

# AKME STAR HOUSING FINANCE LIMITED

N.H.B. Registration No. 12.0080.09  
CIN: L45201RJ2005PLC020463



**Akme Business Center (ABC)**  
4-5, Subcity Centre, Savina Circle  
Udaipur - 313 002 (Rajasthan)  
Phone : (0294) 2489501 - 02  
E-mail : akmestarthousing@yahoo.com

Ref. No.

Date : .....

ISIN: INE526R01010  
SCRIP CODE: 539017  
SCRIP ID: ASHFL  
PAN NO. AAGCA1988C

Date: 30.07.2018

To  
BSE Limited,  
P.J. Towers, Dalal Street, Fort  
Mumbai-400 001

Dear Sir/Madam,

**SUB: SUBMISSION OF ANNUAL REPORT AS PER REGULATION 34 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

Dear Sir,

With reference to the Regulation 34 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, we herewith submit the Annual Report of the Company for Financial Year ending 31<sup>st</sup> March, 2018.

We may inform that the same has been approved and adopted in the 13<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> July, 2018 at Kaya Valley Resort, National Highway 8, behind Kaya Jain temple, Udaipur (Raj) at 11:30 A.M.

Request you to kindly take the same on record.

Please update the same.

Thanking you,

FOR AKME STAR HOUSING FINANCE LIMITED

  
ASHISH JAIN  
MANAGING DIRECTOR  
DIN 02041164



## FORM A

1.	Name of the company	Akme Star Housing Finance Limited
2.	Annual financial Statements for the Year ended	31 <sup>st</sup> March, 2018
3.	Type of Audit Observation	Un-Qualified/Un-modified Audit Report
4.	Frequency of Observation	Not Applicable

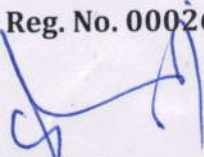


Mr. Ashish Jain  
Managing Director  
DIN: 02041164



Mr. Bhanwer Singh Kachhawaha  
Chief Financial Officer

For, H.R. JAIN & Co.  
Chartered Accountants  
Firm Reg. No. 000262C



CA Manoj Jain  
Partner  
Membership No. 400459



Mrs. Rajni Gehlot  
Audit Committee Chairperson

Date: 16.06.2018  
Place: Udaipur

AKME STAR  
HOUSING  
FINANCE  
LIMITED



13<sup>th</sup>  
ANNUAL  
REPORT 2018

IN THE LOVING MEMORY OF  
DR. MOHAN LAL NAGDA



# OUR CHAIRMAN AND MANAGING DIRECTOR

We, at Akme Star Housing Finance Limited deeply mourn the passing away of our Chairman and Managing Director Dr. Mohan Lal Nagda on May 19th, 2018.

A dynamic and a very courageous personality, a successful businessman Dr. Mohan Lal Nagda has been Founder Chairman of our Company and has also served on Board of four different organizations across four different industries. His loss is irreparable and his contribution to industry and social causes are immense. He will always be remembered for unstinted support to AKME and its cause all through his life.

## ABOUT DR. MOHAN LAL NAGDA

Dr. Mohan Lal Nagda, was a highly qualified persona who continuously strived to achieve new heights and strengths in the development and expansion of the business. He was a qualified Chartered Accountant with additional qualifications of CS, ICWA, MBA and PHD degree from Rajasthan Vidhyapeeth on the topic "Disinvestment by Government." After a service of more than 23 years at higher managerial post in Hindustan Zinc, he took VRS and started active participation in the functioning of AKME. Under his vibrant leadership and vision Akme Star Housing Finance Limited acquired the License of Housing Finance from NHB. He had an all round experience in various sectors like Finance, Insurance, Housing, Human Resource Development, Information Technology and Marketing. Besides that he was very active participator in various Social and Religious Activities.

He was very passionate about his work. He was a keen traveller and a great mentor to his team. He discharged his duties with utmost sincerity and his contribution and support to AKME is enormous.

We all from AKME family take solace in the fact that "whom god loves dies early" and pray to the God Almighty to rest the departed soul in peace and to give strength to his family members to bear the loss.

# CHRONICLE:

## COMPANY OVERVIEW

2	About ASHFL
9	Board of Directors
10	Chairman & Managing Director's Foreword
12	CFO's Financial Review



## STATUTORY REPORTS

1	Management discussion and Analysis Report
14	Board's Report
21	Report on corporate governance

## FINANCIAL STATEMENTS

71	Standalone Independent Auditor's Report
77	Standalone Financial Statements
97	Corporate Information





# *Fulfilling Dream of own homes*





# ABOUT US

*"We do not tender Loan Products, rather we tender Happiness"*

M/s Akme Star Housing Finance limited originally "Akme Build home Private Limited" was incorporated on March 17th 2005 with an objective to:-

- a.) Manage, Administer and to carry on the business of providing housing loans, funds for the construction of houses, loan against home properties and to carry out housing finance and other related activities in the country.
- b.) Further to extend home loan finance to weaker section and to finance group housing societies and NGOs engaged in the welfare of the weaker section.

We at ASHFL are committed to deliver the services as per following values to our customers:

- Disseminating affordably priced financial services to customers and locations most in need of them, in a timely manner.
- Customizing product offerings and solutions to meet customers' requirements.
- Our governance structure is driven by a highly focused management team, guided by a distinguished Board profile.
- To assure that Customers are utmost satisfied under the home buying process.
- Making Housing Finance affordable and convenient.



## Steps towards "AFFORDABLE HOUSING"

We stepped forward in the direction of 'Housing for All by 2022' to mingle our vision with the vision of the Government of India. ASHFL is putting its efforts in converting dream of numerous Indians from the rural & semi urban area into the reality. Our housing loan disbursement is improved by 279.27% compared to the previous year. The Company is associated with the other organizations that are engaged in "Affordable Housing Projects."

## RATING

The company has been assigned BBB- by SMERA Ratings Limited for the existing facilities sanctioned by the banks & proposed credit facilities to the extent of Rs. 50.00 crores as on 13.03.2018.



## MISSION:

To be known as the Organization where personal attention will never become obsolete. We want to employ people who are extremely satisfied and go the extra mile for clients. We want a culture of growth, profitability and enthusiasm throughout the Company

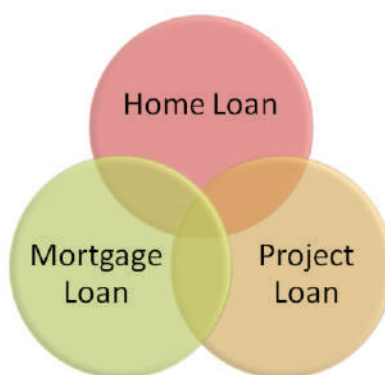


## VISION:

To let the people feel the warmth of their "own house" by delivering quality financial product both in appearance and content.



# OUR OFFERINGS



## 1. HOME LOANS



### A. Purchase of Flats/Houses

Akme Star Housing Finance Limited completely understands the need of a livable home. The company was formed with main objective of providing financial assistance where an individual/family can live in. In this scheme, we support the people who are looking to purchase a new or second hand flat / home depending upon their need.

### B. Renovation of Existing Units

We have a scheme known as Renovating existing units for renovation / repair of your existing units. The facility for this loan is also easy and fast depending upon the condition of house.

### C. Extension of Existing Units

To extend the house for any reason, we do provide extension loan plan for individuals, corporate in this scheme. This scheme is available even for a small bedroom, a balcony or rooftop etc.

### D. Purchase of Plot for Construction of houses.

Akme Star Housing provides the loan even for a plot on which a residential house is to be constructed.

## 2. MORTGAGE LOANS

We help our customers unlock the value of their property by availing loan against their unutilized property. The customers can utilise the loan amount for productive deployment in their business like Business Loan, Education Loan, SME Loan, Project Loan, Etc.



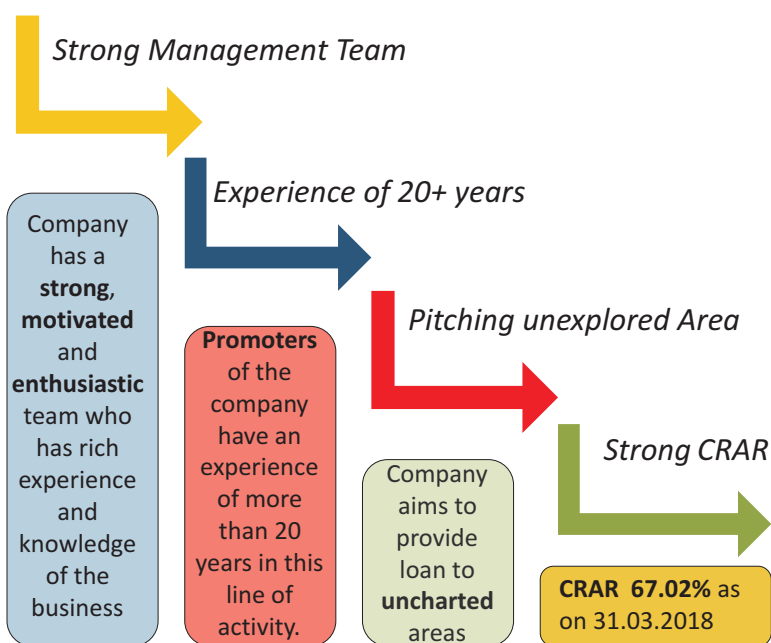
## 3. PROJECTS LOANS



For Construction of Residential Flats, Project Loan to builders is also considered by the Company.

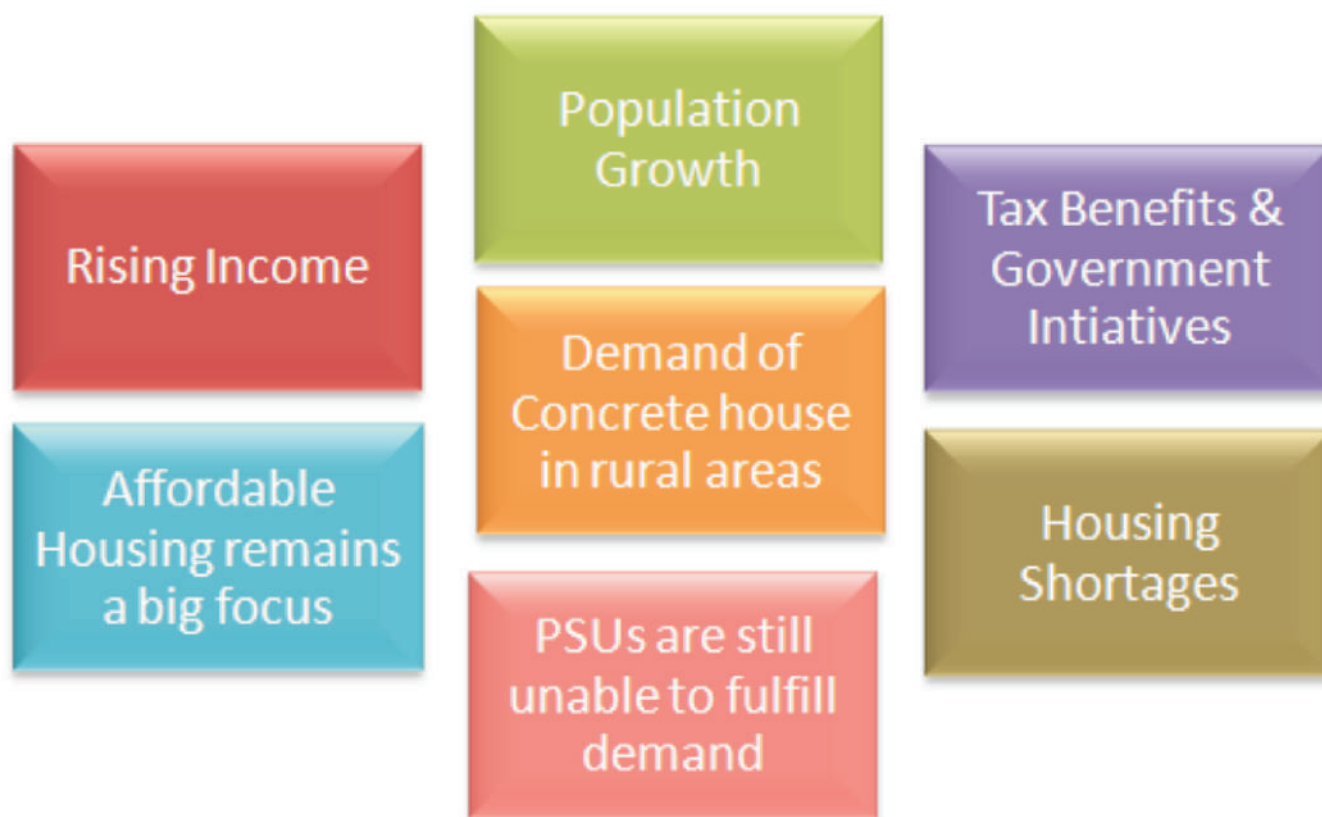


## Geographical spread





## FACTORS DRIVING HOUSING FINANCE COMPANIES



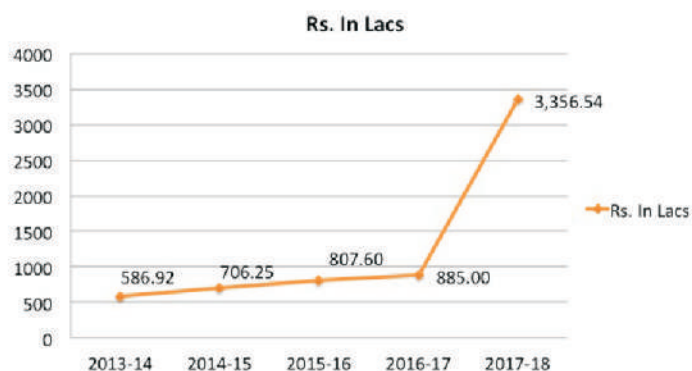
### Key Financial Highlights

(Rs in Lacs)

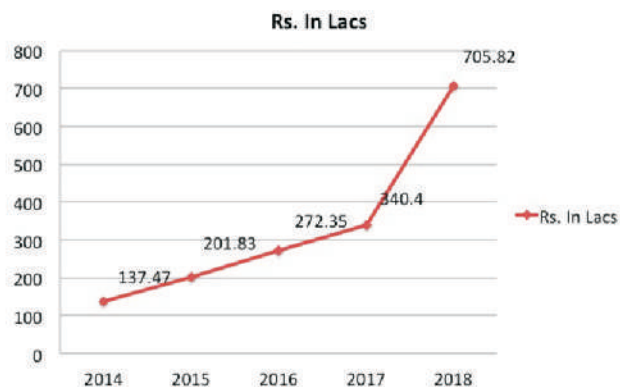
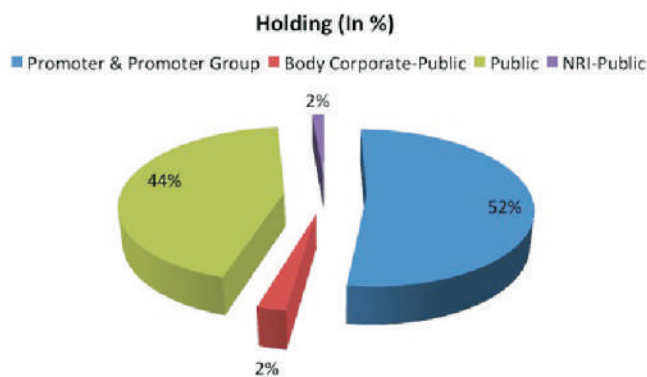
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Revenue	137.47	201.83	272.35	340.40	705.82
Profit Before Tax	53.56	98.00	168.92	210.40	400.04
Profit After tax	36.75	66.70	115.52	140.73	289.50
Disbursement	586.92	706.25	807.60	885.00	3356.54
Net Worth	1012.91	1538.24	1653.78	1794.50	2307.66
Share Capital	216.73	593.45	593.45	1186.90	1207.90
Borrowings	280.22	272.66	126.59	667.62	2955.64
Earnings Per Share (Basic)	0.94	1.52	0.97	1.19	2.43
CRAR (%)	106.06%	133.26%	114.35%	109.00%	67.02%



