15** |

Carrying value of lease liabilities is disclosed under note 17 - other financial liabilities at ₹ 765.64 Lakhs as at March 31, 2020.

The following is the movement in lease liabilities during the year ended March 31, 2020

₹ in Lakhs

| Particulars | Current Year 2019-2020 |
|---|---|
| **Balance at the beginning of the year** | **-** |
| Additions | 1,149.13 |
| Finance cost accrued during the year | 83.04 |
| Deletions | (8.09) |
| Payment of lease liabilities | (458.44) |
| **Balance at the end of the year** | **765.64** |

In the consolidated statement of profit and loss for the year ended March 31, 2020, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right of use asset and finance cost for interest accrued on lease liability. To this extent performance for the year ended March 31, 2020 is not comparable with previous year.

₹ in Lakhs

| Adjustments to Increase/ (decrease) in net profit | Current Year 2019-2020 comparable basis | Changes due to IND AS 116 Increase/(decrease) | Current Year 2019-2020 as reported |
|---|---|---|---|
| Other income | 181.19 | 0.23 | 181.42 |
| Other expense | 7,228.15 | (458.44) | 6,769.71 |
| Finance costs | 11,437.10 | 83.04 | 11,520.14 |
| Depreciation and amortisation expense | 270.66 | 443.27 | 713.93 |
| Profit before tax | 6,602.35 | (67.64) | 6,534.71 |

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the Group's consolidated financial statements for year ended March 31, 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**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 31-03-2020 |
|---|---|
| Not later than one year | 474.56 |
| Later than one year and not later than five years | 354.57 |
| 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 2019-2020 is ₹ 458.44 Lakhs.

**Notes:**

The amount of minimum lease payments with respect to operating lease recognised in the statement of profit and loss for the year is ₹ 407.76 Lakhs (previous year ₹ 375.62 Lakhs)

**II Where the Group is lessor:**

The future minimum lease payments receivable as per the lease agreements are as follows:

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Not later than one year | 270.38 | 290.11 |
| Later than one year and not later than five years | - | 270.38 |
| Later than five years | - | - |

The amount of minimum lease income with respect to operating lease recognised in the statement of profit and loss for the year is ₹357.88 Lakhs (previous year ₹ 354.65 Lakhs)

### NOTE - 38
### CORPORATE SOCIAL RESPONSIBILITES (CSR)

As per Section 135 of the Companies Act, 2013, 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, setting up homes and ensuring environmental sustainability.

₹ in Lakhs

| Particulars | | | Amount |
|---|---|---|---|
| Gross amount required to be spent by the Group during the year(including previous years' shortfall of ₹ 230.88 lakhs) | | | 414.08 |
| **Amount spent during the year** | **Yet to be paid in Cash** | **In Cash** | **Total** |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) Donation for promoting education | - | - | - |
| (iii) Donation for promoting preventive health care and sanitation | - | - | - |
| (iii) Donation for empowering woman and setting up homes | - | - | - |
| (iv) Contribution to any fund set up by the Central Government for socio-economic development and relief qualifies | | 382.25 | 382.25 |
| **Short fall in CSR expenditure** | | | **31.83** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 39
## 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 March 31, 2020 were as follows:** ₹ in Lakhs

| Particulars | At Amortised cost | At fair value through profit and loss | At fair value through OCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | 10,133.72 | - | - | 10,133.72 | 10,133.72 |
| Bank balances other than above | 254.44 | - | - | 254.44 | 254.44 |
| Trade receivables | 181.38 | - | - | 181.38 | 181.38 |
| Loans | 27,471.00 | - | - | 27,471.00 | 27,693.85 |
| Investments | 37,882.03 | 21,197.04 | 14.05 | 59,093.12 | 61,551.34 |
| Stock of securities | - | 49,853.26 | - | 49,853.26 | 49,853.26 |
| Other financial assets | 1,412.49 | 2,215.99 | - | 3,628.48 | 3,628.48 |
| **Total** | **77,335.06** | **73,266.29** | **14.05** | **1,50,615.40** | **1,53,296.47** |
| **Liabilities:** | | | | | |
| Trade payables | 1,001.15 | - | - | 1,001.15 | 1,001.15 |
| Debt Securities | 50,722.00 | - | - | 50,722.00 | 50,722.00 |
| Borrowings (other then debt securities) | 37,118.21 | - | - | 37,118.21 | 37,288.73 |
| Deposits | 296.34 | - | - | 296.34 | 296.34 |
| Other financial liabilities | 3,977.34 | - | - | 3,977.34 | 3,977.34 |
| **Total** | **93,115.04** | **-** | - | **93,115.04** | **93,285.56** |

**The carrying value and fair value of financial instrument by categories as of March 31, 2019 were as follows:** ₹ in Lakhs

| Particulars | At Amortised cost | At Fair value through profit and loss | At fair value through OCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | 1,060.91 | - | - | 1,060.91 | 1,060.91 |
| Bank balances other than above | 601.40 | - | - | 601.40 | 526.40 |
| Trade receivables | 809.76 | - | - | 809.76 | 819.14 |
| Loans | 73,468.32 | - | - | 73,468.32 | 73,987.64 |
| Investments | 61,202.72 | 17,846.65 | 28.99 | 79,078.36 | 80,354.69 |
| Stock of securities | - | 91,725.88 | - | 91,725.88 | 91,725.88 |
| Other financial assets | 1,739.91 | 944.64 | - | 2,684.55 | 2,909.68 |
| **Total** | **138,883.02** | **110,517.17** | **28.99** | **249,429.18** | **251,384.34** |
| **Liabilities:** | | | | | |
| Trade payables | 786.47 | - | - | 786.47 | 797.14 |
| Debt Securities | 71,727.00 | - | - | 71,727.00 | 71,727.00 |
| Borrowings (other then debt securities) | 115,813.55 | - | - | 115,813.55 | 116,170.52 |
| Deposits | 271.89 | - | - | 271.89 | 271.89 |
| Other financial liabilities | 3,618.00 | - | - | 3,618.00 | 3,609.46 |
| **Total** | **192,216.91** | **-** | **-** | **192,216.91** | **192,576.01** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 40
## 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, investments and stock of securities.

**Credit risk**

**Revenue / Trade receivable**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is from trade receivables amounting to ₹ 181.38 Lakhs and ₹ 809.76 Lakhs as at March 31, 2020 and March 31, 2019, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal cause of business.

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. Based on the provision matrix, no provision is required to be made at the respective reporting date.

The Group have provided details of revenue from single largest customer, revenue from top 5 customer and ageing of trade receivables below:

**(a) The following table gives details in respect of revenues generated from top customer and top 5 customers:**

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Revenue from top customer | 2,138.83 | 5,746.70 |
| Revenue from top 5 customers | 5,429.55 | 16,711.34 |

**(b) Ageing analysis of the age of trade receivable amounts that are not due as at the end of reporting year:**

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Within credit days | 161.21 | 655.53 |

**(c) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:**

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Less than 90 days | 11.76 | 153.61 |
| 91 to 180 days | - | 9.18 |
| 181 to 270 days | - | 0.82 |
| 271 to 360 days | 0.26 | - |
| Over 360 days | 8.15 | - |
| **Total** | **20.17** | **163.61** |

**Balances with banks and other financial assets:**

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.

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.

**Investments in debt securities measured at amortised cost**

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 characteristic 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**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 characteristic 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 measured at amoritsed cost for which loss allowance is measured using expected credit loss model:

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Trade receivables | 181.38 | 809.76 |
| Loans | 27,581.32 | 73,762.79 |
| Investments | 38,256.37 | 61,389.91 |
| Other financial assets | 1,412.49 | 1,739.91 |
| **At end of the year** | **67,431.56** | **1,37,702.37** |

**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. The following table analyse the breakdown of the financial assets and liabilities by type of interest rate:

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Financial assets** | | |
| **Interest bearing** | | |
| **- fixed interest rate** | | |
| Cash and cash equivalent | 7,440.00 | - |
| Bank balances other than cash and cash equivalents | 67.45 | 581.22 |
| Loans | 17,121.41 | 42,465.18 |
| Investments | 54,820.05 | 71,731.17 |
| Stock of securities | 49,788.48 | 91,556.02 |
| **- floating interest rate** | | |
| Loans | 10,459.91 | 31,457.60 |
| Investments | 2,173.06 | 7,478.96 |
| **Non interest bearing** | | |
| Investment | 2,474.35 | 55.40 |
| Stock of securities | 64.78 | 9.86 |
| Cash and cash equivalent | 2,880.71 | 1,075.22 |
| Trade receivables | 181.38 | 809.75 |
| Other financial assets | 3,628.48 | 2,690.44 |
| **Total** | **151,100.06** | **249,910.82** |
| | | |
| **Financial liabilities** | | |
| **Interest bearing** | | |
| **- fixed interest rate** | | |
| Borrowings | 50,798.16 | 86,330.34 |
| Lease liabilities | 765.64 | - |
| **- floating interest rate** | | |
| Borrowings | 37,042.05 | 101,210.22 |
| **Non interest bearing** | | |
| Trade payables | 1,001.15 | 794.53 |
| Deposits | 296.34 | 271.89 |
| Other financial liabilities | 3,211.70 | 3,609.93 |
| **Total** | **93,115.04** | **192,216.91** |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of 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 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| Increase in basis points | 50.00 | 50.00 |
| Effect on profit before tax | (122.05) | (311.37) |
| | | |
| Decrease in basis points | 50.00 | 50.00 |
| Effect on profit before tax | 122.05 | 311.37 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 41

## 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 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 March 31, 2020 and March 31, 2019 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 with maturity profile ranging between 0 to 5 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 2020** | | | | | | |
| Borrowings including debt securities | 96.48 | 6,891.98 | 21,195.30 | 68,738.09 | 13,222.53 | **110,144.38** |
| Trade and other payables | 0.58 | 1,000.57 | - | - | - | **1,001.15** |
| Deposits | - | 28.97 | - | 267.37 | - | **296.34** |
| Other financial liabilities | 188.49 | 2,652.82 | 844.96 | 354.57 | - | **4,040.84** |
| | **285.55** | **10,574.34** | **22,040.26** | **69,360.03** | **13,222.53** | **115,482.71** |
| **As at 31 March 2019** | | | | | | |
| Borrowings including debt securities | 39,077.37 | 21,691.44 | 26,284.08 | 108,424.29 | 29,825.17 | **225,302.35** |
| Trade and other payables | 0.61 | 785.86 | - | - | - | **786.47** |
| Deposits | - | 14.86 | - | 257.03 | - | **271.89** |
| Other financial liabilities | 15.00 | 1,935.76 | 1,656.39 | 10.85 | - | **3,618.00** |
| | **39,092.98** | **24,427.92** | **27,940.47** | **108,692.17** | **29,825.17** | **229,978.71** |

**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 Group'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 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Borrowings | 87,840.21 | 187,540.55 |
| Trade payables | 1,001.15 | 786.47 |
| Other financial liabilities | 3,977.34 | 3,618.00 |
| Deposits | 296.34 | 271.89 |
| Less: cash and cash equivalents | (10,133.72) | (1,060.91) |
| **Net debt (A)** | **82,981.32** | **191,156.00** |
| | | |
| Equity share capital | 660.00 | 660.00 |
| Other equity | 60,806.52 | 57,846.30 |
| Non-controlling interest | 2,638.31 | 4,608.78 |
| **Total member's capital (B)** | **64,104.83** | **63,115.08** |
| **Capital and net debt (C=A+B)** | **147,086.15** | **254,271.08** |
| **Gearing ratio (%) (A/C)** | **56.42** | **75.18** |

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 period.

