AGM Transcript

30th AGM of A. K. Capital Services Limited

Event Date/ Time: September 16, 2023, 9.02 a.m.

Tejas Dawda: A very Good Morning to everyone, I, Tejas Dawda, Company Secretary and Compliance Officer of your Company, viz. A. K. Capital Services Limited take this opportunity to welcome you all at this 30th Annual General Meeting of your Company. I hope you and your family members are safe and in good health. On behalf of the Board of Directors, I want to thank you for taking the time out to join us today. This meeting is being held through video conference in accordance with the circular issued by the Ministry of Corporate Affairs and SEBI.

It is 9.02 a.m. and the time to begin the proceedings of this Annual General Meeting. We have been informed by the moderator, representing LinkIntime India Private Limited ("LIIPL"), a Registrar and Share Transfer Agent of the Company that quorum of more than 15 Members being present, meeting is in order.

The proceedings of this AGM shall deem to have been conducted at the registered office of the company which is situated in Kalina, Mumbai.

The proceedings of this annual general meeting shall be deemed to have been conducted at the registered office of the Company.

I wish to place on record that the proceedings of this meeting are being recorded.

Although, by now, most of you have the experience of joining and participating in the AGM through Video Conference, yet I would like to take a couple minutes of your time to take you through certain procedural and technical aspects in relation to this meeting;

Members may note that pursuant to MCA Guidelines, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM, however, the body corporate are entitled to appoint authorized representatives to attend the AGM through VC and participate and cast their votes through e-voting. The Company has received authorization under section 113 of the Act from shareholders holding in aggregate 36,20,585 shares representing 54.86% of the paid-up share capital of the company

The facility of participation in this AGM is made available for 1000 Members on first come first serve basis. The participants would be on mute to avoid any disturbance arising from the background noise and to ensure smooth conduct of the Meeting.

Now, I shall introduce you to all the Board Members and other officials present at this meeting. I would request each member to acknowledge when I introduce him / her.

Mr. Subhash Chandra Bhargava, Independent Director, and Chairman of Board. He is attending this meeting from Mumbai.

Mr. SC Bhargava: Good Morning everyone, I welcome you all at the 30th Annual General Meeting of the Company.

Mr. A. K. Mittal, Promoter & Managing Director of your company. He is attending this meeting from Mumbai.

Mr. A. K. Mittal: Good Morning everyone, on behalf of the Board, I welcome you all at the Annual General Meeting of your Company. I trust your family and you are keeping well. I thank you all for your continued trust, encouragement and support to the Company and its management.

Mr. Rajiv Bakshi, Independent Director of your Company. He is attending this AGM from Mumbai.

Rajiv Bakshi: Welcome everyone, Also, I disclose my interest for the agenda matter 10 relating to regularization of my appointment as Non-Executive Independent Director of the Company. The matter is proposed as special resolution

Mr. Khimji Shamji Pandav, Independent Director and Chairman of the Audit and Nomination and Remuneration Committee of the Board. He is attending this meeting from Navi Mumbai.

Mr. Khimji Shamji Pandav: Welcome everyone

Mr. Ashish Vyas, Independent Director of your Company. He is attending this AGM from Mumbai.

Ashish Vyas: Good morning, I disclose my interest for the agenda matter 11 relating to regularization of my appointment as Non-Executive Independent Director of the Company. The matter is proposed as special resolution

Ms. Aditi Mittal, Non-Executive Woman Director on the Board of your Company and Chairperson of Stakeholders' Relationship Committee. She is attending this AGM from Singapore.

Aditi Mittal: Welcome to AGM of A K Capital Services Limited, I disclose my interest for the agenda matter 4 relating to my re-appointment as Non-Executive Director of the Company. The matter is proposed as an ordinary resolution.

Mr. Ashish Agarwal, Whole time Director of your Company. He is attending this AGM from Mumbai.

Ashish Agarwal: Very good morning and a very warm welcome to all the shareholders to this annual general meeting of the company.

Mr. Vikas Jain, Whole time Director of your Company. He is attending this AGM from Mumbai.

Vikas Jain: Good morning to all the Board of Directors and shareholders of the company to the 30th Annual General Meeting. A warm welcome to everybody.

Mr. Mahesh Bhootra, Chief Financial Officer of the Company. He is attending this Meeting from the Registered Office of the Company.

Mahesh Bhootra: Good morning, Board of Directors and members of the company, I welcome all of you for the 30th Annual General meeting of A K Capital Services Limited.

And I am attending this Annual General Meeting from the Registered Office of the Company, which is also the deemed venue for this meeting.