## DISBURSEMENT



## GROSS REVENUE

PROFIT AFTER TAX -  
PROFIT BEFORE TAXSHAREHOLDER'S FUND  
& EARNING PER SHARESHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2018



## TOTAL ASSETS

(RS. IN LACS)



## LOAN ASSETS

(RS. IN LACS)



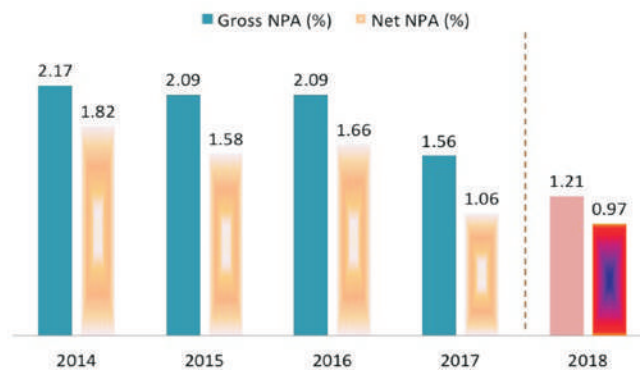
## CRAR (%)



## ROE (%)



## NPA





## UNDER THE AEGIS OF AN EXPERIENCED BOARD



**Mr. Ashish Jain**  
**Chairman & Managing Director**  
(DIN: 02041164)



**CA Nirmal Kumar Jain**  
**Executive Director**  
(DIN: 00240441)



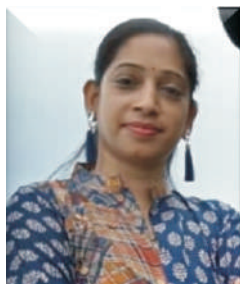
**Mr. Kalu Lal Jain**  
**Executive Director**  
(DIN: 00451442)



**CA Rajni Gehlot**  
**Independent Director**  
(DIN: 06627287)



**Mr. Amrit Singh Rajpurohit**  
**Independent Director**  
(DIN: 02173432)



**Dr. Rekha Jain**  
**Independent Director**  
(DIN: 07703994)



## CHAIRMAN'S FOREWORD



Dear Shareholders,

We are deeply saddened to announce that Dr. Mohan Lal Nagda, Chairman & Managing Director of our Company passed away, his brilliance, passion and energy were the source of countless innovations that enrich and improved all of our lives. He was "Wall of Iron" for the company and under his vision and guidance your Company has attained a good reputation and position in the market and Company's shares are now listed on the Main Board of BSE Limited and also during his tenure this year has been the year of "Dual Results" as major key financial are standing almost at twofold compared to the last year. His presence will truly be missed and it cannot be fulfilled but we at ASHFL will continuously strive with the best of our efforts to achieve his vision of growth and performance of the Company by giving shelter to the every person in need at all possible levels and take the Company to more powerful and newer heights.

I Ashish Jain would like to welcome you all to the 13th Annual General Meeting of Akme Star Housing Finance Limited (ASHFL). At the outset, I would like to thank you all for the confidence reposed and the support extended to the Company. It is your confidence and support that enables us to grow and perform every year. The Financial Statements for the year ended 31st March 2018 along with the Directors' Report and Auditors' Report have already been circulated to you. With your permission, I would like to take them as read.

### ECONOMY

Being a part of business cycle of the Indian economy, growth and standing of the Indian Economy directly impinge on the business of the Company. The Analysts agree that despite the volatility in global markets, the economy is well poised for growth. Emerging economies are expected to lead that growth and India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization and International Monetary Fund. Strong government reforms and RBI's sustained focus on reducing inflation combined with benign global commodity prices, provided the impetus needed to improve India's economic fundamentals.

India is set to overtake China as the world's most populous nation by 2021. By then, the country will be home to more than one of every six persons in the world. This fast growing population brings with it many socio-economic challenges, not the least of which is housing.

As the youth mass of the India are now more enthusiastic and energetic, demand for housing loan has been increased due to improved living standard. We, at ASHFL assure to contribute in the economy by performing at our best to meet with the rising demand of the home loan and other approved loan services.



### AT ASHFL

Your Company's geographical presence apart from Rajasthan extended to some other states of the Country like Madhya Pradesh, Gujarat & Maharashtra. The Company is growing by serving the customers smoothly in accordance with their requirements and the separate mechanism has also been equipped for the disbursement of various loan products. Housing needs of the various lower and middle income segment people in the rural and semi urban area is being fulfilled by the ASHFL by providing housing and other required loans at simplified and easy dealings.

Your Company's core offering comprises housing loans, SME loans, mortgage loans. Major portion of Company's loan portfolio comprises of housing loans given for purchase of homes, extension & improvements and self-construction.

ASHFL is spreading its wings to feed needy people, and Mount in disbursement is proof of the same. By and large, the disbursement has been increased by 2471.54 lacs i.e. 279.27% in the year. Your Company believes in long term relationship with the customers and thereby creates sustainability to run the race in the long future and we have built the systems for delivering best-in-class customer experience and expertise for assessing credit worthiness, financial protection needs.

### OPERATIONAL HIGHLIGHTS

With the Company's main objective of maximizing Shareholder's wealth the EPS of your company increased from 1.19 to 2.43 during the year under review.

At March 31st, 2018 the Company's total revenue increased from 340.40 Lacs to Rs. 705.82 Lacs, Profit before tax increased from Rs. 210.40 Lacs to Rs. 400.04 Lacs and Profit After Tax increased from Rs. 140.73 Lacs to Rs. 289.50 Lacs that is almost 105.71% growth as compared to the last year. The Shareholder's fund of the Company stood at Rs. 2307.66 Lacs.

### RAISING OF FUNDS

Your Company raised fresh term Loan from AU Small Finance Bank Limited amounting to 5.00 Crore along with the Cash Credit facility Rs 3.00 Crore, And also, State Bank of India sanctioned an amount of Rs. 15.00 Crore which will further help in the strengthening the performance and growth of the company.

The Members of the Company approved the Issue of Warrants on preferential Basis pursuant to SEBI (ICDR) Guidelines vide EOGM dated 16th October, 2017. Warrants are a very easy investment for a company to offer. Issuing warrants along with other financial instruments increases attractiveness and reduces the funding cost of the financial instruments offered, the details of which forms part of this Annual Report.

### SUCCESSFUL MIGRATION FROM BSE SME PLATFORM TO BSE MAIN BOARD

Your Company received Trading Approval from BSE Limited during the year and accordingly the Shares of your Company are successfully migrated to BSE Main Board effective from 30th June, 2017.

### CREDIT RATING

ASHFL'S long-term credit rating is upgraded to BBB- by SMERA Ratings Limited.

### CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. A diverse composition of your Company's Board of Directors, providing timely and accurate information to the Board and its Committees, transparency and fairness in all dealings, appropriate disclosures, compliance with applicable laws and regulations, internal controls, all aggregate to meet the ultimate objective of maximizing the shareholders' value. Your company encourages its employees to act ethically all the time, every single time.

Further your Company has followed and complied all the applicable Laws and regulations and has strictly adhered to the principles of Corporate Governance.

### THE PATH AHEAD

The future outlook of your company is to expand its area of network and business activities in other States and also to expand the range of businesses in existing States. Your Company continuously striving to achieve this goal with the Management's aim of development of business. Your Company has been consistently working at such a pace in order to maintain its position, target new customers and always lead with the object of making available the funds to the people in order to fulfill the dream of having their own Home and to achieve this I am glad to have you all along on this exciting journey.

We at ASHFL are committed to follow the core values and principles targeted to focus on new and innovative business ideas, practicing high ethical standards during work, to respect and protect the environment and meet the dynamic needs and desires of clients and consumers with the constant changing economy.

The Board of Directors places on record its deepest appreciation of the valuable services and dedicated efforts rendered by the employees of Akme Star Housing Finance Limited and other stakeholders, in achieving the performance objectives during the year 2017-18.

I would like to thank each one of you for contributing to our Founder's vision Late Dr. Mohan Lal Nagda and building ASHFL into a successful and meaningful entity.

I convey my heartfelt thanks to our stakeholders, customers, bankers and the Team AKME and further look forward to the continued support of all them in taking the Company forward on the journey of sustainable and profitable growth.

**With best wishes,**

Sd/-

Ashish Jain

Chairman & Managing Director

DIN: 02041164



## A FINANCIAL REVIEW BY MR. B.S. KACHHAWAHA, CHIEF FINANCIAL OFFICER

"At 'AKME Star' our excitement is derived from extensive operating leverage, which can potentially translate into profitable and scalable growth."



### Q. What is the financial anchor of the business?

A. The center pieces of our financial strategy are Interest yield and Net Interest Margin. In 2017-18, we reported **Interest yield** of 19% as against 17.51%, we achieved in the previous year. Our interest yield has not only been improved from the previous year, but also much higher than the industry average. We have been able to improve it by focusing the small ticket size loans in the rural and semi urban areas where the competition is comparatively low.

However, our **Net Interest Margin** during the year 2017-18, though has been better than the industry average it slipped marginally to 14.24% from its previous year's level of 15.63%. This has been on account of increasing of PLR by respective Banks resulting into increase in the cost of funds. In a bid to achieve accelerated growth with no compromise on asset quality, it was a conscious decision not to pass on the increased cost on to the customers.

### Q. What are some of the revenue highlights of 2017-18?

A. During the year 2017-18 the company has earned gross revenue of Rs. 705.82 lacs as against Rs. 340.40 lacs in the previous year, registering a growth of 107%. During the year 2017-18, we strengthened our foundation with the objective to achieve higher growth. Some of the major steps taken in this direction are summarized as under:

i. Upgrading the credit skill- To develop a sound appraisal system, a credit team, comprising of experienced and qualified result oriented persons has been put in place;

ii. Expansion of area of operation- to avoid regional concentration and exploring the new market the company has expanded its operations in the nearby states of MP, Gujarat and Maharashtra besides exploiting the existing area at the optimum level;

iii. Besides leveraging the existing network of the group companies, the Direct Selling Agents, having vast experience and commanding sound presence in their respective areas have been appointed to garner the business in the adjoining states;

iv. Keeping our pricing at competitive rates; and

v. Flexible Loan policy without having compromise with the asset quality.

### Q. What are the efficiency parameters of the Company?

A. The efficiency of the company can be measured on two counts:

Growth in the quality Asset under Management and other is profitability of the Company. The disbursement made during the year 2017-18 was Rs. 31.99 crores as against Rs. 8.85 crores during the previous year. Your company has achieved loan assets of Rs. 4915.55 lacs as on 31.03.2018 as against 2027.32 lacs as on 31.03.2017, registering a sharp growth of 142% and simultaneously, reducing the level of GNPA considerably from 1.56% to 1.21%. This could be achieved by expanding the existing operating area and penetration in the new areas in a big way. Further, your company has strengthened the credit area by appointing a mix of experienced as well as the young and qualified talents in the field of credit appraisal and recovery system.

i. As regards profitability, the year 2017-18 has been remarkably good which can be seen from the comparison of following profitability ratios:

Particulars	2016 -17	2017-18
Interest yield	17.51%	18.99%
Net Interest Margin	15.63%	14.24%
ROE	8.51%	16.13%
ROA	6.52%	7.31%

Besides, a healthy NIM and yield on advances, we have been able to control our operating cost to mitigate the comparatively higher cost of funds from the traditional sources i.e. banks. Our operating cost during the year has been 3.44% improved considerably from 4.22% in the previous year. This has been on account of various steps viz., rationalization of staff, economy of scale and control on the overheads, improvement in the efficiency of staff, etc. The salient parameters of the operating cost are as under:

Particulars	2017 -18	2016-17
Employee cost	2.02%	2.35%
Operating Cost	1.43%	1.87%
Total Operating Cost	3.44%	4.22%

Profit before tax during the year 2017-18 has been Rs. 400.04 lacs as against Rs. 210.40 lacs in the previous year



recording a growth of 90%. Thus, your company has achieved an all round growth.

**Q. What are the priorities for the year 2018-19? What is the basis of company's optimism?**

A. Encouraged by the all round performance of the company for the year 2017-18, we are very optimistic and have therefore, planned to increase its business during the year 2018-19 atleast by 100%. Considering the following facts and developments it is considered very much within the reach of the company:

i. Given the priority to the housing sector particularly to the Affordable housing by the Govt., demand of the Housing finance is immense.

ii. Over the past few years the company has earned a goodwill and brand name, particularly in rural and semi urban areas;

iii. Efficient and experienced Management team, tested systems and procedures and devised a flexible loan policy keeping the customer in the center place.

iv. Competitive pricing among the peer group;

v. Capital adequacy ratio 67.02% as compared to the regulatory requirement of 12% which can be leveraged to expand the business.

vi. Investment grade credit rating assigned to the company by SMERA, attracting the lenders to finance the company at competitive price and favourable terms.

vii. Company entered into the new market of M.P, Gujarat, Maharashtra and the untapped market of Rajasthan. At present the company has been operating in 21 districts across the four states;

viii. Exploring opening of the branches, besides widening the network of Direct Selling Agents.

Apart from that Company's priorities are lower cost market

borrowings V/S Bank fundings, strengthening the MIS system, introduce the state of the art technology for its back office and continuous upgrading the skill of the operating staff by imparting training and conducting re orientation programmes.

**Q. What are the major concerns and challenges ahead?**

A. The major concerns and challenges for the industry as well as the company are to grow but with maintaining the Asset Quality. To achieve this your company has developed an efficient credit appraisal and delivery system, full proof legal/ technical evaluation and robust mechanism. During the year the company has appointed experienced and qualified professionals to oversee all these verticals.

With taking up these steps, the company has been able to contain the delinquencies and credit cost at the desired levels with sizeable growth in the business. The position has been considerably improved during the year 2017-18 which can be witnessed from the following ratios:

Particulars	2017-18	2016-17
Gross NPA	1.21%	1.56%
Net NPA	0.97%	1.06%
Credit Cost	0.44%	0.40%

**With best wishes,**

Sd/-

**B.S. KACHHAWAHA**  
**CHIEF FINANCIAL OFFICER**



# MANAGEMENT DISCUSSION AND ANALYSIS 2017-18



“Your Company has  
attained growth of  
100% in the year 2018  
in terms of net profit”



### GLOBAL FOOTING OF THE INDIAN ECONOMY

- India is projected to overtake both the UK and French economies in 2018 to become the **fifth largest economy** in the world with a nominal GDP of USD 2.9 trillion, as per reports.
- According to a Sanctum Wealth Management report, India will overtake China to be the **fastest growing large economy** in 2018 and the country's equity market will become the fifth largest in the world.
- As per NASSCOM, India has the **world's third largest startup base**.
- India's rank in the **Global House Price Index** has jumped from 13th to the 9th position among 55 international markets, making the Indian real estate industry one of the most globally recognized sectors, as per reports.
- According to a report by New World Wealth, India has been ranked sixth in the list of wealthiest countries with total wealth of \$8,230 billion.

### INDUSTRY & ECONOMY OVERVIEW

India is likely to reclaim the position in 2018, with growth expected to accelerate to 7.3% in the year, according to the World Bank's Global Economic Prospects report released.

India has seen major structural reforms in 2017-18 and, as the economy adjusts to the new era, there has been some impact on growth, as reflected in estimates of both CSO as well as the Economic Survey. This is along expected lines as any major structural change causes disruption and uncertainty in the teething period. The government also made commendable headway by overhauling bankruptcy laws and codifying the institutional arrangements on monetary policy with the Reserve Bank of India. In a move that will have far reaching consequences for all Indians, the legal framework for Aadhar was ratified. Aadhar is now truly a digital and biometric unique citizen identification number for Indians. Mandatory linkage of Aadhar to the tax identification number (PAN) and bank account number will improve tax compliance, streamline and reduce misallocation of subsidy delivery and very importantly revolutionize availability and distribution of credit.