No changes were made in the objectives, policies or processes for managing capital during the aforesaid financial period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 42
## 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 and liabilities measured at fair value on a recurring basis as of March 31, 2020:

₹ in Lakhs

| Particulars | As at 31-03-2020 | Fair value measurement at end of the reporting year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets:** | | | | |
| Investments in hybrid instruments | 8.51 | - | 8.51 | - |
| Debt instruments FVTPL | 7,825.76 | - | 7,825.76 | - |
| Equity instruments FVTOCI | 14.05 | 13.59 | - | 0.46 |
| Mutual Funds at FVTPL | 2,987.44 | 2,987.44 | - | - |
| Government securities at FVTPL | 10,375.33 | - | 10,375.33 | - |
| **Stock of securities:** | | | | |
| - Exchange Traded funds at FVTPL | 64.78 | 64.78 | - | - |
| - Debt instruments at FVTPL | 49,788.48 | - | 49,788.48 | - |

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

₹ in Lakhs

| Particulars | As at 31-03-2019 | Fair value measurement at end of the reporting year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets:** | | | | |
| Investments in hybrid instruments | 9.12 | - | 9.12 | - |
| Debt instruments FVTPL | 17,809.50 | - | 17,809.50 | - |
| Equity instruments FVTOCI | 28.99 | 28.13 | - | 0.86 |
| Mutual Funds at FVTPL | 28.03 | 28.03 | - | - |
| **Stock of securities:** | | | | |
| - Exchange Traded funds at FVTPL | 9.86 | 9.86 | - | - |
| - Debt instruments at FVTPL | 91,716.02 | - | 91,716.02 | - |

**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 measured at FVTPL | Level II | Valuation techniques and inputs in order of first preference are as under:<br>1. Cost of securities only if the securities are allotted within last 20 days or purchased within 14 days from the measurement date.<br>2. Latest traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-14 days.<br>3. Weighted average (appropriate weight considered by the Group) of;<br>- Future cash flows which are discounted using a discount rate arrived at by adding the spread provided by FIMMDA and<br>- Latest subsequent traded price reported on recognised stock exchange or settlement house close to measurement date i.e. in the range of 0-14 days<br>4. 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. Further the resulted valuation gain have been discounted at appropriate rate due to market condition arising on account of COVID-19. |
| Unquoted equity instruments measured at FVTOCI | 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. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 43
## DETAILS OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

**A Details of secured redeemable non-convertible debentures as at March 31, 2020**

| Name of Security | Number | Amount (Rs. in lakhs) | Allotment Date | Redemption Date |
|---|---|---|---|---|
| 9.50% Non Convertible Debentures - Series E-I | 500.00 | 500.00 | 23-Jun-17 | 23-Jun-27 |
| 9.70% Non Convertible Debentures - Series B-II | 500.00 | 500.00 | 07-Mar-17 | 07-Mar-27 |
| 9.95% Non Convertible Debentures - Series N | 3,500.00 | 3,500.00 | 18-Sep-18 | 18-Sep-25 |
| 9.75% Non Convertible Debentures - Series K | 7,100.00 | 7,100.00 | 28-Jun-18 | 28-Jun-25 |
| 9.40% Non Convertible Debentures - Series H | 7,500.00 | 7,500.00 | 06-Dec-17 | 06-Dec-24 |
| 9.00% Non Convertible Debentures - Series E-II | 6,452.00 | 6,452.00 | 10-Aug-17 | 10-Aug-24 |
| 9.60% Non Convertible Debentures - Series B-VII | 1,500.00 | 1,500.00 | 21-Mar-17 | 21-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-III | 2,600.00 | 2,600.00 | 09-Mar-17 | 09-Mar-24 |
| 9.60% Non Convertible Debentures - Series B-I | 2,500.00 | 2,500.00 | 07-Mar-17 | 07-Mar-24 |
| 9.60% Non Convertible Debentures - Series M | 500.00 | 500.00 | 28-Aug-18 | 28-Aug-23 |
| 9.75% Non Convertible Debentures - Series L | 2,500.00 | 2,500.00 | 29-Jun-18 | 29-Jun-23 |
| 9.40% Non Convertible Debentures - Series I | 5,000.00 | 5,000.00 | 03-Apr-18 | 03-Apr-23 |
| 8.80% Non Convertible Debentures - Series G | 500.00 | 500.00 | 09-Nov-17 | 09-Nov-22 |
| 9.50% Non Convertible Debentures - Series O | 1,500.00 | 1,500.00 | 25-Sep-18 | 25-Mar-22 |
| 9.60% Non Convertible Debentures - Series A-III | 10.00 | 10.00 | 20-Mar-17 | 20-Mar-22 |
| 9.50% Non Convertible Debentures - Series B-V | 200.00 | 200.00 | 20-Mar-17 | 20-Mar-22 |
| 9.60% Non Convertible Debentures - Series A-II | 300.00 | 300.00 | 09-Mar-17 | 09-Mar-22 |
| 9.60% Non Convertible Debentures - Series A-I | 2,360.00 | 2,360.00 | 07-Mar-17 | 07-Mar-22 |
| 9.20% Non Convertible Debentures - Series J | 3,200.00 | 3,200.00 | 08-May-18 | 08-Nov-21 |
| 9.40% Non Convertible Debentures - Series B-IV | 2,000.00 | 2,000.00 | 09-Mar-17 | 09-Sep-21 |

1. Face value of all the non convertible debentures is ₹1,00,000.
2. Non convertible debentures Series A, Series B, Series E, Series G, Series H, Series I, Series K, Series L, Series M and Series N are redeemable at a call option in the range of 24 months to 48 months.

**B Details of secured redeemable non-convertible debentures as at March 31, 2019**

| Name of Security | Number | Amount (Rs. in lakhs) | Allotment Date | Redemption Date |
|---|---|---|---|---|
| 9.50% Non Convertible Debentures - Series E-I | 500.00 | 500.00 | 23-Jun-17 | 23-Jun-27 |
| 9.70% Non Convertible Debentures - Series B-II | 500.00 | 500.00 | 07-Mar-17 | 07-Mar-27 |
| 9.95% Non Convertible Debentures - Series N | 3,500.00 | 3,500.00 | 18-Sep-18 | 18-Sep-25 |
| 9.75% Non Convertible Debentures - Series K | 7,100.00 | 7,100.00 | 28-Jun-18 | 28-Jun-25 |
| 9.40% Non Convertible Debentures - Series H | 7,500.00 | 7,500.00 | 06-Dec-17 | 06-Dec-24 |
| 9.00% Non Convertible Debentures - Series E-II | 6,452.00 | 6,452.00 | 10-Aug-17 | 10-Aug-24 |
| 9.60% Non Convertible Debentures - Series B-VII | 1,500.00 | 1,500.00 | 21-Mar-17 | 21-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-III | 2,600.00 | 2,600.00 | 09-Mar-17 | 09-Mar-24 |
| 9.60% Non Convertible Debentures - Series B-I | 2,500.00 | 2,500.00 | 07-Mar-17 | 07-Mar-24 |
| 9.60% Non Convertible Debentures - Series M | 500.00 | 500.00 | 28-Aug-18 | 28-Aug-23 |
| 9.75% Non Convertible Debentures - Series L | 2,500.00 | 2,500.00 | 29-Jun-18 | 29-Jun-23 |
| 9.40% Non Convertible Debentures - Series I | 5,000.00 | 5,000.00 | 03-Apr-18 | 03-Apr-23 |
| 8.80% Non Convertible Debentures - Series G | 500.00 | 500.00 | 09-Nov-17 | 09-Nov-22 |
| 9.02% Non Convertible Debentures - Series F | 10,000.00 | 10,000.00 | 07-Jul-17 | 07-Jul-22 |
| 9.55% Non Convertible Debentures - Series C | 10,000.00 | 10,000.00 | 24-Mar-17 | 14-Apr-22 |
| 9.50% Non Convertible Debentures - Series O | 1,500.00 | 1,500.00 | 25-Sep-18 | 25-Mar-22 |
| 9.60% Non Convertible Debentures - Series A-III | 300.00 | 300.00 | 20-Mar-17 | 20-Mar-22 |
| 9.50% Non Convertible Debentures - Series B-V | 200.00 | 200.00 | 20-Mar-17 | 20-Mar-22 |
| 9.60% Non Convertible Debentures - Series A-II | 400.00 | 400.00 | 09-Mar-17 | 09-Mar-22 |
| 9.60% Non Convertible Debentures - Series A-I | 2,975.00 | 2,975.00 | 07-Mar-17 | 07-Mar-22 |
| 9.20% Non Convertible Debentures - Series J | 3,200.00 | 3,200.00 | 08-May-18 | 08-Nov-21 |
| 9.40% Non Convertible Debentures - Series B-IV | 2,000.00 | 2,000.00 | 09-Mar-17 | 09-Sep-21 |

1. Face Value of all the Non-Convertible Debentures is ₹ 100,000.
2. Non convertible debentures Series A, Series B, Series E, Series G, Series H, Series I, Series K, Series L, Series M and Series N are redeemable at a call option in the range of 24 months to 48 months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### NOTE - 44
### INCOME TAX

A) The major components of income tax expense for the years are:

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 1,642.71 | 2,760.65 |
| Adjustments in respect of previous year | 112.32 | 16.29 |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | (367.91) | (308.99) |
| **Income tax expense reported in the statement of profit or loss** | **1,387.12** | **2,467.95** |

B) The income tax expense for the year can be reconciled to the accounting profit as follows

₹ in Lakhs

| Particulars | Current Year 2019-2020 | Previous Year 2018-2019 |
|---|---|---|
| **Profit before tax** | 6,534.71 | 9,664.43 |
| Applicable Tax Rate | 25.17% | 29.26% |
| Computed expected tax expenses | 1,644.66 | 2,828.20 |
| **Tax effect of :** | | |
| Tax effect due to exempt income | (0.13) | (44.04) |
| Tax effect due to non-deductible items | 96.82 | 42.56 |
| Tax effect due to deductible items | (144.91) | (28.05) |
| Tax effect due to change in tax rate | (60.69) | (79.78) |
| Tax effect due to recognition / non recognition of deferred tax assets / (liabilities) | (259.51) | (227.76) |
| Tax effect due to different tax rate | (6.82) | (18.05) |
| Adjustments in respect of current income tax of previous year | 112.32 | (13.56) |
| Others | 5.38 | 8.43 |
| **Income tax expense reported in the statement of profit or loss** | **1,387.12** | **2,467.95** |

C) The Gross movement in the current income tax asset/(Liability) for the year ended March 31, 2020 and March 31, 2019 is as follows

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Net current income tax asset/(liability) at the beginning of the year | 161.29 | 188.40 |
| Income tax paid | 1,549.00 | 2,751.20 |
| Current tax expenses | (1,642.71) | (2,753.59) |
| Interest on tax expenses | (16.35) | (8.43) |
| Excess short provision of earlier year | (112.32) | (16.29) |
| **Net current income tax asset/(liability) at the end of the year** | **(61.09)** | **161.29** |

D) The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

₹ in Lakhs

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Net deferred tax asset/(liability) at the beginning of the year | (429.77) | (713.26) |
| Property plant and equipments | 65.97 | 89.75 |
| Gratuity | 12.56 | (20.21) |
| Disallowance of share issue expenses | (11.91) | (12.59) |
| Fair value gain on investments in debt securities | 232.93 | 272.88 |
| Impairment on financial instruments | 38.69 | (28.94) |
| Transaction costs | 46.75 | (11.22) |
| Re-measurements of other financial assets | - | (0.01) |
| Expenses under section 40(a)(ia) | - | (6.17) |
| Right-of-use and lease liabilities | (2.64) | - |
| **Net deferred tax asset/(liability) at the end of the year** | **(47.42)** | **(429.77)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 45

## 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 Grouping 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 March 31, 2020. 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 ₹ 27.83 Lakhs, for the year ended March 31, 2020.