We also have Mr. Neeraj Mundra, Internal Auditor of the Company, Mr. Umashankar Hegde, representing the Secretarial Audit firm viz. M/s. Ragini Chokshi & Co, Company Secretaries and, also scrutinizer for this AGM, and Mr. Sanjay Kokate, Partner, of PYS & Co. LLP, Statutory Auditor present in this Annual General Meeting. On behalf of Members present at the meeting, I welcome the Auditors of the Company.

Mr. S.C. Bhargava, the Chairman of the Board, shall chair this AGM**.**

I now request Mr. Vikas Jain, Whole-time Director to brief you all on the overall operations and the financial performance of the Company during FY 2023. Over to you sir

Vikas Jain: Thank you Tejas, I welcome all the shareholders on behalf of the Board of Directors, a warm welcome to every shareholder who've taken out time to be a part of this meeting. Believe us, your trust and support takes us allows us to give that encouragement to keep us moving ahead.

I'll take it all through the major milestones and the financials, the overall financial and the health of the balance sheet and of the group in two parts.

I'll start with the performance of the market and the performance of the company first and I'll also then take you through the key financial parameters and the balance sheet.

In the second part, to start with, I think we stayed together, we stayed focused, we stayed patient. Debt, capital market is all about just staying patient, staying focused.

The market size of private placement of NCD turned out to be almost 6 1/2 trillion, which is equal to 6 1/2 lakh crore of the market.

Happy to inform each of your shareholders is that your group participated in almost 2.75 trillion worth of issuances in the private placement which turns out to be almost 40% market share for your company on the public issuance of NCD.

The focus continues to remain on the public issue as well of non-convertible debentures over a fairly extended period of time of five years. Your company still is a leading player as a lead manager in the publications of debt over the 10 year. We continue to be at the top position in the publications of debt.

Happy to also announce some few key transactions were unique to the market. They were one of their kinds that your company was able to execute.

The group executed one of the longest NCD of an INVIT promoted by National Highway Authority, which is the largest Road operator in India. And the bond tenure was almost up to 25 years of tenure.

So this turned out to be the longest bond issuances buy. We also continue to remain focused on municipal bonds.

Municipal bonds have been an emerging concept worldwide and with India as a democracy with States and municipal corporations, your group continues to focus on municipal issues as well.

Again to increase the participation of retail into the municipal bonds market. Your Company came out with a public issuance, the first public issuance of a green bond by a Municipal Corporation by Indore Municipal Corporation.

So the objective is to get more investors, which public issue comes in with a good route to approach those market and Municipal Corporation, what best than Municipal Corporation to go with that kind of a format to the retail issuances.

So these are few of the unique transactions that your company executed among many other certain transactions

Happy to announce your group ventured into the alternative asset market by launching by promoting an asset management company, AK Alternative Asset as subsidiary to the group.

And as we speak, we've already got the SEBI registration for a Category II Alternate Investment Fund which we're just about to launch.

So this one part piece which is also building is the alternative assets and you're good within the fixed income spaces also ventured into the alternate asset market coming something on the financials I think with this philosophy that every struggle of today gives you the strength for tomorrow.

FY22-23 was a volatile period for the debt capital market. The basis was repo rates went up by RBI started its journey of exponentially increasing the interest rates, the more rates moved up by almost 250 basis point from 4% to 6 1/2% of repo essentially for the debt market, this leads to a lot of volatility in the market.

When the interest rate starts moving substantially well again your company again due to the focus this team together with the support of the Board of Directors of all of its clients, the entire ecosystem in the debt capital market again came out stronger.

The group achieved the highest profitability in its history of around INR 89 Crores, profits before tax were upward of around INR 113 Crores. The asset size was upward of INR 3000 Crores.

With all of these achievements, we continue to be conservatively leveraged around 2 1/2 times at the group level. The asset quality continues to be very healthy with negligible gross NPA and net NPA.

So I think while we came out through this volatility as well, we emerge stronger, the asset quality gets got protected, the leverage was still under control. I think these are key principles of the numbers that we speak about.

Coming on to the NBFC arm, which is a material subsidiary of your group where that's where the entire, a large part of the asset and the liability also sits of the entire group.

The NBFC continues to be rated AA minus, which is among the highest amongst the peer from the top four, one of the top 4 rating agencies in India.

The asset quality remains healthy as I told you, it's negligible 0.6% of a GNPA, nil of net NPA. The leverage is under control of around 2.6 times and the profitability of around INR 60 crores.

So we, continue to maintain healthy asset quality, extremely high liquidity and lower leverage.