The positives from these reforms are already starting to come in. There has been greater formalisation of economy post demonetisation and GST. Data on taxpayers in the Survey clearly points to that. There has been a 50% increase in the number of indirect taxpayers post GST and an addition of about 18 lakh in individual income tax filers since November 2016. The government has been proactively working towards further improvement in GST structure.

"Affordable housing is now attracting the interest of more developers who had previously shunned it because of its down-market image. Today, it has become a respectable segment and with the government's determined push it now plays a very important role in Housing Finance Sector."

The thrust on increasing rural incomes is also likely to push demand for housing and is likely to be a positive for housing finance companies from a growth perspective, especially players with a good presence in the rural/semi urban areas. The finance minister announced the government would establish a dedicated affordable housing fund in the National Housing Bank through various funding measures.

### INDIAN HOUSING FINANCE INDUSTRY

Housing Finance Companies (HFCs) have been at the forefront in catering to the financial needs of the section of

the society that struggles to get loan from banks and other loan providers. This is true for both rural and semi urban areas. Over the years, Housing Finance Companies, being specialized lending institutions for housing, have gained a significant market share at the expense of banks and have emerged as one of the major players in the mortgage market in India. Despite banks showing healthy growth in their lending portfolios, HFCs are able to gain market share due to their strong origination skills, focused approach, niche marketing, customer service orientation and diverse channels of sourcing business. HFCs are expected to maintain a robust position in the Indian housing finance market in the near future.

### A. Market Scenario:

The performance of some of the listed real estate companies in terms of residential sales over the past one year indicates that things are looking up. Lower home loan interest rates and the government's impetus on affordable housing have played a key role in this. The government has supported the housing sector through affordable housing fund, lower Goods & Services Tax (GST) rates, increased tenure of loans under the Credit Linked Subsidy Scheme (CLSS) of Pradhan Mantri Awas Yojana (PMAY) and extended income tax benefits to apartments of carpet area of 645 sq ft.

The government had also extended the benefits of the interest subsidy up to Rs 2.6 lakh on home loans under the Pradhan Mantri Awas Yojana last year to boost affordability and reach a wider consumer base.

The government's commitment to fiscal targets, and focus on infrastructure and programmes like the "startup" initiative should improve investment climate further. Household demand is expected to improve driven by the implementation of the Seventh Pay Commission award, continued low commodity prices, and interest rate cuts.

High interest rates and poor affordability kept many people away from buying new homes for some time now. But, things are about to change and dream of buying a home may soon come true. The recent Union Budget has accorded an infrastructure status to affordable housing. This means government incentives, tax reliefs, and institutional funding for home developers.

Easier refinancing by NHB (National Housing Bank) and the relaxed criteria have been the biggest factors supporting our growth since it allows companies like us to go back for refinancing based on the company's current loan book and internal credit rating. That has made raising additional capital easier and helps us build our books faster.

The National Housing Bank (NHB) has sanctioned around Rs. 3,018 crore under the credit-linked subsidy scheme (CLSS) of the Pradhan Mantri Awas Yojana (PMAY).

The CLSS is aimed at benefiting people belonging to the economically weaker section (EWS), low income group (LIG), middle income group-I (MIG-I), and middle income group-II (MIG-II) by providing interest subsidy on the purchase or construction of a house.

**The NHB head said:** "Under the PMAY (U) Credit Linked Subsidy Scheme, NHB has disbursed Rs. 3,018 crore against 140,943 units. Under the EWS/LIG scheme, we have disbursed Rs. 2,436 crore against 113,081 units and under the MIG scheme, we have disbursed Rs. 582 crore against 27,862 units".

Recently, under Pradhan Mantri Awas Yojna construction of



1 crores houses (Rural & Urban) have been completed.

India's real estate sector is globalising on par with the developed countries. With the bestowal of infrastructure status, the sector has not only become an attractive investment opportunity but is also spearheading India's dynamic growth with greater FDI inflows. The real estate sector is projected to drive economic growth doubling its GDP contribution from 9% in 2016 to almost 13% by 2025.

Reforms to spur growth Within the real estate sector, the housing sector alone contributes 5-6% to India's GDP. Over the past two years India's housing industry has received a boost from the augmented growth in the affordable housing segment, which has been driven by the government's vision of 'Housing for All by 2022'. This has also been led by industry-building initiatives like the Credit Linked Subsidy Scheme (CLSS) and RERA, thereby creating improved transparency and consumer trust. These initiatives have spurred credit off-take in the affordable segment for first-time home buyers.

### B. Impact of Budget 2018:

Housing finance is perceived to be the third most impactful industry contributing significantly to the economy and with tremendous future potential. It is the second-largest loan portfolio for NBFCs and an important employment generating sector, accounting for 5-6% of India's GDP and capital formation.

While Budget 2018 announced several incentives for poor, the government's commitment towards creating a dedicated affordable housing fund in collaboration with the National Housing Bank, will further boost the affordable 'Housing for All' scheme.

Policies and structural reforms, such as Real Estate Regulatory Act (RERA), bestowal of infrastructure status and GST are also leading to a change in industry outlook for the real estate sector. The affordable housing segment is likely to grow over 30% and is emerging as the key growth driver for the mortgage finance market.

Driven by reforms and robust growth of the affordable segment, housing trends on an overall basis have been very encouraging as mortgage rates have dropped to 8.5% and prices have remained stable.

According to Prime Minister Narendra Modi, the housing sector is set to gain tremendously from the Budget.

### C. Positive indicators for Indian Economy

#### Untapped Market

There is huge basket of opportunities in the untapped area of the India where demand is not meeting with the supply of the product or services. Thus, by reaching untapped market business prospects has the possibility grow in the various segments.

#### Favourable Demographics

A large proportion of the Indian population is below the age of 30 years. The expanding urbanization and nuclearisation of families, increase in supply of affordable homes, rising disposable incomes, reasonable interest rates, improved affordability and incentives on home loans will drive the growth for the sector.

#### Initiatives By The Government:

1. Pradhan Mantri Awas Yojana Scheme (PMAY)

2. Real Estate Regulatory Authority (RERA):

The basic objective of the RERA bill is to protect the interest of the consumers and investors by introducing a regime to regulate and improve the level of transparency and accountability in the sector. The Act propagates restoration of condence of buyers and investors in the real estate sector as it includes provisions for ensuring timely and orderly delivery of projects. Thus, in the long run RERA will payback against its current challenge.

3. GST: A new goods and services tax means the 29 states are now a common market. The new system is expected to boost efficiency, growth, and India's tax take. Despite some technical glitches with the new online tax collection system, early signs appear promising.

4. To eradicate black money and money laundering practices in India, Amendments in the Benami Transaction Prohibition Act 2016 will be one of the significant measures.

5. Section 80-IB of the Income Tax Act is instigated to promote construction of real estate projects and to stamp out the common issue of shortage in dwelling units, especially for lower and middle-class people of the society. The 80IB assures 100% deductions (tax relief) to builders who are promoting Affordable Housing Schemes in India.

### D. Scope of housing sector in India

- The establishment of a dedicated affordable housing fund under the National Housing Bank for priority sector lending will provide a further impetus to the development of housing in this segment.
- Affordable housing looks like a good bet now. And in fact, the continued focus on smart city projects is expected to boost real estate activities further.
- Entrepreneurship spirit of the youth of the India has been enlarged under the "Make in India" & "Start-Up India" which has immensely increased the demand of home loan due to increase in income.
- Another positive is the clear focus on pushing up farmers' income thereby kick starting consumption in the economy.
- According to Harshavardhan Neotia, Chairman, Ambuja Neotia Group and former President of FICCI, the budget lays a clear focus on increasing farmers' income. This will boost consumption; which in return gives a fillip to the real estate sector.
- Real estate is a function of multiple parameters and bearing of the overall economy. So if there is an overall boost to the economy through farm spending and so on; then we will see a rub-off effect on the real estate sector and thus on housing finance too.
- The social challenge posed by housing is also an economic opportunity as housing, both directly and through multiplier effect of ancillary industries, contributes to as much as 6% of the GDP. The government is seized of this and the housing sector has attracted singular focus through the government mission of "Housing for all by 2022"

### PRUDENTIAL NORMS FOR HOUSING FINANCE COMPANIES

National Housing Bank (NHB) regulates the HFCs and issues guidelines on asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues, channel partners and real estate and capital market exposures. The



Company is in compliance with all applicable regulatory norms and guidelines.

Further, AKME has also maintained the following as per the guidelines of the NHB:

Sr. No.	Particulars	Comments
1	Investment	No investment in excess of the limits prescribed by NHB with any one company or any single group of companies
2	Borrowings	The Borrowing is within the limit of 16 times of the net owned funds as prescribed by NHB
3	CRAR	CRAR as on 31 <sup>st</sup> March, 2018 is 67.02%
4	Provision for contingencies	The provision is made as per the NHB guidelines

#### IMPACT OF GOODS AND SERVICE TAX ON HOUSING FINANCE

The GST has been introduced on and from July 1, 2017. The impact of GST on macroeconomic indicators is likely to be very positive in the medium-term. Inflation would be reduced as the cascading (tax on tax) effect of taxes would be eliminated. The revenue from the taxes for the government is very likely to increase with an extended tax net, and the fiscal deficit is expected to remain under the checks. Following are the various impacts of GST on the real estate sector:

##### GST Impact on Construction or Renovation of a House

There will be no GST levied on ready to move in houses. However, GST will be applicable on the under-construction properties. Under the Goods and Services Tax regime, contractors will have to pass on benefits of the lower tax burden to the customers. Contractors will stand eligible for GST credit paid on services and materials used for construction. The Government of India has levied a GST rate of 18% on the construction sector. However, the value of the land has been removed from tax computation. Due to the abatement of land value, the effective rate comes down to 12%.

#### KEY CHALLENGES

Financing in any area depends on the availability of funds for the purpose. Housing finance is a long-term investment, which requires plenty of funds. One of the main problems of housing finance sector of India is non-availability of long-term capital for investment. Conventionally, the funds for the housing sector have originated from the individuals themselves by way of their own savings or from the financial institutions that are primarily engaged in the intermediation process of channelizing funds from the savers to the borrowers. But, the funds so organized through the formal sector financial institutions remain much lower than what is

required to tackle the problems of housing finance in India.

After witnessing a phenomenal growth last year, the home loan market is now facing a slowdown as three steps taken by the government - demonetisation, goods and services tax (GST) and the Real Estate (Regulation and Development) Act, 2016, (RERA). Despite a significant cut in interest rates and sops to affordable housing, growth in home loans fell to 10.5 per cent in the 12 months ended July 2017, from 17.2 per cent in the same period of last year.

The demand for home loan being rate sensitive, can negatively impact demand if the rates are increased. It may also impact repayment commitment of existing loans. HFCs could be faced with inability to pass on the increase in rate fully, leading to squeezing of margins and threat to sustainability of growth and profitability

#### BUSINESS & OPERATIONAL OVERVIEW OF THE COMPANY

##### A. Business Overview

Your Company has established a strong foundation and has been active in the housing finance sector in India since 2009. Your Company is a Non deposit-taking housing finance company registered with the National Housing Bank and is focused on providing financing products to the lower and middle income (LMI) segments in India, primarily in Tier II and Tier III cities and towns. The high level of customer service, our ethics and values in dealing with customers and the corporate governance principles have significantly contributed towards making ASHFL a leading financial service provider.

Your Company has aligned its business strategies to better identify the needs of customers in the LMI segment and accurately estimate their income and repayment capabilities. Moreover, your Company has created separate business verticals for housing loans and non-housing loans. This allows each vertical to focus on its core business and use its expertise to offer flexible products that suit its customers' needs.

Your Company has built strong customer awareness and brand loyalty over the years. The branding and marketing activity have contributed to new and repeat business, and has led to the establishment of a uniform brand identity across a broad spectrum of consumer touch points.

##### B. Performance Review, 2017-18

During financial year ending March 31, 2018, your Company witnessed a steady increase in profits every sequential quarter. The year gone witnessed growth in the overall performance of the company characterized by quality loan portfolio and prudent resource management. The Loan Assets under Management grew steadily, while your Company continued its focus on the asset quality.

Key elements of the statement of profit and loss for the year

Sr. No.	Particulars	Growth in 2018
1	Profit before tax	90.13%
2	Profit after tax	105.71%
3	Return on average NOF	72.92%
4	Cost to income ratio	13.43%
5	Earning Per Share	104.20%



### • Product-wise Portfolio:

Sr. No.	Product	2018 (%)
1	Housing Loan	93.38%
2	Mortgage Loan	1.04%
3	Other Loans & Advances	5.58%

### • Portfolio on the basis of Geographical spread:

Sr. No.	Product	2018 (%)
1	Rajasthan	77.80%
2	Gujarat	11.17%
3	Maharashtra	4.91%
4	Madhya Pradesh	6.12%

### C. Disbursements:

Your Company has adopted decentralised process for loan approval with varying approval limits. Approvals of lending proposals are carried out by authorized credit manager up to the limits delegated. Approvals beyond certain limits are referred to the senior credit managers. Larger proposals, as appropriate, are referred to the directors.

Following are the details of Home loan disbursed by the Company:

Loan for home purchase, repair and renovation to individual	Rs. 1620.97 Lacs
Home loans to number of families	234
Average home loan to individuals	6.92

### D. Effective Business Model

The business model of your Company allows it to ensure quick turnaround time and improve customer satisfaction while maintaining asset quality. A well coordinated set up across Sales & Marketing, Credit, Operations, Risk Management, Internal Audit, Collections and Recovery; form an overall chain of command in ensuring that the business is sourced and nurtured in a profitable and productive manner.

### E. Marketing and Branding

Your Company has been working relentlessly towards achieving its Vision of 'ensuring home ownership to every Indian' through its strategic marketing and product innovation initiatives undertaken by its in-house marketing and product team.

### F. Credit and Operational Strengths

Your Company's credit evaluation and credit portfolio management methodologies are designed to ensure consistent underwriting and early identification of problematic loans using techniques such as early default analysis, product analysis, and probability of default.

Your Company has developed internal legal and technical evaluation teams with independent functions to make credit decisions more robust and in line to manage collateral risk. Under the Company's end-to-end business model, your Company's employees are involved throughout the loan process and are able to consult with customers from loan origination until disbursement. Your Company's in-house operations team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimise future losses. Your Company's independent internal audit team conducts a regular review of credit files on a sample basis to ensure adherence to policies and processes, and its dedicated collection and recovery team manages lifecycle of transactions and monitors the credit quality.

### G. Effective Recovery Procedures

Your Company has established a robust collection machinery with a strong commitment for timely action. A structured early warning system and analytical tools based on past trends and experiences has helped your Company to develop a strong intervention to minimize default and respond with quick recovery action. Robust internal process controls are set up whereby information on cheque bounces and returns are received real-time.

### H. Asset Liability Management

The company follows 'The Asset Liability Management System for Housing Finance Companies-Guidelines' issued by NHB. The company has in place Board approved Asset Liability Management policy and Asset Liability Management Committee. The policy specifies the prudential gap limits, the tolerance limits and the reporting mechanism. The Asset Liability Management Committee of the Board of Directors actively reviews the assets and liabilities position of the Company and gives directions to the finance and treasury teams in managing the same. The Asset Liability Management (ALM) reports are periodically reviewed by Asset Liability Committee (ALCO) and ALCO in turn apprises the Board on ALM issues periodically. The Company has one of the best recovery machineries in its category, to address NPAs, supported by legislations such as SARFAESI Act. Your company consistently maintains low NPA levels. This has been made possible through adherence to regular monitoring and strong recovery systems. The amount of Gross NPA is 1.21% and Net NPA is 0.97% as at March 31, 2018.

### I. Risk Management

Your Company has a well-defined risk governance structure which includes periodic reviews and close monitoring to enable building a sustainable business that takes care of the interests of all stakeholders. ASHFL has a clearly defined risk management policy that lays down guidelines for all operational areas and has established Risk Management Committee. Comprehensive annual risk review exercises go towards continually updating the risk management policy. The policy defines role of the Company's Risk Management Committee which oversees all aspects of the business, especially credit underwriting.