Further details about gratuity obligations are given in Note - 35

**(b) 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.

**(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 and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

**(d) 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.

The Group has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised Provision for Income Tax for quarter, half year and year ended on March 31, 2020 and re-measured its deferred tax assets based on the rate prescribed in the aforesaid section and recognized the effect of change by revising the effective income tax rate. The rate of income tax is changed from 29.12% / 26% to 25.168% / 22.88% during the year ended March 31, 2020. There remeasurement of accumulated deferred tax asset has resulted in a one-time additional deferred tax credit of ₹ 112.13 Lakhs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 46

The COVID-19 pandemic has significantly impacted economic activities, businesses, individuals across the spectrum in the Country. Reserve Bank of India (RBI)'s guidelines dated March 27, 2020 enabled banks, lending institutions and NBFCs to offer a moratorium upto 3 months on repayment of EMIs, payment of interest on line of credit falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers, which has been extended for a further period of 3 months via RBI circular dated May 23, 2020. In line with the aforesaid circular, two subsidiary companies have offered the moratorium to its customers as per their needs, whose accounts were standard as at February 29, 2020 based on their respective Board's approved policy. As on March 31, 2020, the staging of these accounts is on the basis of days past due status as on February 29, 2020 in line with the aforesaid RBI circulars. Further, the Group apart from loans has also invested in non-convertible debentures on which no moratorium has been requested and granted. As per the Group's assessment, this by itself has not resulted into any significant increase in the credit risk.

The Group recognizes the need to make reasonable estimation of the impact of this pandemic on the repayment ability of its borrowers, and make additional provisions as considered appropriate, over-and-above the extant provisions, for expected credit losses. The Group has segmented its portfolio on the basis of various parameters to ascertain the impact of COVID-19 and basis of its estimates, assumptions and judgements arrived at the additional impairment which is provided for in its consolidated financial statements. Given the uncertainty over the potential macro-economic condition, the impact of the COVID-19 may affect the underlying assumptions and estimates used to prepare the consolidated financial statements, which may be different from that considered as at the date of approval of these consolidated financial statements. The Group will continue to closely monitor any material changes to future economic conditions and suitable effect will be given in the respective future period.

## NOTE - 47

### (a) Additional information as required under Schedule III to the Companies act 2013, of enterprises consolidated as Subsidiary Company:

₹ in Lakhs

| Sr. No. | Particulars | Parent | Subsidiaries | Non controlling interest | Adjustment due to consolidation | Total |
|---|---|---|---|---|---|---|
| 1 | Net assets | 39,720.46 | 61,527.08 | 2,638.31 | (37,142.71) | 64,104.83 |
| | As a percentage of consolidated net assets (%) | 61.96% | 95.98% | 4.12% | (57.94%) | 100.00% |
| 2 | Share in profit or loss | 1,867.13 | 3,930.77 | 47.00 | (650.31) | 5,147.59 |
| | As a percentage of consolidated profit or loss (%) | 36.27% | 76.36% | 0.91% | (1.01%) | 100.00% |
| 3 | Share in other comprehensive income | (0.75) | (27.24) | (0.15) | - | (27.99) |
| | As a percentage of consolidated other comprehensive income (%) | 2.68% | 97.32% | 0.54% | 0.00% | 100.00% |
| 4 | Share in total comprehensive income | 1,866.38 | 3,903.53 | 46.85 | (650.31) | 5,119.60 |
| | As a percentage of consolidated total comprehensive income (%) | 36.46% | 76.25% | 0.92% | (1.01%) | 100.00% |

### Salient Features of Financial Statements of Subsidiary Companies Act, 2013 (Pursuant to first proviso to sub-section (3) of section 129:

### Part "A" : Subsidiaries (Amount in Rs Lakhs)

₹ in Lakhs

| Sr. No. | Name of Subsidary Company (Along with percentage of holding) | Reporting Currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover/ Total Income | Profit before taxation | Profit after taxation | % of Share holding |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | A. K. Stockmart Private Limited | INR | 1,200.00 | 1,212.44 | 3,183.33 | 770.89 | 168.68 | 6,215.95 | 188.36 | 138.44 | 100.00 |
| 2 | A. K. Capital Corporation Private Limited | INR | 210.00 | 232.39 | 450.81 | 8.42 | - | 35.83 | 34.92 | 26.36 | 100.00 |
| 3 | A. K. Wealth Management Private Limited | INR | 225.00 | 161.79 | 459.05 | 72.26 | 110.45 | 931.52 | 6.88 | 5.00 | 100.00 |
| 4 | A. K. Capital (Singapore) PTE. Limited | INR | 451.39 | (27.65) | 545.37 | 121.63 | - | 406.92 | 59.96 | 59.96 | 100.00 |
| | | SGD* | 904,884.00 | (64,528.00) | 1,069,805.00 | 229,449.00 | - | 786,965.00 | 116,715.00 | 116,715.00 | |
| 5 | A. K. Capital Finance Limited | INR | 8,829.38 | 47,835.07 | 144,152.51 | 87,488.06 | 54,592.30 | 18,248.49 | 4,623.61 | 3,662.97 | 98.73 |
| 6 | Family Home Finance Private Limited | INR | 1,101.00 | 96.27 | 1,216.20 | 18.93 | 946.98 | 117.36 | 51.07 | 38.04 | **98.73 |

* As at March 31, 2020 1 SGD = ₹ 53.011767

** Effective shareholding

**Notes**

1 Name of subsidiaries which are yet to commence operations: None

2 Name of subsidiaries which have been liquidated or sold during the year: None

### Part "B" : Associates and Joint Ventures

The Company doesn't have any Associates and Joint ventures

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## NOTE - 48

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 - 49

Balances of certain trade receivables, trade payables are subject to confirmation/reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation/adjustments.

## NOTE - 50

### Subsequent events

The Board of Directors of the Holding Company in its meeting held on June 27,2020, have recommended a final dividend of Re. 1 per equity share having face value of ₹ 10 each for the year ended March 31, 2020. The same is subject to approval of the shareholders of Holding Company in its ensuing annual general meeting. The proposed dividend if approved at the Holding Company's ensuing annual general meeting will result in total cash outflow to the Group of ₹ 66 Lakhs.

## NOTE - 51

Previous year's figure have been regrouped or rearranged, wherever considered necessary, to conform with the current year's presentation.

## SIGNATURES TO 1 TO 51

As per our report of even date attached

For PYS & Co LLP
Chartered Accountants
Firm's Registration No. 012388S/S200048

G. D. Joglekar
Partner
Membership No. 39407

Place: Mumbai
Date: June 27, 2020

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

| A. K. Mittal | Vikas Jain | Mahesh Bhootra | Tejas Davda |
|---|---|---|---|
| Managing Director | Director | Chief Financial Officer | Company Secretary |
| (DIN: 00698377) | (DIN: 07887754) | | (ACS: A27660) |

Place: Mumbai
Date: June 27, 2020

## NOTES :

BUILDING BONDS

**Registered Office:**
30-38, 3rd Floor, Free Press House, Free Press Journal Marg,
215, Nariman Point, Mumbai- 400 021 | CIN: L74899MH1993PLC274881
Tel: +91-22-66349300/67546500 | Fax: +91-22-66100594 | Website: www.akgroup.co.in

A. K. CAPITAL SERVICES LIMITED

BUILDING BONDS

**Registered Office:** 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021
**Tel:** +91 (022) 6754 6500 | **Fax:** +91 (022) 6610 0594 | **Website:** www.akgroup.co.in | **CIN:** L74899MH1993PLC274881

# NOTICE OF 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty-Seventh (27th)** Annual General Meeting ("AGM") of the Members of A. K. Capital Services Limited ("the Company") will be held on Saturday, 19th day of September, 2020 at 9.00 a.m. (IST) through two-way Video Conferencing ("VC") facility or other audio visual means ("OAVM"), to transact the following:

**ORDINARY BUSINESSES:**

1. **To consider and adopt:**
   a) The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020, together with the Report of the Board of Directors' and the Auditor's thereon;

   and

   b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020, together with the Report of the Auditor's thereon.
2. To confirm interim dividend declared at the rate of INR 5/- (Indian Rupees Five) per equity share of INR 10/- (Indian Rupees Ten) each fully paid-up of the Company for the financial year ended March 31, 2020.
3. To declare a final dividend of INR 1/- (Indian Rupee One) per equity share of INR 10/- (Indian Rupees Ten) each fully paid-up of the Company for the Financial Year ended March 31, 2020.
4. To appoint a Director in place of Mr. Ashish Agarwal (DIN: 08064196), who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESSES:**

5. **To ratify and approve the entering of Related Party Transactions with A. K. Capital Finance Limited under Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015.**

   To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** in supersession of the resolution passed at the 25th annual general meeting on September 22, 2018, pursuant to the provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 (the 'Act') read with Companies (Meeting of the Board and its powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof ("Listing Regulation") and subject to the compliance of applicable laws for the time being in force, and the recommendation of Audit Committee and the Board of Directors, the Members of the Company do hereby ratify as also accord further approval to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board) for carrying out and/or continuing all existing contracts/ arrangements / agreements / transactions and to enter into new/ further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto) of the following nature with A. K. Capital Finance Limited (AKCFL), subsidiary of the Company (a Related Party as defined in the Listing Regulation) for a period of five years commencing from FY 2020-21 to FY 2024-25 on such terms and conditions as may be agreed between the Board and AKCFL for an amount not exceeding INR 3,000 Crores (Indian Rupees Three Thousand Crores), in each financial year and the transactions shall be carried on arm's length basis:

   a) Availing or rendering of any services;

   b) Making investments, giving guarantee/ security and giving/availing loans;

   c) Sale, purchase or supply of any securities, goods or materials;

   d) Selling or otherwise disposing of, or buying, property of any kind;

   e) Leasing of property of any kind;

   f) Such other transactions in the normal course of business

   **RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things and execute, sign all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution."

6. **To ratify and approve the entering of Related Party Transactions with A. K. Services Private Limited under Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015.**

   To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 (the 'Act') read with Companies (Meeting of the Board and its powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof ("Listing Regulation") and subject to the compliance of applicable laws for the time being in force, and the recommendation of Audit Committee and the Board of Directors, the Members of the Company do hereby ratify as also accord further approval to the Board of Directors of the

Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board) for carrying out and/or continuing all existing contracts/ arrangements / agreements / transactions and to enter into new/ further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto) of the following nature with A. K. Services Private Limited (AKSPL), (a Related Party as defined in the Listing Regulation) for a period of five years commencing from FY 2020-21 to FY 2024-25 on such terms and conditions as may be agreed between the Board and AKSPL for an amount not exceeding INR 2,500 Crores (Indian Rupees Two Thousand Five Hundred Crores), in each financial year and the transactions shall be carried on arm's length basis:

a) Availing or rendering of any services;

b) Making investments, giving guarantee/ security and giving/availing loans;

c) Sale, purchase or supply of any securities, goods or materials;

d) Selling or otherwise disposing of, or buying, property of any kind;

e) Leasing of property of any kind;

f) Such other transactions in the normal course of business

**RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things and execute, sign all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution."