That's on the NBFC which is the material subsidiary of your group at the group level, the first focus being in debt capital market is how's your lenders right viewing your company from the liquidity and from the rate at which they lend to you.

Happy to again announce that continuing this philosophy, continuing this performance of many years of being very competitive borrowers in the market.

Your group was able to borrow competitively from almost all of their lenders in the market and they continue to support us in this competitive pricing reinforcing this fact right of a good governance, asset quality and continuity that they expect on, on the on your group.

With this, I'll conclude my small presentation and request SC Bhargava, Sir the Chairman of the Board to take the agenda forward for the meeting.

Now, heading towards the agenda of the meeting, I request Mr. S C Bhargava, Chairman to take over.

Mr. SC Bhargava:

At the outset, on behalf of A. K. Capital Services Limited, I extend a warm welcome to all the participants attending the 30th Annual General Meeting of A. K. Capital Services Limited. Thank you Mr. Vikas Jain for enlightening the shareholders on the performance of the Company and way forward. In fact, this might have answered the potential shareholder's concern with respect to performance of the Company in the recent times.

Now I request Mr. Tejas Dawda to further brief the shareholders regarding availability of Registers, Notice of AGM and Annual Report including Statutory Audit and Secretarial Audit Report.

Mr. Tejas Dawda

Thank you, Mr. S. C. Bhargava.
I would be happy to assist Chairman in conducting this Annual General Meeting now. Members seeking to inspect the Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are

interested under Section 189 of Companies Act, 2013, can view the same by clicking on the link provided in the “Documents for available for inspection tab”.

I further state that the explanatory statement annexed with the notice of this AGM contains all the material disclosures as required for special business to be transacted at this AGM.

The Notice convening this meeting has already been circulated to all the member(s), I take the Notice convening the meeting as read.

The Members are informed that the Annual Report for the financial year 2022-23 comprising standalone and consolidated audited financial statements of the company for the Financial Year ended March 31 2023, management discussion and analysis of the BOD and report of the corporate governance was sent electronically along with the notice of the Annual General Meeting to all the members and others entitled to receive the same.

STATUTORY AUDIT REPORT FOR THE FINANCIAL YEAR 2022-23: The Statutory Auditors, PYS & Associates, LLP, have expressed unqualified opinion in the audit reports for the financial year 2022-2023. There was no qualification, observation or adverse comment on financial statements and matters, which have any material bearing on the functioning of the Company. The Statutory Auditors’ report on standalone financial statements and consolidated financial statements are available on Page numbers 48 and 92 of the annual report.

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2022-23: Secretarial Audit Report issued by M/s. Ragini Chokshi & Co, Secretarial Auditor of the Company is enclosed as Annexure 3 to the Board’s report, the secretarial audit report for the year ended March 31, 2023 also does not contain any adverse qualifications or observations or comments or other negative remarks.

Consequently, the statutory auditor's report and the secretarial auditor's report are not required to be read out at this AGM.

Considering that all matters have already been put to vote remotely, voting by 'show of hands' is not permitted at this general meeting and pursuant to the Standard 7.1 of the Secretarial Standard 2 on General Meeting issued by ICSI, the matters need not be proposed/ seconded at this AGM.

We now take up the resolutions as set forth in the Notice. Thereafter, we will open the floor for any questions by members after all the resolutions are tabled.

Item No. 1 To consider and adopt:

a) The Audited Standalone Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, Cash Flow Statement for the Financial Year 2022-23 and the Explanatory Notes annexed thereto, together with the Report of the Board of Directors' and the Auditor's thereon And

b) The Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, Cash Flow Statement for the Financial Year 2022-23 and the Explanatory Notes annexed thereto, together with the Auditor's Report thereon.

Item No. 2: To confirm interim dividend declared at INR 6/- (Indian Rupees Six) per equity share having face value of INR 10/- (Indian Rupees Ten) each for the Financial Year ended March 31, 2023.

Item No. 3: To declare a final dividend of INR 6/- (Indian Rupees Six) per equity share having face value of INR 10/- (Indian Rupees Ten) each for the Financial Year ended March 31, 2023.

The Board has recommended a final dividend of ₹ 6 per equity share. You would recall that an interim dividend of ₹ 6/- per equity share was already paid for the financial year March 31, 2023. The total dividend amount including the interim dividend aggregates to ₹ 12.00/- per equity share.