### • Regulatory Risk

Regulatory risk is the risk that a change in laws and regulations will materially impact the company. Changes in law or regulations made by the government or a regulatory



body can increase the costs of operating the business, and/or change the competitive landscape. The regulatory risk can arise due to change in prudential rules/norms by the regulators viz; NHB, SEBI, RBI etc. The Company is able to mitigate the same by anticipating the likely regulatory changes that may come in the short and medium term and is able to quickly change its systems and practices to realign itself with the changed regulatory framework from time to time as required.

#### ● **Competition Risk**

Competition Risk is the risk to the market share and profitability arising due to competition. It is present across all the businesses and across all the economic cycle with the intensity of competition risk varying due to several factors, like, barriers to entry, industry growth potential, degree of competition, etc.

Housing Finance business is on an upward trajectory, perhaps due to growing economy, increased urbanization, government incentives, acceptability of credit in society and rise in nuclear families. With the result, the Housing Finance industry has seen a higher growth rate than overall economy and several other industries since past several years. This has attracted lot of Companies in the market thereby increasing competition among the existing Companies to maintain/grow market share and profitability. The Company is able to mitigate this risk by addressing to the customer needs with state of art infrastructure including IT Interface, aligning its practices with the market in order to attract customers and at the same time retaining the existing ones. The Company has also been able to sense pulse of peer group in terms of their product offerings, pricing and other schemes and is better poised to meet the challenges through improved product offerings, prices and customer service.

#### ● **Operations Risk**

Operational risk is "the risk of a change in value caused by the fact that actual losses, incurred for in adequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses". It can be subdivided into the following categories:

➤ **Compliance risk** is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Company may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/ good practice. In case of ASHFL, the Company is regulated by NHB, its equity shares are listed on the Bombay Stock Exchange Limited (BSE), making it imperative that the Company follows all the applicable laws. In order to deal with the same, the Company has a designated Compliance Officer whose role entails complying with the statutory requirements of the Company.

➤ **Legal risk** is the cost of litigation due to cases arising out of lack of legal due diligence. Litigation can also arise out of failure or frauds in project delivery. For ASHFL, the main business is of lending money for/against mortgage loans and is therefore exposed to legal risk. For handling the same, there are robust legal systems for title verification and legal appraisal of related documents. The Company also has standards of customer delivery and the operational mechanism to adhere to such standards aimed at minimum instances of customers' grievances.

➤ **Accounting risk** is the risk that an error in accounting practice will necessitate a re-statement of

earnings, which adversely affects the investors or customers' perception of the firm. The accounting transactions are consolidated through IT system to prevent errors and omission. The Company presents a fair and transparent view through its financial statements and should disclose the opinion of statutory auditors in the Annual Report as per the format prescribed by SEBI.

The Company is aware that Operational risk events may affect client satisfaction, reputation of the company and shareholder value and therefore considers imperative to manage the same through appropriate mechanism.

#### **J. Capital Adequacy Ratio**

ASHFL is required to maintain capital adequacy of 12% on its risk weighted assets as per NHB regulations. ASHFL has maintained consistently high levels of capital adequacy over the last few years. The capital adequacy ratio for the current financial year was 67.02%, as compared to 109.00% of that of the previous year. Tier I and Tier II capital adequacy at the end of financial year 2017-18 was at 66.29% and 0.73% respectively, as compared to 108.32% and 0.68% of the previous year.

#### **K. Internal Audit And Control**

The Company has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the existing control system in view of changing business needs from time to time.

#### **L. IT Audit And Security**

An information system is the backbone of ASHFL's business. ASHFL has implemented an application software developed by SRG Global Solutions Private Limited (SRG) and has been enhanced and modified by the in-house IT software development group. The application software is integrated to record and process lending and accounting transactions of ASHFL. The Information System at ASHFL operates under centralized IT environment. The centralized IT environment enables prompt communication and also provides highway for easy and quick MIS and preparation of various monthly reports.

Considering the significant dependence of ASHFL's operations on its IT system, Company also takes initiative in maintaining adequate control for data integrity and its confidentiality. The Application Software and IT System at ASHFL are upgraded from time to time.

#### **M. Central Registry**

The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. All Banks & HFCs which fall under the purview of SARFAESI Act are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favor. The lending institutions are required to pay fees for uploading of the data of mortgage. ASHFL is registered with CERSAI.



## N. Human Resources

Your Company today is a valued employer brand and has a compelling employee value proposition. With the robust talent acquisition and talent retention mechanism, your Company is geared towards attracting the best talent, retaining them and ensuring sustainable growth. The initiatives of your Company are aligned with its overall mission and strategy. Embracing new technology and progressive employee centric policies and practices have enabled your Company to strike a balance between business needs and individual aspirations. In recognition of the same, your Company significantly invests in professional development and providing career development opportunities for its employees. A robust training and development framework, which has a blend of classroom, on-line and on the job training, is aligned to the business needs and career path of individuals and provides talent with opportunities to help them excel in their work and be well equipped for future roles. Majority of the senior leaders have grown within the organization. The leadership competency framework enables your Company to identify potential leaders, and ensures that your Company has ready talent pool to take up next level leadership roles.

The senior management team of the Company has largely remained unchanged since the start of its different business lines. The Company recruits both directly from colleges and also hires laterally from industry to bring on board capable resources to contribute to the growing business. The Company has also focused on developing a second line to the senior management team. The middle and the senior management teams of the Company have rich experience within the financial services industry, have been with the Company for several years and form the stable and reliable backbone of the Company.

## O. Outlook of the Company

The Government's initiative under "Housing For All by 2022" has heralded a new era in the housing sector. It is expected to

deliver the much-needed boost to the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership. Bringing Real Estate Act is yet another significant measure which will also streamline the business practices in the sector paving way for greater customer friendly approach and resultant positive impact on demand.

Related developments which your company sees as positive to spur growth particularly for lower and middle income people - the common man as is normally referred to, will come from programmes like Make in India and Skills India which are expected to provide additional employment opportunities. A favorable monsoon Season will be a major factor to uplift the rural economy and will see overall market sentiment turning positive with strong measures to keep inflation under check having paved positive results, the benefit of transmitting the gains in respect of interest rate is expected to gather momentum going forward. Interest rates are thus expected to maintain a south ward bias in its movement, benefiting the retail borrower category, which is the most attractive and growing market for lenders.

## CAUTIONARY STATEMENT

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes and other incidental factors. The Projections made in this report are fetched from various sources based on various Reports and opinions of different Economists.



## DIRECTOR'S REPORT 2017-18

# Board of Director





## DIRECTOR'S REPORT

To  
The Members  
Akme Star Housing Finance Limited  
Udaipur

Your directors are pleased to present the Annual Report of your Company along with the audited accounts for the year ended March 31, 2018. The Management Discussion and Analysis has also been incorporated into this report.

### KEY FINANCIALS

The Board's Report shall be prepared based on the stand alone financial statements of the company. The Company's financial performance for the financial year ended March 31st, 2018, is summarized below: -

PARTICULAR	RS. IN LACS	
	2017-18	2016-17
Gross Income	705.82	340.40
Less : Finance Cost	170.89	47.42
Overhead	131.3	77.90
Depreciation	3.60	4.66
Profit Before Tax	400.04	210.40
Less : Provision for taxation	110.54	69.67
Profit After tax	289.50	140.73
Balance Brought Forward from last year	297.75	199.09
Appropriations	289.50	140.72
Transferred to Statutory Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank Act, 1987	80.01	42.08
Transferred to general reserve	Nil	Nil
Balance Carried over to the Balance Sheet	507.24	297.75

### Transfer to Reserves

During the year under review, your Company transferred NIL to the General Reserve during the year under review and Rs. 80.01 Lacs to the Statutory Reserve under Section 36(1) (viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank (NHB) Act, 1987 out of the amount available for appropriation and an amount of Rs. 289.50 Lacs is proposed to be retained in the Profit and Loss Account.

### HIGHLIGHTS OF PERFORMANCE

Following are the key factors indicating the performance of the Company :

KEY FACTORS	(Rs. In Lacs)		
	2017-18	2016-17	GROWTH (%)
Gross Income	705.82	340.04	107.57%
Net Profit	289.50	140.73	105.71%
Portfolio (Outstanding Housing Loan/Other Loan)	4915.55	2027.33	142.46%
EPS (Basic)	2.43	1.19	104.20%
CRAR (%)	67.02%	109.00%	-

### DIVIDEND

To look after the further expansion of business activity and inadequacy of profits your directors do not recommend any payment of dividend for the year ended 31st March, 2018.



### ALTERATION IN CAPITAL

#### ● **Authorized Share Capital**

During the year under review the authorized share capital of the Company was increased from Rs. 12,00,00,000 (divided into 1,20,00,000 Equity Shares of Rs. 10/- each) to Rs. 14,00,00,000 (divided into 1,40,00,000 Equity shares of Rs. 10/- each) vide Extraordinary General Meeting of the members of the Company held on 16th October, 2017.

#### ● **Share Warrants**

Pursuant to SEBI (ICDR) Regulation, 2009 the members of the Company approved the Issue of Warrants to the prospective investors vide Extraordinary General Meeting dated 16th October, 2017 at price of Rs. 84/- calculated in accordance with prescribed guidelines.

After obtaining the necessary approvals from BSE, the Board vide its meeting dated 30th November, 2017 allotted 4,35,000 warrants to the promoters and non promoters on preferential basis at Rs. 84/- on receipt of amount equivalent to 25% of the Issue Price i.e. Rs. 91,35,000/- out of which 2,10,000 warrants allotted to non promoters were further converted into equity shares vide Board Meeting dated 09th January, 2018 in accordance with SEBI (ICDR) Regulations, 2009 and prescribed provisions of Companies Act, 2013 on receipt of the balance amount of 75% amount of the issue price. Thus at the end of the year there are 2,25,000 outstanding warrants issued to promoters.

And Accordingly, the aggregate paid up capital of the Company is Rs. 12,07,90,000/- divided into 1,20,79,000 equity shares of Rs. 10/- each as on 31.03.2018.

### MIGRATION TO MAIN BOARD

In respect of postal ballot exercise as approved by members of the Company on 25.05.2017 for migration to Main Board, the trading approval was received from the BSE for migration of equity shares of the Company from BSE SME Platform to BSE Main board platform w.e.f 30.06.2017.

### EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

Mr. Ashish Jain (DIN:02041164) has been designated as Chairman & Managing Director of the Company w.e.f 01st June 2018 for a tenure not exceeding Five Years subject to the approval of Shareholders by way of Special Resolution

Cessation of Dr. Mohan Lal Nagda from the post of Chairman & Managing Director of the Company w.e.f. 19th May, 2018 as per prescribed provisions of Companies Act, 2013 due to his sudden demise.

### DETAILS RELATING TO DEPOSITS

The Company has been granted registration by the National Housing Bank, New Delhi as a non deposit taking Housing Finance Company. Being so, the Company has neither accepted in the past nor has any future plans to accept any public deposits, by whatever name called.

### INVESTOR COMPLAINTS AND COMPLIANCE

During the year under review the Company did not receive any investor complaints and that as on the date no complaints are pending. And also the Company has timely submitted all the reports relating to Investor Complaints pursuant to SEBI (LODR) Regulations, 2015 to BSE.

### NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY:

Your Company adhered to the prudential guidelines for Non performing Assets (NPAs), issued by the National Housing Bank (NHB) under its Directions of 2010, as amended from time to time. As per the prudential norms, the income on such NPAs is not to be recognized if unrealized. As per the prudential norms prescribed by the NHB, the Company has made provision for contingencies on standard as well as non-performing housing loans and property loans. The details of NPA have been given in financial Statements.

### RESOURCE MOBILISATION

Your Company's borrowing policy is under the control of the Board. The Company has vide special resolution passed by means of special Resolution on September, 10th, 2014, under Section 180(1)(c) of the Companies Act, 2013, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of aggregate of paid up share capital and free reserves of the Company up to an amount of Rs. 50 crore and the total amount so borrowed shall be within the limits as prescribed under the Housing Finance Companies (NHB) Directions, 2010.

Since the business of company is growing the requirement of funds arose and to meet that the Board proposed to members to increase the borrowing limit of the Company and accordingly seeks approval at the ensuing meeting scheduled to be held on 28th July, 2018 for increasing the Borrowing Limits under Section 180(1)(c) in excess of aggregate of paid up share capital and free reserves including securities premium of the Company up to an amount of Rs. 200 crore.

Your Company continued to use a variety of funding sources to optimize funding costs, protect interest margins and maintain a diverse funding portfolio which further strengthened its funding stability and liquidity needs. Your Company continued to keep tight control over the cost of borrowings through negotiations with lenders and thus, raised resources at competitive rates from its lenders while ensuring proper asset liability match.



## **BANK BORROWINGS**

During the financial year 2017-18 your Company raised Rs. 15 Cr. through term loan from State Bank of India & Rs. 8.00 Crores through AU Small Finance Bank Limited in the form of Term loan and Cash Credit Facility for meeting the working capital requirements. Presently Company is in line up with more proposals with banks and Financial Institutions for meeting the working capital requirement of the company in FY 2018-19.

The Outstanding Bank Borrowing as on 31.03.2018 stood at Rs 2955.64 Lacs.

## **RATING**

The company has been assigned BBB- by SMERA Ratings Limited for the facility obtained from the Bank as on 13.03.2018.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, apart from the loans made, guarantee given or security provided by the Company in the ordinary course of business are given in the Notes to accounts forming part of the Audited Financial Statements for the year ended March 31, 2018.

## **CAPITAL ADEQUACY**

As required under National Housing Bank Directions, your Company is presently required to maintain a minimum capital adequacy of 12% on a standalone basis. In addition, the National Housing Bank Directions also require that your Company transfers minimum 20% of its annual profits to a reserve fund.

Your Company's Capital Adequacy Ratio is at 67.02 % as at March 31, 2018, which provides an adequate cushion to withstand business risks and is above the minimum requirement of 12% stipulated by the National Housing Bank.

## **SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any subsidiary Company or Joint Company or Associate Company.

## **HUMAN RESOURCES AND TRAINING**

Your Company has experienced promoters and a team whom your Company relies upon to capitalize on emerging new business opportunities. Your Company believes that a combination of its reputation in the market, its working environment and competitive compensation programs allows it to attract and retain best talent. Your Company strives to attract the best talent in the industry and ensures its employees' development and their contribution to the Company's success.

Your Company's vision is to become an employer of choice by providing a compelling employee value proposition. Your Company has molded its policies relating to hiring, deployment, transfers, promotion, training, including its performance-linked bonuses and employee stock options, with the clear aim of building a 'cadre-based organization, whose cadre understands the company's customers, their problems, issues and aspirations. Your Company's human resources policies and practices are focused on recruiting and training employees who can empathies and deal with potential and existing borrowers.

## **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, there are no employees of the Company covered under this section who is earning salary over and above specified limit.

## **DISCLOSURE UNDER SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013, READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### **A. Conservation of energy:**

The Company does not fall under any of the industries covered by the Companies (Disclosure of particulars of Directors) Rules, 1988.

### **B. Technology absorption:**

The Company is not involved in any technology absorption nor is there any R&D activity during the year

### **C. Foreign Exchange Earnings and Outgo**

Your company does not have any foreign exchange earning and outgo during the year under review.

## **INSURANCE**

Your Company has insured its various properties and facilities against the risk of fire, theft and other perils, etc. and has also obtained Directors' and Officers' Liability Insurance Policy, which covers the Company's Directors and Officers (employees in managerial or supervisory position) against the risk of financial loss including the expenses pertaining to defense cost and legal representation expenses arising in the normal course of business.

## **NATIONAL HOUSING BANK (NHB) GUIDELINES**

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010 as prescribed by NHB and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing



Bank (NHB) from time to time. The Circulars and the Notifications issued by NHB are also placed before the Audit Committee / Board at regular intervals to update Committee / Board members on the same.

### **BSE COMPLIANCES**

The Company has submitted various returns and reports as required quarterly/half yearly/ yearly in accordance with the prescribed guidelines.