7. **Re-appointment of Mr. A. K. Mittal (DIN: 00698377) as Managing Director of the Company for a period of five years commencing from April 1, 2020:**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") ("including statutory modifications and re-enactment thereof for the time being in force) read with Schedule V of the Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, and all other applicable rules, regulations, guidelines and laws), and the recommendation of Nomination & Remuneration Committee and the Board of Directors, the consent of the members of the Company, be and is hereby accorded for re-appointment and terms of remuneration of Mr. A. K. Mittal (DIN: 00698377) as Managing Director of the Company for a period of 5 years commencing from April 1, 2020 to March 31, 2025 including the period from February 19, 2025 when he shall attain 70 years of age as per the terms laid in the explanatory statement annexed to this Notice of this Meeting (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his re-appointment), with the liberty to the Board of Directors of the Company to alter and vary the terms of appointment within the framework of law and conditions laid in the explanatory statement in such manner as may be agreed between the Board and Mr. A. K. Mittal.

**RESOLVED FURTHER THAT** any one Director of the Company or the Company Secretary or the Chief Financial Officer of the Company be and is hereby authorized severally to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution including filing e-forms, for the purpose of compliance under the Act."

8. **Issuance of commercial paper of nominal value aggregating up to INR 100 crores (Indian Rupees One Hundred Crores) within the overall borrowing limits set forth under Section 180 (1) (c) of the Companies Act, 2013**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013 read with Rules notified thereunder, 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 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 100 Crores (Indian Rupees One 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.

**RESOLVED FURTHER THAT** the said limit of INR 100 crores (Indian Rupees One Hundred Crores) shall be within the overall borrowing limit approved by the shareholders under Section 180(1) (c) of the Companies Act, 2013.

**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 Director of the Company or the Company Secretary or Chief Financial Officer 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."

9. **Issuance of preference shares of nominal value aggregating up to INR 100 crores (Indian Rupees One Hundred Crores)**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 42, 55 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Rules made thereunder including but not limited to Companies (Prospectus and Allotment of Securities) Rules, 2014 as may be amended from time to time, the Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 and the prevailing statutory guidelines in this behalf and subject to all necessary consents, permissions and approvals from all such authorities and institutions as may be relevant and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting any such consents, permissions and approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any

Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) as it thinks fit in the interest of the Company, approval of the shareholders of the Company be and is hereby given to create, issue, offer and allot non-convertible redeemable preference shares ("NCRPS"), whether cumulative or non-cumulative of face value of INR 100/- each, aggregating up to a nominal amount not exceeding INR 100 Crores (Indian Rupees One Hundred Crores) at such price, to such person(s) including but not limited to qualified institutional buyers, companies and bodies corporate, mutual funds, banks, insurance companies, trusts, individuals, hindu undivided families, partnership firms, limited liability partnerships etc., whether or not such persons/ entities/ investors are shareholders of the Company for such period and on such terms as may be permitted in accordance with the prevailing rules/ guidelines in this behalf and as determined by the Board in conformity with the relevant provisions of the Act and the Articles of Association of the Company, wherever applicable and as the Board may deem advisable in the prevailing market situations.

**RESOLVED FURTHER THAT** in accordance with provisions of Section 43 of the Act, the NCRPS shall be non-participating, carrying a preferential right vis-a-vis equity shares of the Company, with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights in accordance with the provisions of Section 47(2) of the Act.

**RESOLVED FURTHER THAT** if the aforesaid proposed transaction(s) is construed as related party transaction(s) under any applicable law(s), then said transaction(s), be and is hereby approved by the shareholders without being required to seek any further consent or approval from shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board 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 NCRPS including but not limited to face value, nature of issue, premium on issue, issue price, issue size, timing, amount, rate(s) of dividend, yield, redemption premium, redemption price, listing, allotment, dematerialization, number of tranche(s) and other terms and conditions of issue NCRPS as they may, in their absolute discretion, deem necessary.

**RESOLVED FURTHER THAT** for giving effect to this Resolution, the Board of Directors of the Company or any 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 take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue, allotment, and utilization of the issue proceeds of the NCRPS, to prescribe the forms of application, enter into an agreement or other instruments and to take such actions or to give such directions as may be necessary or desirable and to obtain any approval, permission, sanction which may be necessary or desirable, as they may deem fit and to pay fees, remuneration, expenses relating thereto, with power to settle all questions, difficulties that may arise in regard to such issue and allotment as it may in its discretion deem fit in best interest of the Company.

**RESOLVED FURTHER THAT** any one Director of the Company or Chief Financial Officer of the Company or the Company Secretary be and is hereby severally authorized to furnish a certified true copy of the resolution as and when required."

**For and on behalf of the Board of Directors,**

**A. K. Capital Services Limited**

**A. K. Mittal**

**Managing Director**

**(DIN: 00698377)**

Place: Mumbai

Date: August 14, 2020

**Registered Office:**

30-38, 3rd floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400 021

**NOTES:**

1. In view of continuing the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 ("MCA Circulars") permitted the holding of the Annual General Meeting through Video Conferencing ("VC") facility or other audio visual means ("OAVM"), without the physical presence of the Members at a common venue. Further, Securities and Exchange Board of India ("SEBI") vide its circular dated May 12, 2020 ("SEBI Circular") has also granted certain relaxations with respect to matters incidental to the holding of AGM. Hence in compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the 27th AGM of the Company is being held through VC/OAVM on Saturday, September 19, 2020 at 9.00 a.m. (IST).

2. 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 AGM will be 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400 021.

3. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed to this notice.

4. In line with relevant MCA Circulars and SEBI Circular, copy of the Notice of the 27th AGM along with Annual Report for the financial year 2019-20 is being sent only through electronic mode to all the members who hold shares in dematerialized mode and whose email IDs are registered with the Depository Participants for communication purposes. The notice convening the 27th AGM of the Company has been uploaded on the website of the Company at www.akgroup.co.in and is also available on website of the stock exchange i.e. BSE Limited at www.bseindia.com and respectively on the website of Link Intime India Private Limited at https://instavote.linkintime.co.in. Further the Annual Report for the Financial Year 2019-20 has also been uploaded on the website of the Company at www.akgroup.co.in and will also available on website of the stock exchange i.e. BSE Limited at www.bseindia.com.

**Notes relating to Attendance and Quorum at the Annual General Meeting**

5. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM. Accordingly, the Proxy form and Attendance Slip are not annexed with this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM Facility and e-Voting during the AGM.

6. The Attendance of the Members' attending AGM through VC/OAVM will be counted for the purpose of reckoning the quorum as required under Section 103 of the Act.

**Notes related to Disclosures and Explanatory Statements**

7. As per the provisions of Clause 3 A II of the MCA General Circular No. 20/ 2020 dated 5th May, 2020, the matters of Special Business as appearing at Item Nos. 5 to 9 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.

8. An Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the Special Business to be transacted at the AGM in respect of Item No. 5 to 9 is annexed hereto and forms part of Notice.

9. The relevant details as required, under Regulation 36(3) of the Listing Regulations read with Secretarial Standard - 2 on General Meetings, in respect of the Directors seeking appointment/ re-appointment at the AGM, forms integral part of the Notice. The Directors have furnished the requisite declarations for their re-appointments. Further, Mr. Ashish Agarwal (DIN: 08064196) and Mr. A. K. Mittal (DIN: 00698377) are not debarred from holding the office of director by virtue of any SEBI order or any authority.

10. **Note for shareholders holding shares in physical form:**

    I Members who are holding shares in physical form are hereby informed that SEBI has amended Regulation 40 of the Listing Regulations vide Notification dated June 8, 2018 and in terms of said notification w.e.f. April 1, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Accordingly a detailed procedure for dematerialization of shares is hosted on website of the Company at: https://www.akgroup.co.in/docs/PROCEDURE%20-%20DEMATERIALIZATION%20OF%20SHARES-20200824130809435744 3.pdf

    ii. Pursuant to the SEBI Circular dated April 20, 2018, the shareholder holding shares in physical form are required to update their bank and PAN details with registrar and share transfer agent of the Company with requisite proofs. Further shareholders are also recommended to get their shares dematerialized.

    iii. Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Share Transfer Agent (RTA) of the Company i.e. Link Intime India Private Limited having their office at C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, quoting their folio number. Members holding shares in dematerialized form are requested to immediately notify change in their address, National Automated Clearing House (NACH) mandate, bank accounts details, to their respective depository participants.

    iv. Members are entitled to make nomination in respect of the shares held by them in physical form. Members desirous of making nomination may send their request in Form SH-13 in duplicate to the RTA of the Company. Members may obtain a blank Form SH-13 upon request to the Company or its RTA.

    v. Members holding the Equity Shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

11. For those members who have not registered their email address with the Company or with their respective Depository Participant, can register the same so as to enable the Company to use the same for serving the notice of the 27th AGM alongwith the Annual Report for the financial year 2019-20 and other documents to you electronically, in the following manner:

    i. In case, you are holding shares in demat form and you have not registered your email id with the Depository Participant, you are requested to register your email id with the Depository Participant at the earliest.

    ii. In case, you are holding shares in physical form and you have not registered your email id, you are requested to fill the "Email Registration Form" and send scan copy of the signed form by email to the Company at akcslagm@akgroup.co.in. The email registration form is available at our website www.akgroup.co.in.

**Notes related to Declaration and Payment of Dividend:**

12. The Board of Directors had declared an Interim Dividend at the rate of INR 5/- (Indian Rupees Five) per equity share of INR 10/- (Indian Rupees Ten) each fully paid-up of the Company for the financial year ended March 31, 2020 at their meeting held on March 6, 2020. The interim dividend, as declared by the Board, has been paid to the Members on April 4, 2020 as per the mandate registered with the Company or with their respective Depository Participants.

13. Pursuant to the Regulation 42 and other applicable regulations, if any, of the Listing Regulations, the Board of Directors at their meeting held on Saturday, June 27, 2020 had decided Friday, July 24, 2020 as the "Record Date" for the purpose of ascertaining the eligibility of the shareholders for the payment of final dividend for the Financial Year 2019-20.

14. Final dividend for the Financial Year 2019-20 as recommended by the Board of Directors, if declared at the 27th AGM, will be paid:

    (i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on Friday, July 24, 2020.

    (ii) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by depositories at the close of business hours on Friday, July 24, 2020.

15. Members desirous of receiving the dividends electronically through National Automated Clearing House (NACH) can fill the "NACH Mandate Form" and send it to the Company by email at akcslagm@akgroup.co.in. The NACH Mandate Form is available at our website www.akgroup.co.in.