Item No. 4: To appoint a Director in place of Ms. Aditi Mittal, Non-executive Director (DIN: 00698397), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

Item No. 5:

Approval of Material Related Party Transactions with A. K. Capital Finance Limited by Company and its Subsidiaries

Item No. 6:

Approval of Material Related Party Transactions with A. K. Services Private Limited by Company and its Subsidiaries

Item No. 7:

Issuance of Commercial Paper of nominal value aggregating up to INR 150 crores (Indian Rupees One Hundred Fifty Crores) within the overall borrowing limits set forth under Section 180 (1) (c) of the Companies Act, 2013

Item No. 8:

Issuance of Non-Convertible Redeemable Preference Shares of nominal value aggregating up to INR 100 crores (Indian Rupees One Hundred Crores)

Item No. 9:

Alteration of Articles of Association of the Company, to comply with the requirement of Regulation 23(6) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended

Item No. 10:

Regularization of appointment of Additional Director Mr. Rajiv Bakshi (DIN: 00264007) as a Non-Executive, Independent Director of the Company

Item No. 11:

Regularization of appointment of Additional Director Mr. Ashish Vyas (DIN: 10264901) as a Non-Executive, Independent Director of the Company

S C Bhargava:

Thank you Tejas

Also I would like to take this opportunity to express my sincere thanks to all the shareholders for their continuous support and showing their confidence in the Company.

Since all the resolutions are tabled, I request CS to brief the shareholders about voting instructions and after that he may also brief the general instructions for the speaker shareholders so the participation from each of the participant is seamless.

The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by LIIPL. Members can click on “Vote” tab on the video conference screen to avail this feature. Members are requested to refer to the Instructions provided in the notice for a seamless e-voting. In case members face any difficulty, they may reach out on the helpline numbers provided in the notice convening this Annual General Meeting. The Board of Directors have appointed M/s. Ragini Chokshi & Co, Practicing Company Secretary, as the scrutinizer to supervise the e-voting process.

The consolidated results of remote e-voting and Poll will be announced within 2 working days from the conclusion of this meeting. The results along with the Scrutinizers report will be intimated to the Stock Exchange (BSE) in terms of the Listing Regulations and will also be placed on the website of the Company.

Now the shareholders who had registered themselves as speaker may participate in the meeting and I shall quickly brief the general instructions for the speakers:

1. Members are requested to keep their questions brief and specific.
2. To avoid repetition, the answers to all the questions will be provided towards the end.
3. The Moderator shall announce the name of the Shareholder who has registered as a speaker shareholder. To start communicating, the shareholder is requested to click on video icon, only once and wait for video to start. In case shareholder is unable to connect through Video, he/she shall participate through audio, preferably through earphone to avoid background noise. If there is any connectivity issue, with respect to any speaker, we shall invite next speaker to join. Shareholders are requested to be loud and clear while communicating to capture the details correctly. We request shareholders to restrict their speech for 2-3 Minutes.
4. Keeping into view the time constraints, the Company has allowed 6 speakers to participate and speak at the meeting.

Now I shall request, Mr. Dilip Rajpurohit, our Moderator for his meeting, to facilitate the speakers to participate in this meeting.

Dilip Rajpurohit

Now I invite our first speaker for the event, Mr. Ashok Kumar Jain, Ashok Kumar Jain, you are in the panel. You may speak now audible, Sir.

Mr. Ashok Kumar Jain

Good morning. Respected Chairman Sir, Esteem Board of Directors and my Co fellow shareholders joined the AGM on VC portal.

Sir, I Ashok Kumar Jain attending the AGM from Delhi.

First of all, I congratulate our management for giving us an extreme growth in the company during the financial year 22-23.

Secondly, I also thanks to our management board to give us an all-time high dividend and I also thanks to the secretarial department and moderator to help me to join the meeting on VC portal.

Sir, is there any plan for right issue to expand our business because as per item number 7 and 8, we borrowing some money and NCD in this regard Sir and thank you Sir.

Thank you Sir.

Dilip Rajpurohit:

Now I invite our nice speaker for the event Mr. Mahendra you are in the panel you may speak now.

Good morning respected Chairman, Board of Director.

Mahendra Jadhav:

Good morning, respected Chairman, Board of Directors and Hello all the shareholders. I am Mahendra Jadhav from Mumbai. Thank you for allowing me to speak at our AGM. How the Company has fared during the second quarter of FY 2023 and what are your expectations for the remaining part of the year?

What are the future plans of the newly incorporated subsidiary A. K. Alternative Asset Managers Private Limited?

Thank you

Dilip Rajpurohit

Now I invite our last speaker for the event, Mr. Palas Singhai, you are in the panel, you may speak now.

Mr. Palas Singhai

Good morning to each of the participants attending this meeting virtually, My name is Palas Singhai and my question is, since the Company has amended its Articles of Association to comply with the requirement if SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, is the Company planning to issue and list non-convertible debentures in near future?