### **RISK MANAGEMENT FRAMEWORK**

ASHFL'S risk management is a discipline that forms the core of the Company and encompasses all the activities that affect the Company's risk profile. As a housing finance institution, your Company is exposed to various risks like credit risk, market risk (interest rate and currency risk), liquidity risk and operational risk (technology, employee, transaction and reputation risk).

The Risk Management Committee (RMC) of the Company comprises of members of its senior management team, who have many years of experience in the industry and have put in place preventive mechanisms to contain various risks. The RMC met multiple times during the year ending 31 March, 2018 and to identify, measure, monitor and control various risks the Company was exposed to. The RMC put in place or enhanced the control measures to contain these risks.

The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time. ASHFL'S goal is to build a business that is stable, scalable and sustainable. In seeking to do this, the Company recognizes the importance and has in place a well-defined risk management framework that permeates all aspects of its business and, to which, every employee is sensitized.

### **ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**

The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. The Company has duly implemented the NHB's Asset Liability Management Guidelines.

### **VIGIL MECHANISM**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

### **CODES AND STANDARDS**

Your Company has formulated various policies and codes in compliance with provisions of Directions and Guidelines issued by the National Housing Bank, Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to ensure high ethical standards in the overall functioning of the organization. The said policies and codes are periodically reviewed by the Board of Directors.

The key policies and codes as approved by the Board of Directors and the respective compliance there under are detailed herein below:

- **Know Your Customer & Anti Money Laundering Measure Policy**

Your Company has a Board approved Know Your Customer & Anti Money Laundering Measure Policy (KYC & AML Policy) in place and adheres to the said Policy. The said Policy is in line with the National Housing Bank guidelines.

The Company has also adhered to the compliance requirement in terms of the said policy relating to the monitoring and reporting of cash / suspicious transactions. The Company furnishes to Financial Intelligence Unit (FIU), India, in the electronic medium, information of all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency and suspicious transactions whether or not made in cash, in terms of the said Policy.

- **Fair Practice Code**

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organization's policies vis-à-vis client protection. The FPC captures the spirit of the National Housing Bank guidelines on fair practices for Housing Finance Companies.

During the year under review, FPC was modified by the Board and the grievance redressal mechanism within the Company was further strengthened.

- **Policy on Disclosure of material events and information**

During the year under review, your Company has adopted the Policy on Disclosure of Material Events and Information, in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to determine the events and information which are material in nature and are required to be disclosed to the Stock Exchanges.



### • **Code of Conduct for Board Members and the senior management**

Your Company has in place Code of Conduct for the Board of Directors and the Senior Management Personnel to set forth the guiding principles on which the Company and its Board and Senior Management Personnel shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected. A declaration by Chief Executive Officer, with regard to the Compliance with the said code, forms part of this Annual Report.

### • **Code for Prevention of Insider Trading Practices**

Your Company has formulated and adopted a Code for Prevention of Insider Trading Practices in accordance with the model code of conduct as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The code lays down guidelines, which includes procedures to be followed and disclosures to be made while dealing in the shares of the Company.

The code is applicable to the promoters, directors, senior designated employees and their dependents and the said persons are restricted from dealing in the securities of the Company during the 'restricted trading periods' notified by the Company, from time to time.

### • **Code of Business Ethics (COBE)**

Your Company has adopted a Code of Business Ethics (COBE) which lays down the principles and standards that govern the activities of the Company and its employees to ensure and promote ethical behavior within the legal framework of the organization.

### • **Sexual Harassment Policy**

Your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee (ICC) has been constituted there under. The Policy's primary objective is to protect the women employees from sexual harassment at the place of work and also provides for punishment in case of false and malicious representations. During the year no complaints were received in this regard.

### • **Comprehensive Risk Management Policy**

Your Company is committed to manage its risk in a proactive manner and has adopted a structured and disciplined approach to risk management by developing and implementing risk management framework. With a view to manage its risk effectively your Company has in place a Comprehensive Risk Management Policy which covers a formalized Risk Management Structure, along with other aspects of risk management i.e. credit risk management, operational risk management, market risk management and enterprise risk management. The Risk Management Committee of the Board, on periodic basis, oversees the risk management systems, processes and minimization procedures of the Company.

### • **Corporate Social Responsibility (CSR) Policy**

Your Company has voluntarily framed Corporate Social Responsibility Policy (CSR Policy), as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. As per the provisions of Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The Committee assists the Board in fulfilling its duty towards the community and society at large by identifying the activities and programmes that can be undertaken by the Company, in terms of the Company's CSR Policy. The composition of the CSR Committee and its terms of reference are given in the Corporate Governance Report forming part of this Annual Report.

### • **Remuneration Policy**

The Board of Directors had on the recommendation of the Nomination & Remuneration Committee Appointed Mrs. Rajni Gehlot, Independent Director as chairperson, Mr. Amrit Singh Rajpurohit and Mrs. Rekha Jain, Independent Director as Member.

The Company follow a Policy on remuneration of Directors and senior management Employees, The Policy is approved by the Nomination & Remuneration Committee and the Board and is marked as Annexure-I

### • **Related Party Transactions Policy**

Your Company has in place Related Party Transaction Policy, intended to ensure requisite approval, reporting and disclosure of transactions between the Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with related party transactions.

During the year under review, the Related Party Transaction Policy was amended to align the same with the requirements of Companies (Amendment) Act, 2015 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### • **Familiarisation Programme for Independent Directors:**

The objective of a familiarization programme is to ensure that the non-executive directors are updated on the business environment and overall operations of the Company. This enables the non executive directors to make better informed decisions in the interest of the company and its stakeholders.

## **LISTING OF SHARES OF THE COMPANY**

Your Company's equity shares continue to remain listed on BSE Limited. Your Company has paid the listing fees as payable to the BSE Limited for the financial year 2017-18 on time.



## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### • Changes in the Director

During the year following changes took place in the board of Directors:

Sr. No.	Name of the Director	Designation	Appointment/Resignation	Date of change
1	Rekha Jain	Independent Director	Appointment	29.07.2017
2	Ashish Jain	Executive Director	Appointment	29.07.2017
3	Avinash Bhatnagar	Independent Director	Resignation	08.08.2017
4	Ashish Jain	CFO	Resignation	08.08.2017
5	Bhanwar Singh Kachhawaha	CFO	Appointment	08.08.2017
6	Dr. Mohan Lal Nagda	Chairman & Managing Director	Cessation	19.05.2018
7	Ashish Jain	Chairman & Managing Director	Appointment as Managing Director	28.05.2018

Based on the confirmations received, none of the Directors are disqualified for being appointed/re-appointed as directors in terms of Section 164 the Companies Act, 2013.

### • Cessation of Dr. Mohan Lal Nagda as Chairman & Managing Director:

Dr. Mohan Lal Nagda, Chairman & Managing Director of the of the Company passed away on 19th May, 2018. The Board considered invaluable contributions made by Dr. Mohan Lal Nagda as a Chairman & Managing Director of the Company during his tenure of 11 years.

### • Appointment of Mr. Ashish Jain as Chairman & Managing Director:

On recommendation of Nomination and Remuneration Committee in the meeting held on 16th May, 2018, the Board has appointed Mr. Ashish Jain (DIN: 02041164) as Chairman & Managing Director w.e.f. 1st June, 2018 for the term of 5 years subject to the approval of members at the ensuing Annual General Meeting. Necessary resolution is being proposed in the notice of the ensuing Annual General Meeting for appointment of Mr. Ashish Jain as Chairman & Managing Director on Board of the Company in accordance with Companies Act, 2013 and Article of Association of the Company who shall hold office for a term of five consecutive years with effect from this Annual General Meeting and whose period of office will not be liable to determination by retirement of directors by rotation.

### • Declaration from Independent directors on Annual basis:

The Company has received necessary declaration from each Independent Director of the Company Under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence as laid down in Section 149(6) and the provisions of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on the confirmations received, none of the Directors are disqualified for being appointed/re-appointed as directors in terms of Section 164 the Companies Act, 2013.

### • Retirement of Director by rotation:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association, Mr. Nirmal Kumar Jain, Director of your Company being the longest in office among Directors who are liable to retire by rotation, retires by rotation and being eligible; offers himself for reappointment at the ensuing Annual General Meeting.

### • Stock Option:

During the year under review, no stock options were issued to the Directors of the Company.

## PERFORMANCE EVALUATION

The provisions of the Companies Act, 2013 mandates formal annual evaluation of the Board of Directors, its committees and individual Directors. Schedule IV of the Companies Act, 2013 also requires the performance evaluation of Chairman & Managing Director and Non Executive Directors and Board as a whole to be carried out at a separate meeting by the Company's Independent Directors. It also states that performance evaluation of Independent Directors shall be done by the entire Board excluding the Director being evaluated. The provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, also require that the Board shall monitor and review the Board Evaluation Framework. The annual performance evaluation of the Board as a whole, all Directors as well as the evaluation of the Board Committees including Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Stakeholders' Relationship Committee, and Corporate Social Responsibility Committee of the Board of Directors of the Company, was carried out.



## MEETINGS

### • Board

Your Company holds at least four Board meetings in a year, one in each quarter, inter-alia, to review the financial results and also holds additional Board Meetings to address its specific requirements, as and when required. All the decisions and urgent matters approved by way of circular resolutions are placed and numbered and noted at the subsequent Board meeting. Annual calendar of meetings of the Board are finalized well before the beginning of the financial year after seeking concurrence of all the Directors.

During the financial year 2017-18, eleven (11) Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. The details of the Board composition, its meetings held during the year along with the attendance of the respective Directors thereat are set out in the Corporate Governance Report forming part of this Annual Report.

The Extra Ordinary General Meeting of the Company was held on 16th October, 2017 during the year, the details of the Meeting has been disclosed in Corporate Governance report.

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. The Independent Directors of the Company met once during the year on March 24th, 2018 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and access the quality, quantity and timeliness of flow of information between the company management and the Board.

### • Audit Committee & Other Board Committees

Your Company has a duly constituted Audit Committee as per the provisions of Section 177 of Companies Act, 2013 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors has constituted four other committees namely - Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, and Corporate Social Responsibility Committee which enables the Board to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of their responsibilities.

The Audit Committee and other Board Committees meet at regular intervals and ensure to perform the duties and functions as entrusted upon them by the Board.

The details of the Audit Committee and other Board Committees are also set out in the Corporate Governance Report forming part of this Annual Report.

## RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc., that may have potential conflict with the interest of company at large. Transactions entered with related parties, as defined under the Companies Act, 2013 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2017-18 were mainly in the ordinary course of business and on an arm's length basis.

Prior approval of the Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As per the provisions of Section 188 of the Companies Act, 2013, approval of the Board of Directors is also obtained for entering into related party transactions by the Company. A quarterly update is also given to the Audit committee and the Board of Directors on the Related Party Transactions undertaken by the Company for their review and consideration.

During the year, your Company has not entered into any material contract, arrangement or transaction with related parties, as defined under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Related Party Transaction Policy of the Company. The details with respect to the related party transactions are mentioned in the notes to the audited financial statements.

Details of RPT in Form AOC-2 attached to Board report may also be referred to and marked as Annexure-II

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURT OR TRIBUNALS

During the year no significant or material order was passed by the Regulators or Courts or Tribunals and the Company has complied with the order and Compliances of Companies act 2013.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has appointed T.R. Dangi & Associates, Chartered Accountant Udaipur as an Internal Auditor of the Company, who reports to the Audit Committee and to the Board of Directors of the Company. The Internal Auditor conducts comprehensive audit of functional areas and operations of the Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.



The audit function maintains its independence and objectivity while carrying out assignments. It evaluates on a continuous basis, the adequacy and effectiveness of internal control mechanism. The function also proactively recommends improvement in policies and processes, suggests streamlining of controls against various risks.

Your Company has laid down set of standards, processes and structure, which enables it to implement internal financial control across the Company and ensure that the same are adequate and operating effectively.

### **SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT**

#### **• Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Ronak Jhuthawat Proprietor of M/s Ronak Jhuthawat & Co., Practicing Company Secretaries, Udaipur, to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018, is annexed as "Annexure - III" to this report. The said report, does not contain any qualification, reservation or adverse remark, however, contains certain observations of the Secretarial Auditor which are self explanatory, and thus do not call for any further comments.

#### **• Qualifications in Secretarial Audit Reports:**

There are no qualifications, reservations or adverse remarks or disclaimer made by the company secretary in practice in his secretarial audit report.

### **AUDITORS**

#### **• Statutory Auditors**

At the Eleventh (11th) Annual General Meeting held on September 24th, 2016, the Members had appointed M/S. H.R. Jain & Co., Chartered Accountants, (FRN 000262C), as the Statutory Auditors of the Company, by way of ordinary resolution under section 139 of the Companies Act, 2013, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2021 of the Company.

The Company has received consent from the Statutory Auditors and confirmation to the effect that they are not disqualified to be appointed as the joint Statutory Auditors of the Company in terms of the provisions of Companies Act, 2013 and Rules framed there under.

#### **• Notes to Accounts and Auditors Report**

The notes to the accounts referred to in Auditors Report are self-explanatory and do not call for any further comments. The Statutory Auditors Report does not contain any qualification, reservation or adverse remark.

#### **• Qualifications in Audit Reports:**

There are no qualifications, reservations or adverse remarks or disclaimer made by the statutory auditor in his report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- that in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies as mentioned in Note of the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **REPORT ON CORPORATE GOVERNANCE**

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled 'Report on Corporate Governance' forms part of this Annual Report.

The Report on Corporate Governance also includes certain disclosures that are required, as per Companies Act, 2013. The certificate by the Statutory Auditors confirming Compliance with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as 'Annexure V' to this report. The said certificate for financial year 2017-18 does not contain any qualification, reservation or adverse remark.

In terms of Section 136 of the Act, the Reports and Accounts are being sent to the members and others entitled thereto.



## **MANGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled 'Report on Corporate Governance' forms part of this Annual Report.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2018, in the prescribed form MGT 9, forms part of this report and is annexed as "Annexure IV".

## **ENHANCING SHAREHOLDERS VALUE**

Your Company believes that its Members are among its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

## **OUTLOOK**

During the year, Indian economy continued to consolidate the gains achieved through macroeconomic stability. The country remained on a stable growth path on the back of sharp reduction in crude oil prices and resilient domestic consumption. Besides, inflation remained under control and fiscal and current account deficits continued to be moderate. As all key business enablers are currently showing favorable signs, your Company is positive and expects another year of healthy growth in 2018-19.

## **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude to the National Housing Bank, Securities and Exchange Board of India, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), the Company's Customers, Bankers and other Lenders, Members, and others for their continued support and faith reposed in the Company. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels as their hard work, co-operation and support had enabled the Company to maintain its consistent growth. The Directors would also like to thank the BSE Limited, National Securities Depository Limited, Central Depository Services (India) Limited and the Credit Rating Agencies for their continued co-operation.

## **CAUTIONARY STATEMENT**

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

### **Registered office**

AKME Business Center (ABC)  
4-5 Subcity Center Savina Circle  
Opp. Krishi Upaz Mandi Udaipur.313002  
**Date : 16.06.2018**

### **For, and on behalf of the Board**

Sd/-	Sd/-
Ashish Jain	Nirmal Kumar Jain
Managing Director	Director
DIN 02041164	DIN 00240441



**ANNEXURE-I  
ASHFL'S  
POLICY FOR SELECTION AND APPOINTMENT OF  
DIRECTORS AND THEIR REMUNERATION**



## **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

Companies Act 2013 under the provisions of Section 178 has mandated that "every listed public Company or such class or classes of companies, as may be prescribed, shall constitute the Nomination and Remuneration Committee, to guide the Board on various issues on appointment, evaluate performance, remuneration of Directors, and Senior Management.

### **OBJECTIVE:**

The Objective of the Policy is to ensure 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;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Criteria for selection and Appointment of Executive and Non Executive Directors
- Remuneration to Directors and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### **APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment or re-appointment.
- A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.
- Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules there under.