16. An updated list of Unpaid/Unclaimed Dividend (Financial Year 2018-19) is hosted on website of the Company at https://www.akgroup.co.in/docs/Form%20IEPF-2_FY%202018-19-20200613151035383512 9.pdf

17. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary, at the Company's Registered Office or e-mail us at compliance@akgroup.co.in. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (IEPF) as per Section 124 of the Act. Pursuant to provisions of Section 124 of the Act, shares on which dividend remains unpaid for 7 consecutive years will be transferred to the IEPF. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in

**Annexure to the Notice:**

**Item No. 4 of the Notice:**

**Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard 2 on General Meetings issued by the ICSI, following information is furnished about the Directors proposed to be re-appointed:**

| | |
|---|---|
| Name of the Director | Mr. Ashish Agarwal |
| Designation | Whole-time Director |
| Age | 47 Years |
| Date of first appointment on Board | February 3, 2018 |
| Qualification | B. Com, MBA |
| Brief resume including experience | Mr. Ashish Agarwal is a debt market veteran with over 25 years of work experience. He started his career in arena when markets were in infancy stage. He has played a crucial role in evolvement of corporate bond market in India.<br>He has been associated with A. K. Capital Services Limited for over 20 years and is an expert in his domain. He is a key person who has been instrumental in structuring of innovative fixed income instruments such as perpetual bonds, unsecured subordinated bonds, tax free bonds, non-convertible redeemable preference shares etc.<br>His role at AK Capital has revolved around origination of bond placement transactions for diverse set of clients including Central Government Undertakings, Public and Private Sector Banks, Financial institutions and large Corporates. Besides bond placement, he has also undertaken several prestigious financial advisory transactions for country's premier Central Government Undertakings and PSU Banks. |

**Terms of Service:**

a) Period of Service: From February 3, 2018 to February 2, 2023 (period of 5 years).

b) Salary: Up to INR 8,00,000/- (Indian Rupees Eight Lakhs) per month

c) Perquisites: In addition to the salary, he may also be entitled to perquisites and allowances as may be decided from time to time by the Nomination and Remuneration Committee and the Board of Directors, within the limits specified under Section 197 of the Companies Act, 2013, read with Schedule V thereof.

d) Incentives and Bonus: On the basis of performance from time to time.

e) Leave Travel Allowance: Subject to applicable law, the Director and his family may be entitled to Leave Travel allowance once in a year.

f) Medical Expenses: Subject to applicable law, reimbursement of Medical expenses of the Director and his family.

g) Other Terms: The Director shall adhere to and perform the duties as prescribed under the applicable provisions of the Companies Act, 2013, the rules made thereunder, Code of Conduct of the Company and all other applicable rules, regulations, guidelines and laws (including any amendments thereto or re-enactments thereof for the time being in force).

| | |
|---|---|
| Expertise in specific functional areas | Structuring of innovative fixed income instruments and origination of bond placement transactions. |
| Directorship in Companies | A. K. Capital Services Limited |
| Membership/ Chairmanship of public limited companies | Mr. Ashish Agarwal holds the position of Member in the following Committees of A. K. Capital Services Limited: |

| Sr No | Name of the Committee(s) | Designation |
|---|---|---|
| 1 | Banking and Investment Committee | Member |
| 2 | Management Committee | Member |
| 3 | Infrastructure Committee | Member |

| | |
|---|---|
| Relationship with other Directors, Managers and other Key Managerial Personnel of the Company | Mr. Ashish Agarwal is not related with other Directors, Managers and other Key Managerial Personnel of the Company. |
| No. of equity shares held in the Company (as on March 31, 2020) | Nil |
| No. of board meetings attended during the Financial Year 2019-20 | 5 (Five) |
| Terms and conditions of appointment or re-appointment including remuneration | As per terms & conditions and remuneration mentioned in the special resolution passed by the members of the Company at the 25th AGM of the Company. |
| Last Remuneration Drawn* | INR 1,15,05,008/- per annum. |

* Remuneration drawn as the Employee of the Company is disclosed in the Annual Report.

The proposal for appointment/re-appointment of Directors has been approved by the Board pursuant to the recommendation of the Nomination and Remuneration Committee considering him skills, experience and knowledge and positive outcome of performance evaluation, wherever applicable.

Mr. Ashish Agarwal 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

None of the directors or key managerial personnel of the Company or him relatives, except Mr. Ashish Agarwal are, directly or indirectly concerned or interested, financially or otherwise, except to the extent of him shareholding, if any, in the Company.

The Board recommends item no. 4 for consideration and approval of the shareholders.

**Statement under section 102 of the Act in relation to Item no. 5 to 9 of the Notice:**

**Item No. 5:**

The members are informed pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to obtain consent of the Board and prior approval of the members by resolution in case certain Related Party Transactions exceed such sum as is specified in the Rules. The aforesaid provisions are not applicable in respect of transactions entered into by the Company in the ordinary course of business on an arm's length basis.

However, pursuant to Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulation"), approval of the shareholders through Ordinary Resolution is required for all 'material' Related Party Transactions (RPT) even if they are entered into in the ordinary course of business on an arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

A. K. Capital Finance Limited, subsidiary is a Non-Banking Finance Company registered with Reserve Bank of India and engaged in lending and investment activities. Currently, the Company holds 98.73% of the total equity paid up share capital in A. K. Capital Finance Limited.

The consent of the Members is sought to by way of Ordinary Resolutions to ratify as also accord further approval to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board) for carrying out and/or continuing all existing contracts/ arrangements / agreements / transactions and to enter into new/ further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto) of the following nature with A. K. Capital Finance Limited (AKCFL), subsidiary of the Company (a Related Party as defined in the Listing Regulation) for a period of five years commencing from FY 2020-21 to FY 2024-25 on such terms and conditions as may be agreed between the Board and AKCFL for an amount not exceeding INR 3,000 Crores (Indian Rupees Three Thousand Crores), in each financial year and the transactions shall be carried on arm's length basis:

a) Availing or rendering of any services;

b) Making investments, giving guarantee/ security and giving/availing loans;

c) Sale, purchase or supply of any securities, goods or materials;

d) Selling or otherwise disposing of, or buying, property of any kind;

e) Leasing of property of any kind;

f) Such other transactions in the normal course of business

The above transactions, which are enabling in nature, have been approved by the "Board" (which term shall be deemed to include any committee constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by the said resolution) of the Company at its meeting held on August 14, 2020 in terms of the requirements of Regulation 23(4) of the Listing Regulations.

Except Mr. A. K. Mittal (being the ultimate shareholder holding up to 93.31% of equity share capital in AKCFL and also a director in AKCFL), Ms. Aditi Mittal (being a relative of Mr. A. K. Mittal), Mr. Khimji Shamji Pandav (being a director representing the Company on Board of Directors of AKCFL) and Mr. Mahesh Bhootra, CFO/Key Managerial Personnel, none of the Promoter, Directors, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in the said resolution.

The Board recommends the ordinary resolutions under Item No. 5 for approval by the members.

**Item No. 6:**

The members are informed pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to obtain consent of the Board and prior approval of the members by resolution in case certain Related Party Transactions exceed such sum as is specified in the Rules. The aforesaid provisions are not applicable in respect of transactions entered into by the Company in the ordinary course of business on an arm's length basis.

However, pursuant to Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulation"), approval of the shareholders through Ordinary Resolution is required for all 'material' Related Party Transactions (RPT) even if they are entered into in the ordinary course of business on an arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

A. K. Services Private Limited, Related party as per Accounting Standards and Listing Regulations.

The consent of the Members is sought to by way of Ordinary Resolutions to ratify as also accord further approval to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board) for carrying out and/or continuing all existing contracts/ arrangements / agreements / transactions and to enter into new/ further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto) of the following nature with A. K. Services Private Limited (AKSPL), (a Related Party as defined in the Listing Regulation) for a period of five years commencing from FY 2020-21 to FY 2024-25 on such terms and conditions as may be agreed between the Board and AKSPL for an amount not exceeding INR 2,500 Crores (Indian Rupees Two Thousand Five Hundred Crores), in each financial year and the transactions shall be carried on arm's length basis:

a) Availing or rendering of any services;

b) Making investments, giving guarantee/ security and giving/availing loans;

c) Sale, purchase or supply of any securities, goods or materials;

d) Selling or otherwise disposing of, or buying, property of any kind;

e) Leasing of property of any kind;

f) Such other transactions in the normal course of business

The above transactions, which are enabling in nature, have been approved by the "Board" (which term shall be deemed to include any committee constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by the said resolution) of the Company at its meeting held on August 14, 2020 in terms of the requirements of Regulation 23(4) of the Listing Regulations.

Except Mr. A. K. Mittal (being the ultimate shareholder holding up to 95.39% of equity share capital in AKSPL), Ms. Aditi Mittal (being a relative of Mr. A. K. Mittal), none of the Promoter, Directors, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in the said resolution.

The Board recommends the ordinary resolutions under Item No. 6 for approval by the members.

**Item No. 7:**

Mr. A. K. Mittal (DIN:00698377) was appointed as the Managing Director of the Company for a period of 5 years commencing from April 1, 2015 to March 31, 2020 by the members of the Company at the 22nd Annual General Meeting.

On the recommendation of the Nomination and Remuneration Committee, the Board of Director at their meeting held on February 8, 2020 approved re-appointment of Mr. A. K. Mittal (DIN: 00698377) as the Managing Director of the Company for a further period of 5 years commencing from April 1, 2020 on the terms enumerated hereinbelow, with powers to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling/s laid down in the Companies Act, 2013 or any statutory amendment or relaxation thereof:

**Terms of Service:**

1. Period of Service: From April 1, 2020 to March 31, 2025 (period of 5 years).
2. Salary: Up to INR 14,00,000/- per month
3. Perquisites: In addition to the salary, he shall also be entitled to the following perquisites:
   (i) company's contribution to Provident Fund;
   (ii) Gratuity as per the rules of the Company;
   (iii) Re-imbursement of Medical expenses;
   (iv) Cover of Mediclaim Insurance Policy;
   (v) Free use of Car maintained by the Company;
   (vi) Telephone and other communication facilities used by the Company;
   (vii) Rent Free Accommodation;
   (viii) Subject to any statutory ceiling/s, the Managing Director may be given perquisites, benefits and facilities as the NRC/Board of Directors from time to time may decide.
4. Incentives and Bonus: Subject to any statutory ceiling/s, the Managing Director may be given any other allowances, performance pay as may be approved by Nomination and Remuneration Committee and/or Board of Directors of the Company.
5. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Managing Director shall be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in Schedule V to the Companies Act, 2013, from time to time.
6. Leave Travel Allowance: The Director and his family shall be entitled to Leave Travel allowance once in a year.
7. Other Terms: The Director shall adhere to and perform the duties as prescribed under the applicable provisions of the Companies Act, 2013, the rules made thereunder, Code of Conduct of the Company and all other applicable rules, regulations, guidelines and laws (including any amendments thereto or re-enactments thereof for the time being in force).

The terms and conditions of the said re-appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director in accordance with the provisions of the Act, or any amendments made therein.

**Information Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard 2 on General Meetings issued by the ICSI, following information is furnished about the Directors proposed to be re-appointed:**

| **Name of the Director** | **Mr. A. K. Mittal** | | |
|---|---|---|---|
| Designation | Managing Director | | |
| Age | 65 Years | | |
| Date of first appointment on Board | October 5, 1993 | | |
| Qualification | Chartered Accountant, LLB, M.A. (Eco), B.Sc. | | |
| Brief resume including experience | Over 15 years experience as a practicing Chartered Accountant and over 26 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. | | |
| Expertise in specific functional areas | Expertise in Debt Market, Investment Advisory, Financial Services, Fund & Fee based activities. | | |
| Directorship in Companies | i. A. K. Capital Services Limited<br>ii. A. K. Capital Finance Limited<br>iii. A. K. Capital Corporation Private Limited<br>iv. A. K. Capital (Singapore) Pte. Ltd. | | |
| Membership/ Chairmanship of public limited companies | Mr. A. K. Mittal holds the position of Chairperson/Member in the following Committees of A. K. Capital Services Limited: | | |
| | **Sr No** | **Name of the Committee(s)** | **Designation** |
| | 1 | Audit Committee | Member |
| | 2 | Corporate Social Responsibility Committee | Member |
| | 3 | Banking and Investment Committee | Member |
| | 4 | Management Committee | Member |
| | 5 | Infrastructure Committee | Member |
| Relationship with other Directors, Managers and other KMP | Mr. A. K. Mittal is the father of Ms. Aditi Mittal-Non-Executive Director of the Company. | | |
| No. of equity shares held in the Company (as on March 31, 2020) | 10,36,108 Equity Shares representing 15.70% of the paid-up share capital of the Company. | | |
| No. of board meetings attended during the Financial Year 2019-20 | 5 (Five) | | |
| Terms and conditions of appointment or re-appointment including remuneration | The terms and conditions of appointment including remuneration of Mr. A. K. Mittal are as set out in the special resolution hereinabove. | | |
| Last Remuneration Drawn | Nil | | |

The members are informed that pursuant to the provisions of Section 196 of the Act, managing director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a special resolution by the Company.