Thank you sir.

Dilip Rajpurohit

With this we complete with the speaker shareholder queries. Since there are no speaker shareholder present in the panel. Now I hand over the proceeding to the company secretary.

Over to you Sir.

Tejas Dawda: Thank you, Shareholders for taking out your time for attending this AGM. Your words of appreciations motivate us to do better and your constructive feedback helps us to improve.

I shall request Mr. Vikas Jain, Whole time Director to address the Queries of Shareholders and his views on the feedback shared by the shareholders

Vikas Jain

I think that's that that's a lot of encouragement to us and we'll be happy to kind of answers even the questions which are kind of left and people have not been able to ask, right.

Please do feel free to reach out to our secretarial team and we'll be happy to kind of resolve any queries.

So while I just kept on noting across the way the speakers are and maybe I might just not be able to follow the sequence but yes, I do recollect Mr. Ashok Jain from Delhi, his first question was about rights issue in the company.

This is a financial services sector company. So while we do take note of your suggestion, a lot of it will depend upon how the growth is coming in across. We see a good growth coming in across and it requires capital right so we at an appropriate time whenever then there is need be, we'll definitely think about it. But however we do take note of this suggestion of yours and we'll be happy to kind of discuss internally and update the shareholders on the way forward.

There was one question from Mr.Palas

As you rightly said and I think the company secretary did update that this is an enabler because of the regulatory requirement to take NCDS approval in the AGM and at an appropriate time. So one the key principle will be we are very competitive on the pricing and I think largely if the group gets the pricing that it's expecting right, they would not mind to kind of borrow that across. So I think the main important will be liquidity is sufficient, liquidity is adequate at the group level. But we are we are mindful of the cost of borrowing and if the market kind of permits and there is appetite at our expected pricing, we will be happy to kind of look at that as well.

Other question from Mahendra

There were two parts to the question. What I understand is you wanted to understand how the performance in the current year is looking like and so we and the second part was the new alternate asset alternative asset manager company that we've just recently formed.

So on the first part, obviously we've been listed company will be difficult for us to kind of give you numbers, but I can tell you the market stabilized, the market started seeing the growth back into the debt market and obviously we've been among the leading player. We would definitely want to capitalize this growth in the market.

Having said that, we've already come out with the quarter one results and if you would have seen they could be the group level profitability is about around INR 22 Crores we've already achieved for the quarter and the network goes up to kind of INR 885 Crores. So basically there is good net worth in the system and profitability is there, right. So and the market looks strong for the current year.

So I think we should expect right good growth coming in across and for this financial year as well on the AK alternate assets, so alternate assets is an upcoming field and the within the fixed income, I think it's more patience game. So we'll keep on building these assets, its third party fund management. So we are very mindful from the governance and the positioning group will have.

It's an important vertical internally with it but it is a patience game. So it will be built up over a period of time.

But yes it is one of the focuses within the group to be in the active player in the alternate assets.

Thank you

Dilip Rajpurohit:

One more shareholder has joined. Chinar Lathia

Vikas Jain:

Please you may allow them to you know speak and participate in this AGM.

Chinar Lathia

Chairman sir, Managing Director sir, congratulations for good results and nice to see you but not physically. I am Chinar Lathia from Mumbai. Sir, the next year I would request you to hold a physical AGM. Although the government may extend the date for online meeting. Please have physical AGM next year. Sir, there is nothing much to add when you are there in the company. Thank you very much and all the best for the future.

Vikas Jain:

Thank you Mr. Chinar for your kind words and appreciation this helps us to do better.

Obviously, we are also eager to have face to face Meeting & we have noted the same.

Tejas Dawda:

Thank you, Mr. Vikas Jain for responding to each of the shareholder's query. We welcome shareholders' participation. Accordingly, in case you need any additional information or have queries feel free to write it to us on akcslagm@akgroup.co.in/ compliance@akgroup.co.in

Now, I shall request the Chairman to conclude this meeting.

Chairman: On behalf of the Board of Directors, I would like to express our sincere appreciation for the co-operation and assistance received from all our members, bankers & financial institutions, Registrar and Share Transfer Agents and regulatory bodies.

Members may note that the voting on the LinkIntime platform will continue to be available for the next 30 minutes. Further, I hereby authorize the Company Secretary, to declare the result of the voting and place the results on the website of the Company within two working days from the conclusion of this meeting.

Since there is no other business to transact, I declare the meeting as closed.

I express my gratitude to all the members for the co-operation and support

Stay safe, thank you.

Note: Suitable changes have been made in the Transcript of this Annual General Meeting wherever required for the purpose of accurate interpretation.