### **CRITERIA OF "SELECTION OF NON-EXECUTIVE DIRECTOR":**

- The Non Executive Director shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general Management.
- In case of appointment the committee shall satisfy itself regarding to the independent nature of directors and shall ensure that candidate is not disqualified for appointment under Section 164 of companies Act, 2013.
- The committee shall ensure that proper familiarization programmes is carried out for such director in case of his appointment.

### **REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:**

- The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, will be determined by the Committee and recommended to the Board for approval. The Remuneration /Compensation/ Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions.
- Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 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 to time. The Incentive pay 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.
- Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any official liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.



### REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:

- **Remuneration / Profit Linked Commission:**

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

- **Sitting Fees:**

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

- **Limit of Remuneration / Profit Linked Commission:**

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1%/3% of the net profits of the Company respectively.

### STOCK OPTIONS:

- Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee, except Independent Directors, shall be entitled to any Employee Stock Options (ESOPs) of the Company.

### POLICY ON BOARD DIVERSITY:

- The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain etc or as may be considered appropriate.
- The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

### MONITORING, EVALUATION AND REMOVAL:

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

- **Removal:**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

### MINUTES OF COMMITTEE MEETING:

- Proceedings of all meetings must be minutes and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be circulated at the subsequent Board meeting for noting.

### AMENDMENT TO THE POLICY:

- The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

### DISCLOSURE:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.



**ANNEXURE-II**  
**ASHFL'S**  
**FORM NO. AOC.2**



## ANEXURE II

## FORM NO. AOC.2

**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 arms length transactions under third proviso thereto**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts/arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) date(s) of approval by the Board
  - (g) Amount paid as advances, if any:
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis as on 31.03.2018

NAME OF RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF CONTRACTS	TERM/DURATION OF CONTRACTS	OUTSTANDING VALUE (31.03.2018)	DATE OF APPROVAL BY BOARD/MEMBER	AMOUNT AS ADVANCES /SECURITY DEPOSIT
MOHAN LAL NAGDA	MANGING DIRECTOR	REMUNERATION	5 YEARS	NIL	21.02.2017	-
NIRMAL KUMAR JAIN	DIRECTOR	REMUNERATION	-	NIL	-	-
ASHISH JAIN	DIRECTOR	REMUNERATION	-	NIL	-	-
MANJU JAIN	WIFE OF KMP	REMUNERATION	-	NIL	-	-



**ANNEXURE-III**  
**ASHFL'S**  
**SECRETARIAL AUDIT REPORT**



**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(For the period ended 31.03.2018)**

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

To,  
 The Members  
 Akme Star Housing Finance Limited  
 Akme Business Centre (ABC),  
 4-5 Subcity Centre Savina  
 Circle, Opp. Krishi Upaz Mandi  
 Udaipur RJ 313002 IN

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Akme Star Housing Finance Limited** (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 my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period **01.04.2017 to 31.03.2018**, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Akme Star Housing Finance Limited ("The Company")** for the period ended on 31.03.2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - 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, 2009
  - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - No applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review.
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.-Complied with.
5. **I have also examined compliance with the applicable clauses of the following:**
  - (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India.
  - (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015



6. During the period under review, the Company has complied with provisions of the Act, Rules, applicable Regulations, Guidelines, Standards, etc. mentioned above.
7. The Company is into business of providing housing and non -housing loans as per prescribed guidelines of NHB. Accordingly in view of management following act applicable to the company:  
A. The Housing Finance Companies (NHB) Directions, 2010.
8. **I further report that:**  
A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.  
B. 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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.  
C. All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.
9. I further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), I am of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
10. I further report that during the review period Company has taken following major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. have taken place.
  - Increase in borrowing power u/s 180
  - Issue of Warrants
  - Increase in Authorised Share Capital

**Place: Udaipur**  
**Date: 10.05.2018**

**For Ronak Jhuthawat & Co.**

**Sd/-**  
**Ronak Jhuthawat**  
**Company Secretaries**  
**MNO 32924 CP No 12094**

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part if this report.

**"ANNEXURE A"**

To,  
The Members  
Akme Star Housing Finance Limited  
Akme Business Centre (ABC),  
4-5 Subcity Centre Savina  
Circle, Opp. Krishi Upaz Mandi  
Udaipur RJ 313002 IN

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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 the test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, I have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Ronak Jhuthawat & Co  
(Company Secretaries)**

**Sd/-  
Ronak Jhuthawat  
Proprietor  
ACS: 32924 CP: 12094**

**Place: Udaipur  
Date: 10.05.2018**



**ANNEXURE-IV**  
**ASHFL'S**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**



FORM NO. MGT-9		
EXTRACT OF ANNUAL RETURN		
as on the financial year ended on 31st March 2018		
<i>[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]</i>		
<b>I.</b>	<b>REGISTRATION AND OTHER DETAILS</b>	
(i)	CIN:	L45201RJ2005PLC020463
(ii)	Registration Date	Thursday, March 17, 2005
(iii)	Name of the Company	AKME STAR HOUSING FINANCE LIMITED
(iv)	Category/Sub-Category of the Company	Company Limited By Shares
(v)	Address of the Registered Office and Contact Details-	
	Address:	AKME BUSINESS CENTER, 4-5 SUBCITY CENTER SAVINA CIRCLE UDAIPUR RAJ 313002
	Contact Details:	0294 2489501
(vi)	Whether Listed Company Yes/ No	Yes
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any -	
	Name:	Big Share services private Limited
	Address:	4 E/8 First Floor jhandewala Extension New Delhi
	Contact Details:	011 23522373

II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
All the business activities contributing 10% or more of the total turnover of the Company shall be stated: -			
Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Carrying out activities of housing finance companies (Housing Loan & Non-Housing Loans )	65922	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -					
Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
NIL					



IV. SHARE HOLDING PATTERN (Equity Share Capital Break -up as percentage of Total Equity)									
(i)	Category-wise Share Holding								
Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	5099120	-	5099120	42.96	5226110	-	5226110	43.27	0.30
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1057000	-	1057000	8.91	1085000	-	1085000	8.98	0.08
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (1):-</b>	6156120	-	6156120	51.87	6311110	-	6311110	52.25	0.38
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (2):-</b>	0	-	0	0	0	-	0	0	0
<b>Total Share holding of Promoter (A)= (A)(1)+(A)(2)</b>	6156120	-	6156120	51.87	6311110	-	6311110	52.25	0.76
<b>B. Public Share holding</b>									
<b>1. Institutions</b>									
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) Market maker	0	-	0	0.00	48350	-	48350	0.40	0.40
<b>Sub-Total (B)(1):-</b>	0	-	0	0.00	48350	-	48350	0.40	0.40
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	385480	-	385480	3.25	220857	-	220857	1.83	-1.42



(i)	Category-wise Share Holding (Contd.....)								
Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	1254800	10680	1265480	10.66	1195201	10680	1205881	9.98	-0.68
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	2833080	1100840	3933920	33.14	3008973	1100840	4109813	34.02	0.88
c) Others (specify)				-					-
i) Clearing members	32000	-	32000	0.27	16970	-	16970	0.14	-
ii) Directors & Relatives (other than Promoters)	-	-	-	-	-	-	-	-	-
iii) Non-Resident Indians	96000	0	96000	0.81	166019	0	166019	1.37	0.57
iv) Trust	-		-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	<b>4601360</b>	<b>1111520</b>	<b>5712880</b>	<b>48.13</b>	<b>4608020</b>	<b>1111520</b>	<b>5719540</b>	<b>47.35</b>	<b>-0.78</b>
<b>Total Public shareholding (B)= (B)(1)+(B)(2)</b>	<b>4601360</b>	<b>1111520</b>	<b>5712880</b>	<b>48.13</b>	<b>4656370</b>	<b>1111520</b>	<b>5767890</b>	<b>47.75</b>	<b>-0.38</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>10757480</b>	<b>1111520</b>	<b>11869000</b>	<b>100</b>	<b>10967480</b>	<b>1111520</b>	<b>12079000</b>	<b>100</b>	<b>0.00</b>

(i)(a)	STATEMENT SHOWING DILUTED SHARE CAPITAL AS ON 31.03.2018						
SR. NO.	Category of shareholder	Nos. Of shareholders	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares	No. of Shares Underlying Outstanding Warrants	Total Diluted Shares (assuming full conversion of Warrants into Equity Shares)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)
(A)	Promoter & Promoter Group	32	6311110	52.25	225000	6536110	53.12
(B)	Public	650	5767890	47.75	0	5767890	46.88
	<b>Total</b>	<b>682</b>	<b>12079000</b>	<b>100</b>	<b>225000</b>	<b>12304000</b>	<b>100</b>



(ii) <i>Shareholding of Promoters</i>								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2017)			Shareholding at the end of the year (as on 31st March 2018)			
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	% change in Shareholding during the year
1	Nirmal Kumar Jain	854000	7.20	-	854000	7.07	-	0.13
2	Mohan Lal Nagda	702600	5.92	-	702600	5.82	-	0.10
3	Kalu Lal Jain	633400	5.34	-	633400	5.24	-	0.09
4	Abhilasha Jain	326000	2.75	-	352680	2.92	-	-0.17
5	Anil Kumar Jain	442080	3.72	-	442080	3.66	-	0.06
	<b>Total</b>	<b>2958080</b>	<b>24.92</b>		<b>2984760</b>	<b>24.71</b>		<b>0.21</b>

(iii) <i>Change in Promoters' Shareholding (please specify, if there is no change)</i>				
	Shareholding at the beginning of the year (as on 1st April 2017)		Cumulative Shareholding during the year (2018)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	2958080	24.92%	2958080	24.92%
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	NO CHANGE		Mrs. Abhilasha Jain purchased shares during the year	
At the end of the year (or on the date of separation, if separated during the year)	2958080	24.92%	2984760	24.71%



(iv) TOP TEN NON PROMOTERS MOVEMENT							
SR. NO.	NAME	No. of Shares at the beginning/End of the year	Date	Increase/Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
1	ANCHOR METAL PRIVATE LIMITED	353,480	31-Mar-17	0	Transfer	353,480	2.93
			26-May-17	-4000	Transfer	349,480	2.89
			23-Jun-17	-144000	Transfer	205,480	1.70
			30-Jun-17	-28000	Transfer	177,480	1.47
		177,480	31-Mar-18	0	Transfer	177,480	1.47
2	AMIT ARORA	288,000	31-Mar-17	0	Transfer	288,000	2.38
			7-Apr-17	-16000	Transfer	272,000	2.25
			7-Jul-17	11500	Transfer	283,500	2.35
			28-Jul-17	150	Transfer	283,650	2.35
			4-Aug-17	1000	Transfer	284,650	2.36
			18-Aug-17	200	Transfer	284,850	2.36
			25-Aug-17	1	Transfer	284,851	2.36
			1-Sep-17	1	Transfer	284,852	2.36
			8-Sep-17	4	Transfer	284,856	2.36
			15-Sep-17	4	Transfer	284,860	2.36
			22-Sep-17	1	Transfer	284,861	2.36
			29-Sep-17	5	Transfer	284,866	2.36
			6-Oct-17	4203	Transfer	289,069	2.39
			13-Oct-17	3	Transfer	289,072	2.39
			20-Oct-17	3	Transfer	289,075	2.39
			27-Oct-17	3	Transfer	289,078	2.39
			31-Oct-17	1	Transfer	289,079	2.39
			3-Nov-17	4194	Transfer	293,273	2.43
			10-Nov-17	113	Transfer	293,386	2.43
			17-Nov-17	2	Transfer	293,388	2.43
			24-Nov-17	26	Transfer	293,414	2.43
			1-Dec-17	1	Transfer	293,415	2.43
			8-Dec-17	11	Transfer	293,426	2.43
			15-Dec-17	1041	Transfer	294,467	2.44
			29-Dec-	1	Transfer	294,468	2.44



			2-Feb-18	50	Transfer	294,518	2.44
			23-Feb-18	8013	Transfer	302,531	2.50
			2-Mar-18	4910	Transfer	307,441	2.55
			9-Mar-18	100	Transfer	307,541	2.55
		307,541	31-Mar-18	0	Transfer	307,541	2.55
3	PANNA LAL JAIN	211,080	31-Mar-17	0	Transfer	211,080	1.75
		211,080	31-Mar-18	0	Transfer	211,080	1.75
4	ASHOK KUMAR JAIN	166,800	31-Mar-17	0	Transfer	166,800	1.38
		166,800	31-Mar-18	0	Transfer	166,800	1.38
5	RAMESH KUMAR JAIN	166,000	31-Mar-17	0	Transfer	166,000	1.37
		166,000	31-Mar-18	0	Transfer	166,000	1.37
6	PANKAJ PANDEKAR	120,000	31-Mar-17	0	Transfer	120,000	0.99
		120,000	31-Mar-18	0	Transfer	120,000	0.99
7	NARENDRA KUMAR PAMECHA	116,760	31-Mar-17	0	Transfer	116,760	0.97
			21-Jul-17	100	Transfer	116,860	0.97
			11-Aug-17	143	Transfer	117,003	0.97
			1-Sep-17	225	Transfer	117,228	0.97
			8-Sep-17	180	Transfer	117,408	0.97
			15-Sep-17	95	Transfer	117,503	0.97
			22-Sep-17	35	Transfer	117,538	0.97
			29-Sep-17	502	Transfer	118,040	0.98
			3-Nov-17	35	Transfer	118,075	0.98
			29-Dec-17	33	Transfer	118,108	0.98
			23-Mar-18	225	Transfer	118,333	0.98
		118,333	31-Mar-18	0	Transfer	118,333	0.98
8	BANSILAL CHAMPALALJI JAIN	104,000	31-Mar-17	0	Transfer	104,000	0.86
		104,000	31-Mar-18	0	Transfer	104,000	0.86
9	PAVAN KUMAR JAIN	103,600	31-Mar-17	0	Transfer	103,600	0.86
		103,600	31-Mar-18	0	Transfer	103,600	0.86
10	BANSILAL CHAMPALAL JAIN	8,000	31-Mar-17	0	Transfer	8,000	0.07
			23-Jun-17	64000	Transfer	72,000	0.60
			30-Jun-17	28000	Transfer	100,000	0.83
		100,000	31-Mar-18	0	Transfer	100,000	0.83



<b>(v) Shareholding of Directors and Key Managerial Personnel:</b>								
Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2017)		Date of Change	Increase / Decrease	Reason	Cumulative shareholding during the year (as on 31st March 2018)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
	<b>DIRECTORS</b>							
1	Nirmal Kumar Jain	854000	7.20		No Change		854000	7.19
2	Mohan Lal Nagda	702600	5.92		No Change		702600	5.92
3	Kalu Lal Jain	633400	5.34		No Change		633400	5.34
4	Amrit Singh Rajpurohit	48000	0.40		No Change		24000	0.20
5	Avinash Bhatnagar	26680	0.22		Resigned from post of Director w.e.f. 08.08.2017			
6	Rajni Gehlot	13400	0.11		No Change		2	0.00
7	Ashish Jain				Appointed as Director w.e.f. 29.07.2017		32370	0.27
8	Rekha Jain				Appointed as Director w.e.f. 29.07.2017		0	0.00
	<b>KMP's</b>							
8	Paritosh Kothari	Nil	Nil		Nil Holding During the year		Nil	Nil
9	Ashish Jain	16000	0.13		Resigned from the post of C.F. O. w.e.f. 08.08.2017			
10	Bhanwar Singh Kachhawaha				Appointed as C.F.O. w.e.f. 08.08.2017		Nil	Nil

<b>(vi) INDEBTEDNESS</b>				
Indebtedness of the Company including interest outstanding/ accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	66,762,816.00	Nil	Nil	66,762,816.00
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>66,762,816.00</b>	<b>Nil</b>	<b>Nil</b>	<b>66,762,816.00</b>
<b>Change in indebtedness during the financial year</b>		Nil	Nil	
Addition	228,801,769.00	Nil	Nil	228,801,769.00
Reduction	0	Nil	Nil	0
<b>Net Change</b>	<b>228,801,769.00</b>	<b>Nil</b>	<b>Nil</b>	<b>228,801,769.00</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	295,564,585.00	Nil	Nil	295,564,585.00
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>295,564,585.00</b>	<b>Nil</b>	<b>Nil</b>	<b>295,564,585.00</b>



VII REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL								
A. Remuneration to Managing Director, Whole-time Director and/or Manager								
Sl. No.	Particulars of Remuneration	Name of MD/WTM/Manager/Director						Total Amount
		Mohan Lal Nagda	Nirmal Kumar Jain					
1	Gross Salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1200000	720000					1920000
	(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							
	- as % of profit	-	-					
	- others, specify	-	-					
5	Others, please specify(SITTING FEES)	11000	10000					21000
	Total (A)	1211000	730000					1941000
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013 ("Act") the remuneration payable to the Managing Directors shall not exceed 5% of the net profit of the Company as calculated as per the Act and in case of inadequate profit as per the Act the Company is required to comply with Schedule V. Company has Complied with the Act and the remuneration approved accorded by the members of the Company.						