The members are further informed that Mr. A. K. Mittal (DIN: 00698377) is not disqualified to be re-appointed as a Managing Director on the Board of the Company in terms of Section 164 of the Act, and BSE circular dated June 20, 2018 and Schedule V of Companies Act, 2013 . Further the Company has received the necessary disclosures and consent from him to act as a Managing Director. 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.

It is proposed to seek the members approval for the re-appointment of and remuneration payable to Mr. A. K. Mittal (DIN: 00698377) as the Managing Director of the Company subject to the applicable provisions of the Act and the rules made thereunder.

Further pursuant to Section 196 (3) of the Companies Act, 2013 appointment or continuation of the employment of any person as managing director, whole-time director or manager who has attained the age of seventy years requires special resolution. Mr. A. K. Mittal shall attain the age of 70 years on February 19, 2025 i.e. during his term. Considering his vast industry experience and overall knowledge in managing the Company strategically, the Nomination and Remuneration Committee and Board of Directors of the Company recommends his continued association until expiry of his term as a Managing Director.

Save and except Mr. A. K. Mittal (DIN: 00698377), Ms. Aditi Mittal and his relatives to the extent of their shareholding interest in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the proposed Special Resolution.

The Board of the Company recommends the Special Resolution as set out in Item no. 7 of this Notice for approval of the shareholders.

**Item No. 8:**

The members are informed that 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 100 crores (Indian Rupees One Hundred Crores), in one or more tranches on such terms and conditions as the Board of Directors ("the Board") may deem fit and appropriate from time to time.

The Board of the Company at its meeting held on August 14, 2020 has, 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 Board thereof. The price of CP shall be determined by the Board/Committee 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 of the Notice. This resolution enables the Board 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 100 crores (Indian Rupees One Hundred Crores), in one or more series or tranches, 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 the Company or any other Committee thereof shall decide, inter alia, other terms and conditions for such fund raising.

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.

The Board of the Company recommends the Special Resolution as set out in Item no. 8 of this Notice for approval of the shareholders.

**Item No. 9:**

Pursuant to Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, an Explanatory Statement relating to the Special Resolution is given as under:

The Company has plans to expand its operations and therefore needs to augment its long term capital base and in the course of which, the Board of Directors (''the Board") of the Company may need to raise further funds to meet the expansion plans and augment the long term capital base and working capital requirements through the issue of further securities. Accordingly, in terms of Sections 42 and 55 of the Companies Act, 2013 (the "Act") and other applicable provisions, if any, read with the Companies (Share Capital & Debentures) Rules, 2014, consent of the shareholders is being sought by way of special resolution for the issue of Non-convertible Redeemable Preference Shares ("NCRPS"), whether Cumulative or Non-Cumulative of face value of INR 100/- each, aggregating to nominal amount not exceeding INR 100 Crores (Indian Rupees One Hundred Crores) at such price and on the terms and conditions set out hereunder:

The material facts concerned with and relevant to the issue of the preference shares are as given below:

| | |
|---|---|
| Issue size | Upto INR 100 Crores (Indian Rupees One Hundred Crores) divided into 1 Crore Preference Shares of INR 100/- each. |
| Nature of shares | It shall be in the nature of Cumulative or Non-Cumulative and shall be Non-Convertible and Non-Participating. |
| Objective of Issue | To expand its operations and augment the long term capital base and working capital requirements of the Company. |
| Manner of Issue | NCRPS will be issued and offered on a private placement basis in accordance with the provisions of Section 42 of the Act and the Rules made there under |
| Issue Price and basis for determining price | NCRPS will be issued at par / or at premium, depending upon market conditions and terms of issue |
| Terms of Issue and rate of dividend | NCRPS will carry a dividend rate as may be decided by the Board in the best interest of the Company. Other terms to be determined by the Board. |
| Terms of Redemption | Redemption at par or at premium within a maximum period of 20 years from the date of allotment. |
| Manner and modes of Redemption | The proposed NCRPS shall be redeemed in accordance with the provisions of the Companies Act, 2013 or any such other applicable law, rules, regulations as may be applicable. |
| Expected dilution in equity share capital upon conversion of preference shares | Not Applicable, since the proposed NCRPS shall be Non-Convertible in nature. |

The Equity Shareholding Pattern of the Company as on June 30, 2020 is as under:

| Category | Number of shares | % of total Shareholding |
|---|---|---|
| **Promoter and promoter group** | | |
| Indian | 45,32,350 | 68.67 |
| Foreign (NRI) | - | - |
| **Sub-total (A)** | **45,32,350** | **68.67** |
| **Public** | | |
| NRIs/Foreign Bodies Corporate | 23,094 | 0.35 |
| Indian Bodies Corporate | 6,36,954 | 9.65 |
| Individuals/HUF | 13,98,990 | 21.20 |
| Clearing Members | 1,401 | 0.02 |
| Investor Education and Protection Fund (Authority of Ministry of Corporate Affairs) | 7,211 | 0.11 |
| **Sub-total (B)** | **20,67,650** | **31.33** |
| **Total Shareholding (A) + (B)** | **66,00,000** | **100.00** |

The issue of Preference shares has been authorized by the Articles of Association of the Company. The Directors or Key Managerial Personnel of the Company or their respective relatives may be deemed to be concerned or interested in the said resolution to the extent of the Preference Shares that may be subscribed by them or any other entities in which they are interested.

The Board of the Company recommends the Special Resolution as set out in Item no. 9 of this Notice for approval of the shareholders.

**For and on behalf of the Board of Directors**

**A. K. Capital Services Limited**

**A. K. Mittal**

**Managing Director**

**(DIN: 00698377)**

Place: Mumbai

Date: August 14, 2020

**Registered Office:** 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400021

# INSTRUCTIONS FOR REMOTE E-VOTING

**1. Procedure for Remote E-voting**

i. In compliance with provisions of Section 108 of the Act, and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the Regulation 44 of the Listing Regulations and the MCA Circulars, the Company is pleased to provide its members facility to exercise their right to vote at the 27thAGM by electronic means and the business may be transacted through e-voting services. The facility of casting votes by the members using an electronic voting system from a remote location ("remote e-voting") will be provided by Link Intime India Private Limited ("LIIPL"). Remote e-voting is a mechanism through which Members shall have an option to cast their vote prior to the scheduled date of the AGM or alternatively the members can cast their votes using the e-voting mechanism during the AGM. The Members who had cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC/OAVM ***but shall not be entitled to cast their vote again.***

ii. The instructions for shareholders for voting through remote e-voting are as under:

a. Open the internet browser and launch the URL: https://instavote.linkintime.co.in

- **If you are a first time user of LIIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:**
- Click on **'Sign Up'** under **'SHARE HOLDER'** tab and register with your following details: -

A. **User ID:** Enter your User ID

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID.**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.**
- Shareholders/ members holding shares in **physical form shall provide** Event No which is **200151** + **Folio Number** registered with the Company.

B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Shareholders/ members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Shareholders/ members holding shares in **NSDL demat account shall provide 'D', above**
- Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
- Click "confirm" (Your password is now generated).

**NOTE:** If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier event of any company then they can use their existing password to login.

b. Click on 'Login' under **'SHARE HOLDER'** tab.

c. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit'.**

d. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon.

e. E-voting page will appear.

f. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).

g. After selecting the desired option i.e. Favour / Against, click on **'Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes'**, else to change your vote, click on 'No' and accordingly modify your vote.

h. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

**If you have forgotten the password:**

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click 'forgot password?'
- Enter **User ID,** select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on **'Submit'**.
  - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
  - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.
  - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in the Notice.

During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual** available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on Tel: 022-4918 6000 **InstaVote Support Desk, Link Intime India Private Limited**.

iii. The remote e-voting period shall commence on Wednesday, September 16, 2020 (9.00 a.m. IST) and close on Friday, September 18, 2020 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in electronic form, as on the cut-off date i.e. Saturday, September 12, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by member, the same shall not be allowed to change it subsequently or cast the vote again. A person who is not a member as on cut-off date should treat this Notice for information purpose only.

2. **Other Instructions relating to Voting and Appointment of Scrutinizer:**

   i) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on cut-off date of Saturday, September 12, 2020.

   ii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, viz., Saturday, September 12, 2020 only shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM.

   iii) Any person who becomes a member of the Company after dispatch of the Notice and holds shares of the Company as on the cut-off date i.e. Saturday, September 12, 2020 and whose PAN is not registered with the Company may obtain the login Id and password by sending request at enotices@linkintime.co.in or akcslagm@akgroup.co.in. However, if he/she is already registered with LIIPL for remote e-voting then he/she can use his/her existing user ID and password for casting the vote.

   iv) In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

3. Mr. Mayank Arora (Membership No A33328 and COP No. 13609) proprietor of M/s. Mayank Arora & Co., Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the votes cast through remote e-voting and the e-voting process during the AGM in a fair and transparent manner.

4. The Scrutinizer will submit a consolidated scrutinizer's report of the total votes cast in favour or against if any, after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), within two working days of the conclusion of the AGM, to the Chairman or a person authorized by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

5. The results declared along with the consolidated Scrutinizers' Report shall be placed on the Company's website www.akgroup.co.in and on the website of LIIPL https://instavote.linkintime.co.in immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited, where the equity shares of the Company are listed.

# PROCESS AND MANNER FOR ATTENDING THE TWENTY-SEVENTH AGM THROUGH INSTAMEET

**1. Instructions for attending the AGM through VC/OAVM**

i. The Members will be provided with a facility **(InstaMEET)** to attend the AGM through VC/OAVM through the Link Intime India Private Limited ("LIIPL") and they may access the same at https://instameet.linkintime.co.in.

ii. Open the internet browser and launch the URL: https://instameet.linkintime.co.in

- **Select the "Company" and 'Event Date' and register with your following details: -**

  **A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No**

  - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
  - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
  - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

  **B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

  **C. Mobile No.:** Enter your mobile number.

  **D. Email ID:** Enter your email id, as recorded with your DP/Company

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (Annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

- **Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

a. Members who would like to express their views/ask questions with respect to the financial statements or any other matter to be placed at the Annual General Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at akcslagm@akgroup.co.in between Tuesday, September 8, 2020 (9:00 a.m. IST) and Thursday, September 10, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers/questions depending on the availability of time for the Annual General Meeting. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

b. Shareholders will get confirmation on first cum first basis depending upon the provision made by the Company/LIIPL.

c. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.

d. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.

e. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

- **Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet**

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

a. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"

b. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.

c. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

d. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

e. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

f. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

a. On the Shareholders VC page, click on the link for e-Voting "Cast your vote

b. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.

c. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

d. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

e. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

f. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

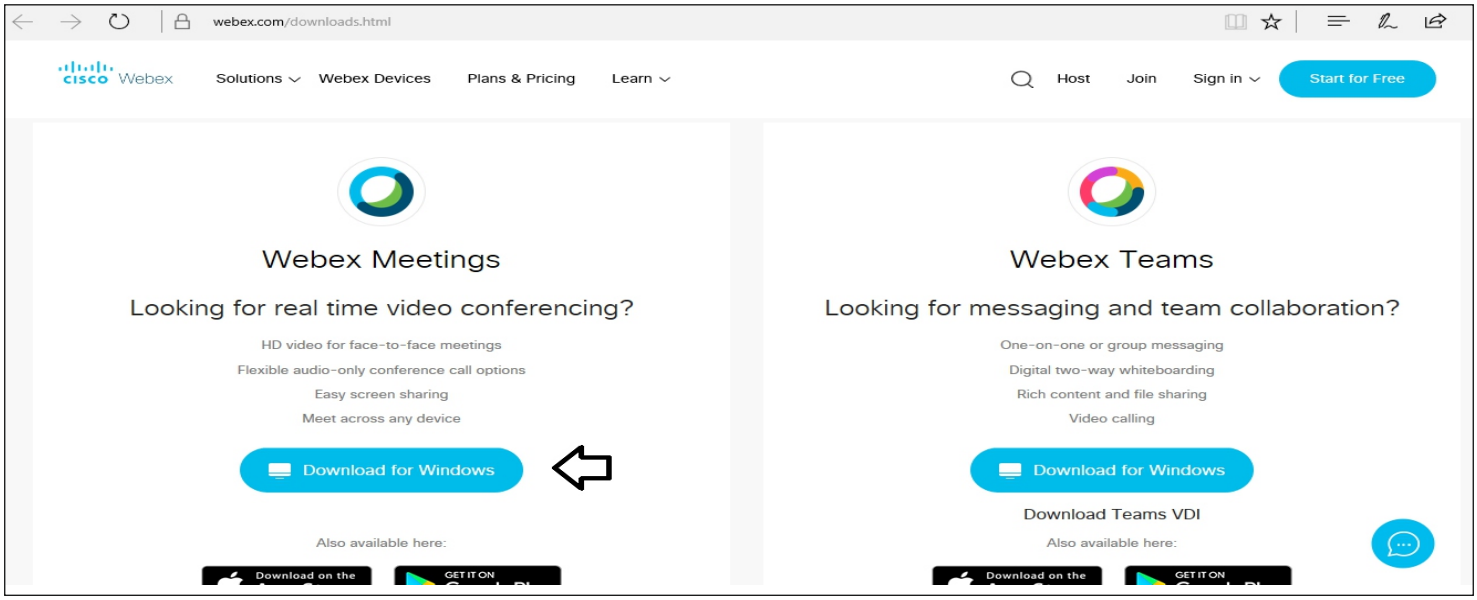
In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on:

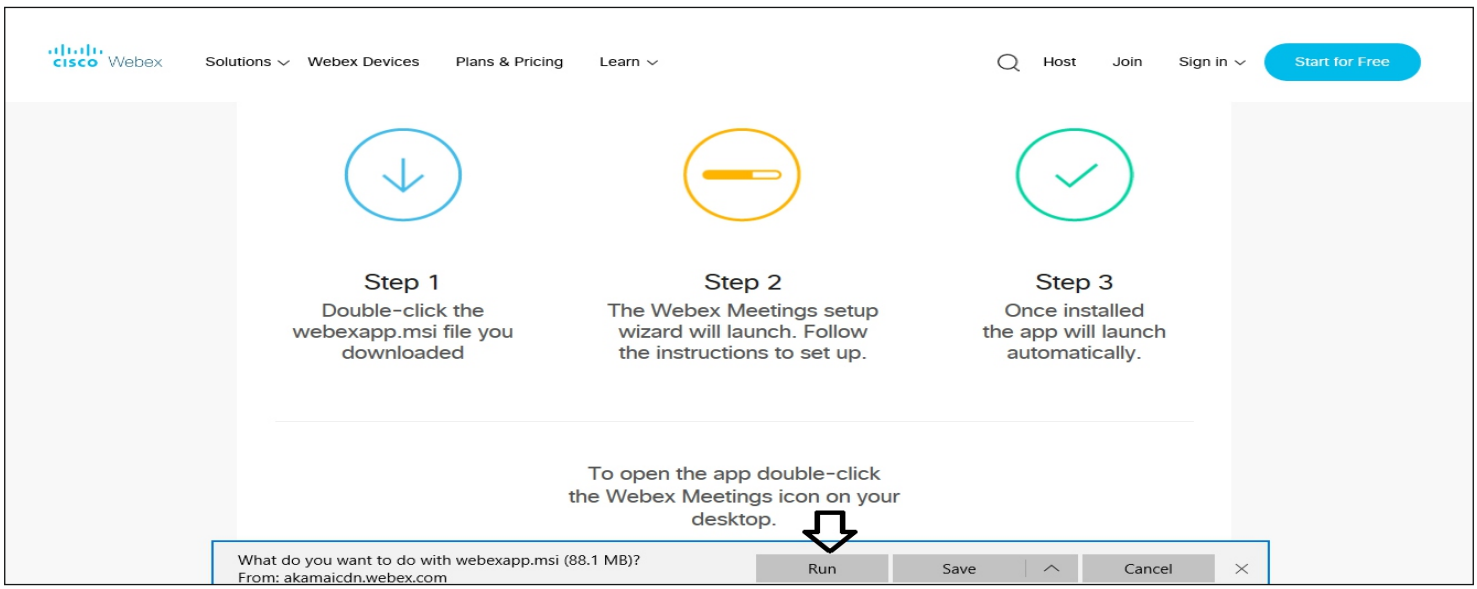
**Annexure**

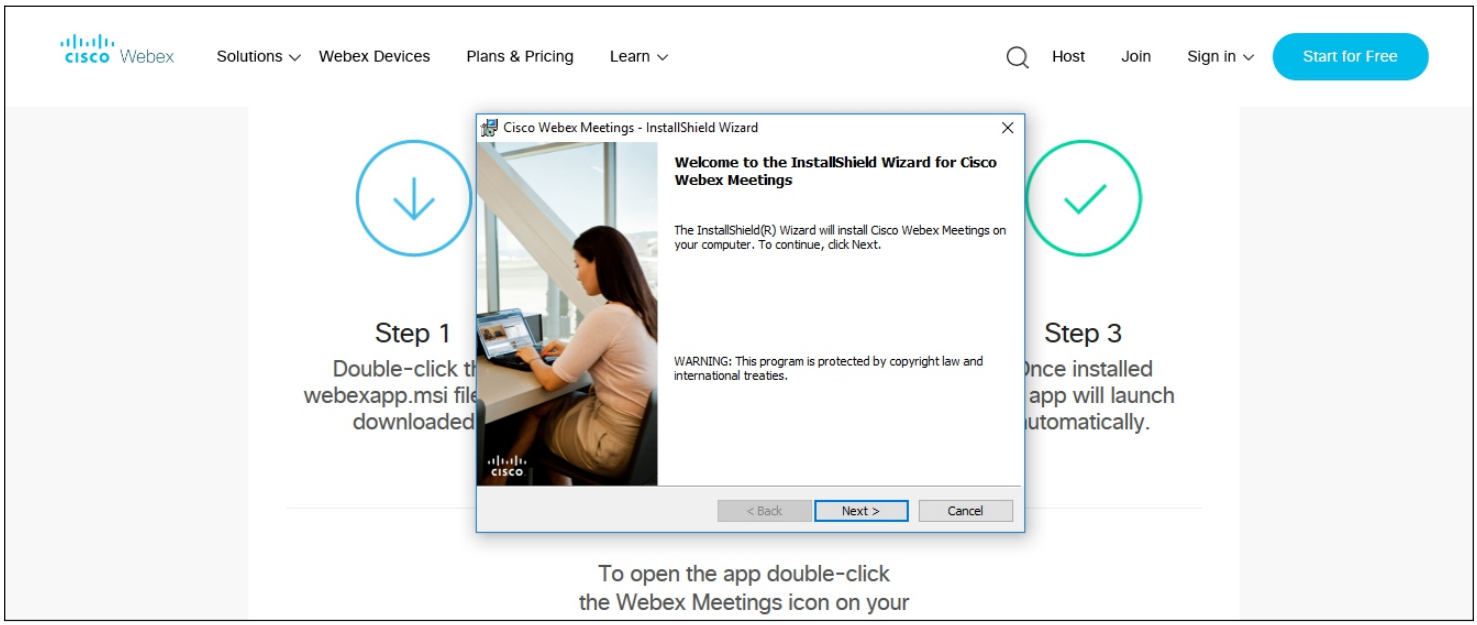
**Guidelines to attend the AGM proceedings of Link Intime India Private Limited: InstaMEET**

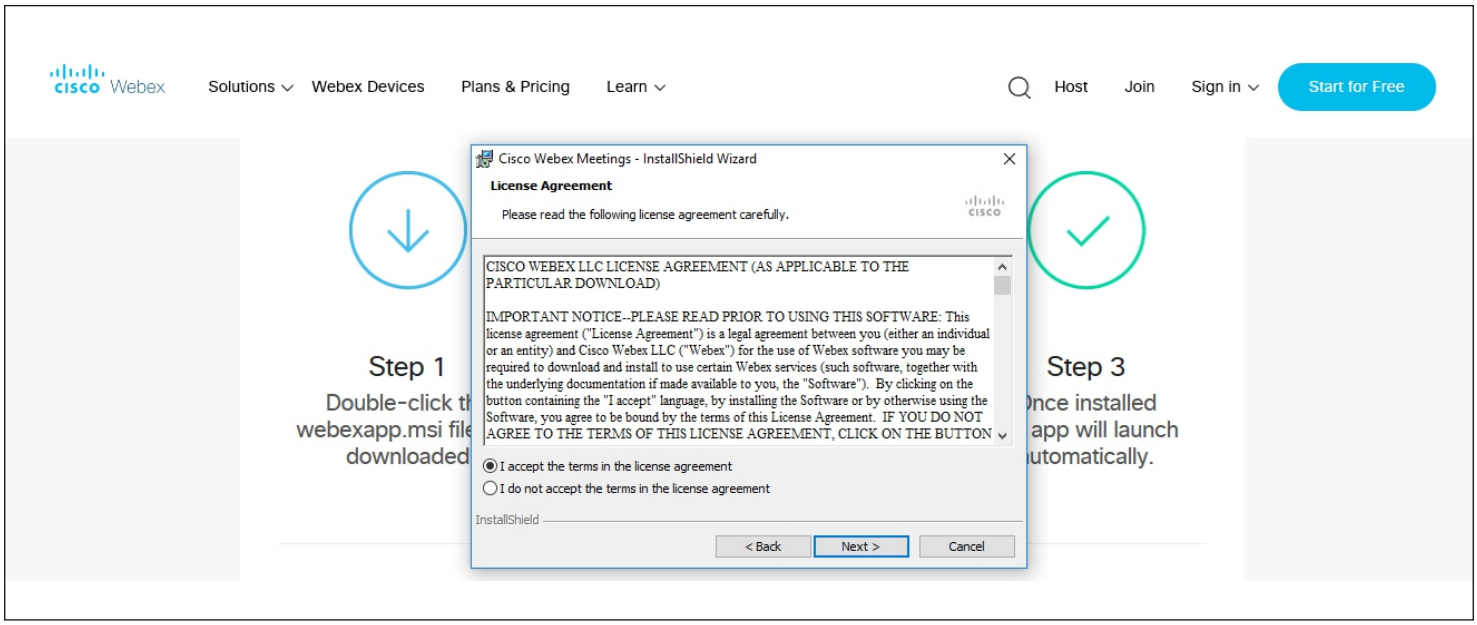
For a smooth experience of viewing the AGM proceedings of Link Intime India Private Limited. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