B. Remuneration to other Directors:								
Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
1	Independent Directors	Rajni Gehlot	Avinash Bhatnagar	Amrit Singh Rajpurohit	Rekha Jain			
	Fee for attending Board / Committee Meetings	9000	2000	8000	5000			24000
	Commission							
	Others,							
	Total (1)	9000	2000	8000	5000			24000
2	Executive Directors	Kalu Lal Jain	Ashish Jain					



	Fee for attending Board/ Committee Meetings	7000	7000						14000
	Commission								
	Others, please specify								
	Total (2)	7000	7000						14000
	Total (B)=(1+2)								38000
	Total Managerial Remuneration								
	Overall Ceiling as per the Act	The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.							

<b>C.</b>	<b>Remuneration to Key Managerial Personnel Other than MD/Manager/ WTD:</b>				
Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	300000		300000
	(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	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify(sitting fees)	-			
	Total	-	300000		300000

VIII	PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:				
Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					



# Report on Corporate Governance 2017-18



ANNEXURE-V



## Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018.

The Company's philosophy on Corporate Governance encompasses simple tenets of integrity, transparency, accountability and fairness in whatever the Company does and what it basically aims at achieving is a complete adherence to the applicable laws while at the same time ensuring complete commitment to values and the highest ethical standards in every facet of its operations and in each of its functional areas. This together with meaningful social activities has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities, in which it operates. In line with the nature and size of operations, the Corporate Governance framework of the Company, is based on the following main principles:

- Constitution of a Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities and duties.
- Transparency and independence in the functions of the Board.  
Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.
- Independent verification and assured integrity of financial reporting.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders and protection of their rights and interests.
- A sound system of risk management, internal control, anti-bribery and anti-corruption business practices.  
Compliance with applicable laws, rules and regulations in letter and spirit.

The Company is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organization.

### **CORPORATE GOVERNANCE AT ASHFL**

ASHFL's Corporate Governance practices outlays ethical business conduct. It encompasses not only regulatory and legal requirements, including the SEBI Regulations in respect of Corporate Governance but also other practices aimed to achieve accountability and enhancement of value for all stakeholders. ASHFL's Corporate Governance policies recognizes the importance of transparency and a committed approach of disclosure level to all its constituents, including employees, customers, investors and the regulatory authorities. ASHFL is committed to function such corporate governance norms and practices that primates the long term interests of the members, strengthens the accountability of its management and Board of Directors and that entrusts other stakeholders' trust in the Company. The Report of the Company on Corporate Governance in accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **BOARD OF DIRECTORS**

The Board of Directors of the Company plays a key role, as they oversee the functioning of the organization and ensures that it continues to operate in the best interest of all the stakeholders. Thus, the Company strives to keep its Board well-informed, independent and actively involved in the important decision making process pertaining to the Company.

The Board of Directors represents the interest of Company' Shareholders, in optimizing long-term Value by providing the Management with the guidance and strategic direction on the shareholder's behalf. The Board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources, regulatory compliance, safeguard interest of shareholder and reporting to shareholder.

The Company has a broad based Board of Directors, constituted in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with highest standards of Corporate Governance in its management, which ensures an appropriate mix of Executive/Non Executive and Independent Directors with demonstrated skill sets and relevant experience.

The Board members have professional knowledge and experience, in diverse fields viz. finance, banking, public policy and legal / judicial, thereby bringing about an enabling environment for value creation through sustainable business growth.

#### **A. Independent Directors**

Independent directors play a vital role in deliberations at the board meetings and bring to the Company their wide experience and knowledge in the fields of finance, housing, accountancy, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

The Audit Committee, the Nomination & Remuneration Committee, the Stakeholders Relationship Committee and the CSR Committee have a majority of independent directors. These committees function within the defined terms of reference in accordance with the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and as approved by the board, from time to time. Board members ensure that their work in other capacities do not impinge on their fiduciary responsibilities as directors of the Company.



All Independent directors of the Company, at the time of their first appointment to the Board and thereafter at the first Board meeting of the Board in every Financial Year, give a declaration that they meet the criteria of independence as provided under the provisions of Section 149 of the companies Act, 2013. In the opinion of the Board, each independent director possesses the appropriate balance of skills, experience and knowledge as required.

#### ● Separate Meeting of the Independent Directors

During the year, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a separate meeting of the independent directors of the Company was held on March 24th, 2018 without the attendance of non-independent directors and members of the management. All 3 independent directors were present at the meeting, wherein they had inter alia; reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

### B. Composition of the Board

The Board of the Company represents an optimum combination of Executive and Non-Executive Directors as well as Independent Directors, who possess varied professional knowledge and experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration. The Board of your company is headed by the Executive Director (designated as Chairman and Managing Director)

The Board is expertise in making informed decisions, expediently with the bouquet of variety of perspectives and skills that work together in the best interest of the Company.

The Board of Directors as on 31.03.2018 comprises of Seven [7] directors of which Three [3] are Executive Directors; One [1] is Managing Director & Three [3] are Independent & Non-Executive Director including one woman director. The Company is in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013, with regard to composition of Board of Directors. None of the Director on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director.

#### ● Composition of the Board as on 31ST MARCH, 2018

NAME OF DIRECTOR	CATEGORY OF DIRECTORS	DIN	NO. OF SHARES
Dr. Mohan Lal Nagda	Chairman & Managing Director	00211925	7,02,600
Mr. Nirmal Kumar Jain	Promoter & Executive Director	00240441	8,54,000
Mr. Kalu Lal Jain	Executive Director	00451442	6,33,400
Mr. Ashish Jain	Executive Director	02041164	32,370
Mr. Amrit Singh Rajpurohit	Non Executive & Independent Directors	02173432	24000
Mrs. Rajni Gehlot	Non Executive & Independent Directors	06627287	2
Dr. Rekha Jain	Non Executive & Independent Directors	07703994	0

### C. Directors' Profile

The Board of Directors comprises highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision making process

The details of the Directors, as at March 31, 2018, including the details of their board directorship reckoned in line with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, committee membership (including ASHFL) and their shareholding in the Company, are given below:

### D. Directorships and Membership of the Directors in other Companies/Committees

All the Directors of the Company are compliant with the applicable provisions of Companies Act, 2013 and SEBI Listing Regulations with respect to their number of Directorship in other Companies and chairmanship/membership on various Committees.

The details of the directorship of each Director on the Board of various Companies as on 31st March, 2018 along with their Chairmanship and Membership on the Board Committees (including ASHFL) are tabled below:

NAME OF THE DIRECTOR	DIN	*NUMBER OF DIRECTORSHIPS	MEMBER/CHAIRPERSON OF THE COMMITTEE	
			MEMBER	CHAIRMAN
Mr. Nirmal Kumar Jain	00240441	3	4	1
Dr. Mohan Lal Nagda	00211925	2	2	0
Mr. Kalu Lal Jain	00451442	5	0	0
Mr. Ashish Jain	02041164	2	1	0
Mrs. Rajni Gehlot	06627287	1	2	1
Mr. Amrit Singh Rajpurohit	02173432	2	0	0
Dr. Rekha Jain	07703994	1	2	1



\* Inclusive of directorships held in Private Limited Companies.

\*\* Only Audit Committee and Stakeholders 'Relationship Committee has been considered.

## E. Evaluation of Directors and Board

With the objective of enhancing the effectiveness of the board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timelessness and quality of the flow of information by the company to the board and adherence to compliance and other regulatory issues.

## F. Board Meetings

The Company holds at least four Board meetings in a year, one in each quarter. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company, as and when required. In case of urgency or business exigencies, matters are also approved by way of circular resolution as per the provisions of Companies Act, 2013 and subsequently noted at the next Board meeting.

The Functional/business heads of the Company periodically give presentations covering their respective operations, performance, plans and strategies and discuss upon the areas of improvements and prospective opportunities. The Agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors. Presentations are made by the Senior Management on the Company's performance, operations, plans and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes, which are circulated to the Board for perusal. The important decisions taken at the Board / Committee meetings are promptly communicated to the concerned departments. The information as given to the Board either as a part of the agenda of the meeting or by way of presentation during the meeting; inter alia includes:

- Minutes of various committees of the Board
- Annual operating plans, budgets and business strategies and performance.
- Information on the exits and recruitments including the remuneration of senior officials just below the Board level.
- Significant transactions, related party transactions and arrangements
- Compliance reports pertaining to all the laws applicable to the Company
- Regulatory notices/judgement/order being material in nature
- Update on non-fulfillment or defaults by the Company of any financial liability / obligations of material nature
- Update on shareholders' grievance redressal process
- Significant regulatory matters.
- Risk evaluation and control mechanism.
- Details of investments and deployment of capital issue proceeds.

During the financial year 2017-18, 11 Board Meetings were held on 11.05.2017, 09.06.2017, 19.06.2017, 08.08.2017, 22.08.2017, 16.09.2017, 13.11.2017, 30.11.2017, 21.12.2017, 09.01.2018 and 14.02.2018 respectively. The details of the attendance of the Directors at the Board Meeting, Sitting fees paid and attendance at the Annual General Meeting held during the year 2017-18 are as follows:

S. NO.	NAME OF THE DIRECTOR	NO OF MEETINGS		SITTING FEES PAID	WHETHER ATTENDED LAST AGM HELD ON 29.07.2017 (Y/N)
		HELD	ATTENDED		
1	Nirmal Kumar Jain	11	10	10000	Yes
2	Mohan Lal Nagda	11	11	11000	Yes
3	Kalu lal Jain	11	7	7000	Yes
4	Ashish Jain	8	7	7000	NA
5	Rajni Gehlot	11	9	9000	Yes
6	Amrit Singh Rajpurohit	11	8	8000	No
7	Rekha Jain	8	5	5000	NA
8	Avinash Bhatnagar	4	2	2000	No



## G. Remuneration to Directors

### ● Non-Executive Directors

The Non-Executive Directors of the Company do not have any pecuniary relationship except as mentioned herein. The Non-Executive Directors are paid sitting fees and other expenses incurred for attending the Board / Committee meetings. The Company has paid sitting fees of Rs. 1,000 per meeting to the Non-Executive Directors for attending meetings of the Board during Financial Year 2017-18.

The compensation paid / payable by the Company to the Non-Executive Directors as at March 31, 2018 is as given below:

NAME OF NON EXECUTIVE INDEPENDENT DIRECTOR	SITTING FEES PAID (AMOUNT IN RS.)
Mr. Avinash Bhatnagar ( Resigned from the Post of Director w.e.f . 08.08.2017)	2000
Mrs. Rajni Gehlot	9000
Mr. Amrit Singh Rajpurohit	8000
Dr. Rekha Jain (Appointed as Director w.e.f 29.07.2017)	5000

During the Year under review no remuneration has been paid to Non executive and Independent directors.

### ● Executive Director

The executive directors of the Company have been appointed, in terms of the resolutions passed by the shareholders at the annual general meetings. Elements of the remuneration package comprise of salary, perquisites and other benefits are as approved by the members at the annual general meeting. Details of the remuneration paid to the executive directors during the year under review are provided in Form MGT 9 given elsewhere in the Annual Report.

### ● Managing Director

Based upon the recommendation of Nomination & Remuneration Committee in their meeting dated 16th May, 2018 the Board in its meeting dated 28th May, 2018 has approved the appointment of Mr. Ashish Jain as Managing Director for a term not exceeding five years subject to the approval of members by way of Special Resolution at the ensuing AGM. The key terms and conditions of Mr. Ashish Jain's appointment (Subject to the approval of members at Annual general Meeting) as the Managing Director of the Company for a term of five years, as set out in the agreement entered with the Company are listed below:

Salary: Salary payable to Mr. Ashish Jain, Managing Director will be Rs. 1,00,000 per month. (Inclusive of Dearness Allowance and other Allowances)

Other Benefits and Allowances: Other benefits and allowances include use of car with driver, telephones for the Company's business, as per the scheme of the Company and approved by the Board and Nomination and Remuneration Committee from time to time.

Provided however, that the remuneration payable to Mr. Ashish Jain shall not exceed the limits specified in the agreement entered with the Company and the limits prescribed under Schedule V of the Companies Act, including any amendment, modification, variation or re-enactment thereof. Also, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Ashish Jain, the remuneration payable to him by way of salary, allowances, commission, perquisites and other benefits shall not without the approval of the Central Government (if required) exceed the limits prescribed under Schedule V of the Companies Act, including any amendment, modification, variation or re-enactment thereof. The present remuneration structure of the Executive Director consists of fixed salary and other perquisites.

The details of remuneration paid to the other Executive director during the year is provided in MGT-9

## COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expediently. The Board overlooks the functioning of the Committees. The Chairman of the respective Committees briefs the Board on significant discussions and decision taken at their respective meetings. Minutes of the Committee Meetings are placed in the subsequent Board Meeting for their noting.

## A. Audit Committee

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the



Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Committee is governed in line with the regulatory requirements mandated by the provisions of Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015. Some of the important functions performed by the Committee are:

The Chairperson of the Audit Committee was present at the last (12th) Annual General Meeting of the Company

The term of reference of the Audit Committee is as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of section 134 of the Companies Act.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- Reviewing, with the management, the half yearly and annual financial statements before submission to the board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is exist.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee.

● **Powers of the Audit Committee:**

- Investigating any activity within its terms of reference;
- Seeking information from any employee;
- Obtaining outside legal or other professional advice; and
- Securing attendance of outsiders with relevant expertise, if it considers necessary.

The Company holds minimum four pre-scheduled Audit Committee meetings annually, one in each quarter and the maximum time gap between two audit Committee meeting is not more than One Hundred Twenty days. The composition of the Audit Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:



NAME OF MEMBERS	CATEGORY	ATTENDANCE AT THE AUDIT COMMITTEE MEETINGS				
		11.05.2017	08.08.2017	17.08.2017	13.11.2017	14.02.2018
Rajni Gehlot	Independent and Non executive	Yes	Yes	Yes	Yes	Yes
Avinash Bhatnagar	Independent and Non executive	Yes	Yes	Resigned from the post of Director		
Nirmal Kumar Jain	Executive	Yes	Yes	Yes	Yes	Yes
Rekha Jain	Independent and Non executive	Appointed as Director w.e.f. 29.07.2017	Yes	Yes	Yes	Yes

- The Committee has been re-constituted on 08.08.2017
- CA Rajni Gehlot is the Chairperson of the Audit Committee.

All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls. The representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

#### • Self Assessment by the Audit Committee

The Audit Committee has set in place a process to measure and benchmark its performance each year. The assessment broadly covers composition, structure and committee meetings; overview of the financial reporting process; internal control systems and overview of internal and external audits. The results of the self assessment are presented to the Audit Committee along with the action plan in the areas requiring improvement.

### B. Stakeholders' Relationship Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and as per Regulation 20 of SEBI (LODR), guidelines, 2015 the Board has Constituted Stakeholders' Relationship Committee.

The terms of reference of the Stakeholder Relationship committee are as follows:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto; to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non receipt of annual reports, notices, non receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- To redress the complaints of the members and investors, related to transfer and transmission of securities, non receipt of annual reports and other securities related matters
- To review the request/Complaints received by the Registrar and Share Transfer Agent from the members relating to transfer, transmission, consolidation, replacement of share certificates, issue of duplicate share certificates and dematerialization of securities certificates
- To recommend the measures for overall improvement in the quality of investor services monitoring expeditious redressed of investors / stakeholders grievances;
- All other matters incidental or related to shares, debentures and other securities of the Company.
- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchange or any other regulatory authorities from time to time.