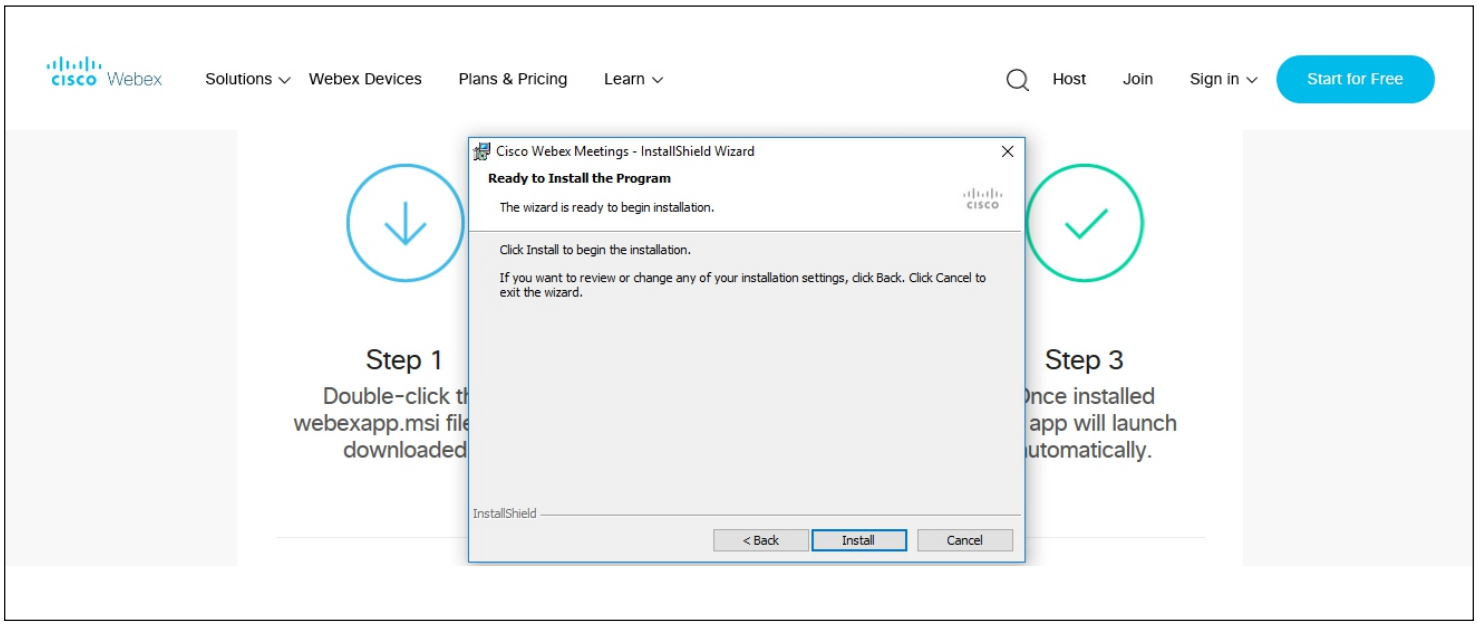
a) Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/




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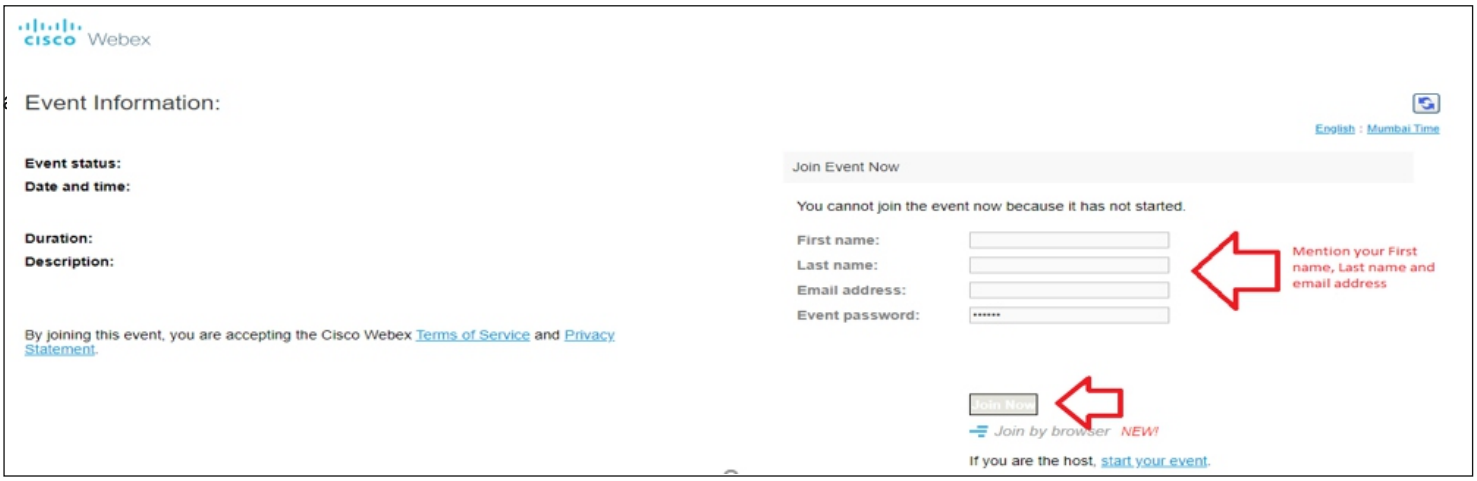

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Please read the following license agreement carefully.
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IMPORTANT NOTICE--PLEASE READ PRIOR TO USING THIS SOFTWARE: This license agreement ("License Agreement") is a legal agreement between you (either an individual or an entity) and Cisco Webex LLC ("Webex") for the use of Webex software you may be required to download and install to use certain Webex services (such software, together with the underlying documentation if made available to you, the "Software"). By clicking on the button containing the "I accept" language, by installing the Software or by otherwise using the Software, you agree to be bound by the terms of this License Agreement. IF YOU DO NOT AGREE TO THE TERMS OF THIS LICENSE AGREEMENT, CLICK ON THE BUTTON
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Cisco Webex Meetings - InstallShield Wizard
Ready to Install the Program
The wizard is ready to begin installation.
Click Install to begin the installation.
If you want to review or change any of your installation settings, click Back. Click Cancel to exit the wizard.
InstallShield
< Back
Install
Cancel
Step 1
Step 3

or

b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

| **Step 1** | **Enter your First Name, Last Name and Email ID and click on Join Now.** |
|---|---|
| 1 (A) | If you have already installed the Webex application on your device, join the meeting by clicking on Join Now |
| 2(B) | If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application.<br>Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now |




ii. The Members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis.

iii. Relevant documents referred to in the accompanying Notice will be available for inspection electronically by the members on the website of the Company at https://www.akgroup.co.in/investor-relation website link during the time of AGM.

iv. The Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act, will be available for inspection electronically by the members on the website of the Company at www.akgroup.co.in during the AGM.

# INSTRUCTIONS ON TAX DEDUCTIBLE AT SOURCE ON DIVIDEND

In accordance with the provisions of the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company is required to deduct tax at source (TDS) at the rates applicable to each category of shareholders. The rates of TDS for various categories of shareholders and the required documents are provided below:

## I. FOR RESIDENT SHAREHOLDERS:

Tax is required to be deducted at source under Section 194 of the Income Tax Act, 1961 at 7.5% on the amount of dividend where shareholder(s) have registered their valid Permanent Account Number (PAN) and at a rate of 20% for cases where the shareholder(s) does not have PAN / has not registered their valid PAN details in their account.

**a. Resident Individuals:**

No tax shall be deducted on the dividend payable to resident individuals if –

i. Total dividend to be received by them during the Financial Year 2020-21 does not exceed INR 5,000/-.

ii. The shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met.

**b. Resident Non-Individuals:**

Are requested to provide –

i. **Insurance Companies:** Public & Other Insurance Companies, a declaration that it has full beneficial interest with respect to the shares owned by it along with PAN.

ii. **Mutual Funds:** Self-declaration that they are specified in Section 10 (23D) of the Income Tax Act, 1961 along with self-attested copy of PAN card and registration certificate.

iii. **Alternative Investment Fund (AIF):** AIF established/incorporated in India Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF alongwith self-attested copy of the PAN card and registration certificate.

iv. **Other Non-Individual shareholders:** Who are exempted from TDS under provisions of Section 194 of the Income Tax Act, 1961 and who are covered u/s 196 of the Income Tax Act, 1961 are also not subject to withholding of any tax are required to submit an attested copy of the PAN along with the documentary evidence in relation to the same.

c. In case where the shareholders provide certificate under Section 197 of the Income Tax Act, 1961 for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

## II. FOR NON-RESIDENT SHAREHOLDERS:

a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 as per the rates in force. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, certificate issued under Section 197/195 of the Income Tax Act, 1961 is given by non-resident shareholders for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

b. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

i. Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities. If the PAN is not allotted, please provide your email address, contact number, tax identification number allotted in the country of residence and address in country of residence.

ii. Self-attested copy of Tax Residency Certificate (TRC) (of FY 2019-20 or later) obtained from the tax authorities of the country of which the shareholder is resident. In case, the TRC is in a language other than English, a duly notarized and apostilled copy thereof, translated in English language would have to be provided

iii. Self-declaration in Form 10F.

iv. Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty (of FY 2019-20 or later).

v. Self-declaration of Beneficial ownership (of FY 2019-20 or later) by the non-resident shareholder.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

c. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Income Tax Act, 1961.

Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide these details and documents as mentioned above on or before Saturday, September 12, 2020 by 11:59 p.m. IST at akcslagm@akgroup.co.in.

The Final Dividend for FY 2019-20 will be paid after deducting the tax at source as under:

## A. FOR RESIDENT SHAREHOLDERS:

i. Nil for resident shareholders in case Form 15G / Form 15H (as applicable) is submitted along with self- attested copy of the PAN. Please note that the duly filled up forms submitted through your registered email id will be accepted in the present circumstances due to COVID-19.

ii. Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Income Tax Act, 1961.

iii. 7.5% for resident shareholders in case PAN is provided / available.

iv. 20% plus applicable surcharge and cess, for resident shareholders in case PAN is not provided / not available

**B. FOR NON-RESIDENT SHAREHOLDERS:**

i. Beneficial tax treaty rate (based on tax treaty with India) for non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-resident shareholders

ii. Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under Section 195/197 of the Income Tax Act, 1961

iii. 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted (including FII/ FPI)

**C. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS/ CATEGORY:**

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

Shareholders are requested to send aforementioned documents at akcslagm@akgroup.co.in. These documents should reach us by 11:59 p.m. IST on or before September 12, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. The relevant forms/self-declarations is hosted on website of the Company at https://www.akgroup.co.in/investor-relation.

No communication on the tax determination / deduction shall be entertained post September 12, 2020. It may be further noted that in case the tax on said Final Dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

In view of the prevailing lockdown due to COVID 19, shareholders are requested to complete necessary formalities with regard to their bank accounts linked to their demat account for enabling the Company to make timely credit of dividend in the respective bank accounts.

***Disclaimer:*** *This communication shall not be treated as an advice from the Company or its affiliates. Shareholders should obtain the tax advice related to their tax matters from a tax professional.*