The composition of the Stakeholders' Relationship Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:



NAME OF MEMBERS	CATEGORY	ATTENDANCE AT THE STAKEHOLDERS' RELATIONSHIP COMMITTEE MEETINGS			
		31.05.2017	22.08.2017	10.11.2017	05.03.2018
Rajni Gehlot	Independent and Non executive	YES	YES	YES	YES
Avinash Bhatnagar	Independent and Non executive	YES	Resigned from the post of Director		
Amrit Singh Rajpurohit	Independent and Non executive	YES	Resigned from the Committee as member		
Rekha Jain	Independent and Non executive	Appointed as Director w.e.f. 29.07.2017	YES	YES	YES
Ashish Jain	Executive	Appointed as Director w.e.f. 29.07.2017	YES	YES	YES
Mohan Lal Nagda	Executive	Appointed as member of Committee w.e.f. 08.08.2017	YES	YES	YES

- The Committee has been re-constituted on 08.08.2017
- Mrs. Rekha Jain is the Chairman of the Committee

The Company has not received any investor's complaint during the period under review and also no complaint is pending.

### C. Nomination and Remuneration Committee

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure I to the Directors' Report. Further, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Your Company has in place a Nomination (including Boards' Diversity), Remuneration & Evaluation Policy, which, inter alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or senior management personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with Section 178 of the Companies Act, 2013, and applicable SEBI (LODR), Regulations, 2015 the Board has constituted the "Nomination and Remuneration Committee".

The terms of reference of the Committee inter alia, include the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;

Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

The composition of the Nomination and Remuneration Committee as at March 31, 2018 and the details of Members participation at the Meetings of the Committee are as under:



NAME OF MEMBERS	CATEGORY	ATTENDANCE AT THE NOMINATION AND REMUNERATION COMMITTEE MEETINGS				
		15.04.2017	18.06.2017	30.08.2017	25.11.2017	01.03.2018
Rajni Gehlot	Independent & Non Executive	YES	YES	NO	YES	YES
Avinash Bhatnager	Independent & Non Executive	YES	YES	Resigned from the post of Director		
Amrit Singh Rajpurohit	Independent & Non Executive	YES	YES	YES	YES	YES
Rekha Jain	Independent & Non Executive	Appointed as Director w.e.f. 29.07.2017		YES	YES	YES

- The Committee has been re-constituted on 08.08.2017
- Mrs. Rajni Gehlot is the Chairperson of the Committee

#### D. Corporate Social Responsibility (CSR) Committee

The Company has voluntarily constituted the CSR Committee and to review the existing CSR Policy to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to provide guidance on various CSR activities undertaken by the Company and to monitor its progress. The composition of the Corporate Social Responsibility Committee as at March 31, 2018 and the details of Members' participation at the Meetings of the Committee are as under :

NAME OF MEMBERS	CATEGORY	ATTENDANCE AT THE CSR MEETING
		10.03.2018
Ashish Jain	Executive Director	Yes
Nirmal Kumar Jain	Executive Director	Yes
Mohan Lal Nagda	Executive Director	Yes
Amrit Singh Rajpurohit	Independent Non Executive Director	Yes

- The Committee has been re-constituted on 08.08.2017.
- Mr. Ashish Jain is the Chairman of the Committee.

#### E. Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation, and reporting of risks.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, and potential impact analysis and mitigation plan.

The composition of the Risk Management Committee as at March 31, 2018 and the details of Members' participation at the Meetings of the Committee are as under:



NAME OF MEMBERS	CATEGORY	ATTENDANCE AT THE RISK MANAGEMENT COMMITTEE MEETINGS		
		30.05.2017	06.09.2017	20.12.2017
Avinash Bhatnagar	Independent & Non Executive	YES	Resigned from post of Director	
Rajni Gehlot	Independent & Non Executive	YES	Resigned from Committee as member	
Nirmal Kumar Jain	Executive	YES	YES	YES
Rekha Jain	Independent & Non Executive	Appointed as Director w.e.f. 29.07.2017	YES	YES
Ashish Jain	Executive	Appointed as Director w.e.f. 29.07.2017	YES	YES
Amrit Singh Rajpurohit	Independent & Non Executive	Appointed as Member w.e.f. 08.08.2017	YES	YES

- The Committee has been re-constituted on 08.08.2017
- Mr. Amrit Singh Rajpurohit is the Chairman of the Committee.

#### GENERAL BODY MEETINGS

#### **A. Annual General Meeting**

Location, date and time of the annual general meetings held during the previous four years are given below:

FINANCIAL YEAR	LOCATION	MEETING DATE & TIME	SPECIAL RESOLUTION PASSED AT THE AGM
2016-17	Kaya Valley Resort, National Highway 8, behind Kaya Jain temple, Udaipur (Raj)	29.07.2017 AT 11.30 A.M.	<ul style="list-style-type: none"> <li>• Appointment of Dr. Rekha Jain as Independent Director</li> <li>• Appointment of Mr. Ashish Jain as Executive Director</li> </ul>
2015-16	Kaya Valley Resort, National Highway 8, behind Kaya Jain temple, Udaipur (Raj)	24.09.2016 AT 12:30 P.M.	NIL
2014-15	Hotel Gorbandh 138-138A, Inside Udaipole, Udaipur 313001 (Raj)	08.08.2015 AT 02.30 P.M.	<ul style="list-style-type: none"> <li>• Revision in Remuneration of Mr. Mohan Lal Nagda (DIN00211925) Managing Director &amp; Chairman of the Company.</li> <li>• Appointment of Mr. Avinash Bhatnagar as from Additional Independent Director to Independent Director for a term of 5 years</li> </ul>
2013-14	Akme Business Center Savina Subcity Centre Udaipur	10.09.2014 AT 1.30 PM	<ul style="list-style-type: none"> <li>• Increase in Authorized Share Capital</li> <li>• Alteration Of Articles Of Association</li> <li>• Approval For Borrowing Powers</li> <li>• Approval For Inter Corporate Loans</li> <li>• Approval For Initial Public Offer (IPO)</li> <li>• Issue Of Bonus Shares</li> </ul>



## B. Extra Ordinary General Meeting

The Extra Ordinary General Meeting of the Company was held on 16th October, 2017 during the year under review to take approval from members of the Company. The Details of which are as under:

1. ISSUE OF WARRANTS ON PREFERENTIAL BASIS
2. TO INCREASE IN AUTHORIZED SHARE CAPITAL FROM RS. 12.00 CRORES TO RS. 14.00 CRORES

Date & Time: Monday, 16th October, 2017 at 11:00 A.M.

Venue: At the Registered Office of the Company at Akme Business Center (ABC), 4-5 Subcity Center Savina Circle, Opp. Krishi Upaz Mandi, Udaipur RJ-313002

Other Details: Book Closure Date: 11th October, 2017 to 16th October, 2017 (Both days inclusive)

## C. Postal Ballot:

During the year, the members of the Company have approved migration of Company from BSE SME Platform to BSE Main Board by passing a Special Resolution through postal ballot dated May 25, 2017. The Board had appointed Mr. Roank Jhuthawat & Co., Practicing Company Secretaries, Udaipur as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner. The details of the voting pattern in respect of Special Resolution passed for Migration of Company from BSE SME Platform to BSE Main Board was as under:

S. NO.	DESCRIPTION	THROUGH POSTAL BALLOT	THROUGH E VOTING	TOTAL
1	Postal Ballot forms / E voting received	31	7	38
2	Total Number of vote cast by shareholders	946280	280760	1227040
3	Less : Invalid Votes cast	0	0	0
3.1	Less : ineligible Promoter votes	0	40000	40000
4	Valid no. of Vote Cast	946280	240760	1187040
4.1	No. of Valid Votes with assent for the Resolution By public Shareholder	946280	240760	1187040
4.2	No. of Valid Votes with dissent for the resolution By public Shareholder	0	0	0
5	No of Votes abstained for the Resolution	0	0	0

100.00 % of total valid votes cast In favor of the resolution by public shareholders other than promoters in favor of the proposal.

0 % of total valid votes cast against the resolution:

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

The Company successfully migrated from BSE SME Platform to main Board with effect from 30th June 2017 vide Trading approval received from BSE dated 28th June, 2017.

## ISSUE OF WARRANTS

The Company vide its Extraordinary General Meeting approved Issue of Warrants to the proposed Investors dated 16th October, 2017.

The Board allotted 4,35,000 Warrants to prospective Public & Private Investors vide meeting dated 30th November, 2017. Thereafter upon request received from the prospective Investors the Board vide meeting dated 09th January, 2018 approved the Conversion of Warrants into Equity upon allotment of 2,10,000 Warrants with total of 2,25,000 Outstanding Warrants as on date.

## MATERIAL EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

### A. Change in Director

We regret to inform regarding sad demise of our Former Chairman & Managing Director of the Company Dr. Mohan Lal Nagda (DIN:00211925) and accordingly his cessation due to death as per prescribed provisions of Companies Act, 2013 with effect from 19th May, 2018.

Board of directors vide meeting dated 28th May, 2018 has approved the re-appointment of Mr. Ashish Jain as Chairman & Managing Director of the Company subject to the approval of Shareholders by way of Special Resolution at the ensuing Annual General Meeting.



● **Composition of the Board after considering material changes as on 28th May, 2018**

NAME OF DIRECTORS	CATEGORY OF DIRECTORS	DIN
Mr. Ashish Jain	Chairman & Managing Director	02041164
Mr. Nirmal Kumar Jain	Promoter & Executive Director	00240441
Mr. Kalu Lal Jain	Promoter & Executive Director	00451442
Mr. Amrit Singh Rajpurohit	Independent & Non Executive	02173432
Mrs. Rajni Gehlot	Independent & Non Executive	06627287
Dr. Rekha Jain	Independent & Non Executive	07703994

### SHAREHOLDERS RELATION:

Majorly, annual report is the main source of information to the shareholders of the Company which inter alia, includes the Directors' Report, the shareholders' information, Report of Directors on Corporate Governance, Management Discussion and Analysis Report and the audited financial results. Company emphasizes the importance of regular communication with its shareholders to ensure that the Company's strategy is clearly understood. Since, shareholders have an opportunity to attend the Annual General Meeting at which the business outlook is presented and relevant aspects of the Company's operations are discussed.

Along with the financial results, other information as per the listing guidelines such as Annual Report and Shareholding Pattern, are being uploaded on BSE website under "BSE Listing Centre". The quarterly, half yearly and annual financial results of the Company are communicated to the stock exchanges as per the provisions of SEBI (LODR) Regulations, 2015 and uploaded on Company's website.

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing agreement with the stock exchanges and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. In every Annual Report, the Company has been requesting the shareholders holding shares both in physical / demat form to register / update their e-mail addresses to the Company/depository participants. Accordingly, the annual report for 2017-18, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants.

### DISCLOSURES

**A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.**

There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc. that may have potential conflict with the interest of Company at large. Transactions with related parties as per the requirements of Accounting Standard 18 are disclosed in the Notes forming part of the Accounts in the Annual Report annexed herewith.

**B. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has duly paid the amount due on account of filing of Corporate Governance Report for the Quarter ending September, 2017

**C. Details of compliance with mandatory requirements**

During the year 2017 -18, the Company has complied with all mandatory requirements in conformity with SEBI (LODR) guidelines, 2015 has been detailed hereunder:

● **Chairman of the Board**

The Chairman of the Board is the Managing Director of the Company. The Board of the Company is an appropriate mix of Executive / Non-Executive and Independent Directors that have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

● **Nomination and Remuneration Committee**

The Company has a Nomination and Remuneration Committee, the details of which are provided in this Report under the section "Nomination and Remuneration Committee." The Committee recommends to the Board the remuneration payable to Executive Director and also recommends the appointment / reappointment of Executive / Non-Executive Directors and their induction on various committees of the Board.



- **Shareholder's Rights**

The annual results are displayed on the website of the Company. The Company also communicates the annual financial results by e-mail to shareholders who have registered their e-mail address with the Depository Participants / Registrar and Transfer Agent.

- **Audit Qualification**

There are no audit qualifications in the Company's financial statements for the year under review.

- **Training of Board Members**

During the year under review, the Company has provided with the necessary updation, documents, information, reports and policies, as applicable to the Company, to the newly appointed as well as the existing Directors of the Company. The Company regularly provides updates to its Board members on relevant amendments in the statutory Acts / legislation, as applicable on the Company.

- **Mechanism of evaluation of non-executive Board Members**

At present there is no formal mechanism for performance evaluation of Non-Executive Directors of the Company.

#### **D. Other Disclosure**

- **Reconciliation of Share Capital Audit as Companies**

As stipulated by SEBI, a qualified Company Secretary-in-Practice will carry out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital with the stock exchanges. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with Depositories). The audit report is being submitted on quarterly basis to the Stock Exchanges.

- **Risk Management**

The Company has formulated a Risk Management framework, which lays down the procedures for risk assessment and mitigation. The procedures and policies for risk assessment and minimization are regularly reviewed by the Board. A detailed note on the risk identification and mitigation is included in the Management Discussion & Analysis, annexed to the Directors Report.

- **Code for Prevention of Insider Trading Practices**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading Practices for its Directors and designated employees. The code lays down guidelines, which include procedures to be followed, and disclosures to be made while dealing in the shares of the Company.

The said code of conduct has been posted on the website of the Company i.e www.akmeststarhousing.com. The said code is in line with the provisions of the Companies Act, 2013. In accordance with the said Code, the Company closes its trading window for designated employees and directors from time to time. As per policy, trading window closes for a period of 7 (seven) days prior to the date of Board Meeting and reopens after 48 hours from the conclusion of Board Meeting, in which the respective half yearly / yearly financial results are approved.

- **Code of Conduct for the Board of Directors & Senior Management Personnel**

The Company has adopted a code of conduct for its Board of Directors & Senior Management personnel, which is applicable to the Board of Directors & Senior Management Team (one level below the Board of Directors) of the Company. The Board of Directors and members of the senior management personnel have provided their affirmation to the compliance with this code. The code requires the Directors and employees to act honestly, ethically and with integrity and in a professional and respectful manner. The said code has been posted on the website of the Company i.e. www.akmeststarhousing.com

- **Secretarial Audit**

M/s. Ronak Jhuthawat & Co, a Practicing Company Secretary, Udaipur, was appointed, to conduct Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report addressed to the Members of the Company is attached to this Annual Report. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 2013 and the Rules made under that Act to the extent applicable, Depositories Act, 1996, and the Regulations and Bye-laws framed under that Act, Equity Listing Agreement with Stock Exchanges, Securities Contract (Regulation) Act, 1956 and all the Regulations of SEBI, as applicable to the Company including The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, and Guidelines issued by National Housing Bank.

- **Auditors Certificate on Corporate Governance**

The Company has complied with all mandatory requirements of corporate governance norms as enumerated in Chapter IV of SEBI (LODR) Regulations, 2015. M/s. H.R. Jain & Co. Chartered Accountants, Udaipur, Statutory Auditors of the Company have certified that the Company has complied with the conditions of corporate governance which is part of this Annual Report.



• **Certification of Financial Reporting and Internal Controls / (CEO/CFO Certificate)**

In accordance with Regulation 18(3) of SEBI (LODR) Regulations, 2015, Mr. Ashish Jain, the Managing Director and Mr. Bhanwer Singh Kachhawaha, the CFO of the Company, have inter alia, certified and confirmed to the Board about the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee.

• **Means of Communication**

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company i.e. [www.akmestarthousing.com](http://www.akmestarthousing.com). The Annual Report, annually / half yearly results, shareholding pattern and material events, are regularly submitted to stock exchanges in accordance with the Listing Agreement and uploaded on the Company's website.

All price sensitive information and matters which are material and relevant to shareholders are intimated to all the Stock Exchanges where the securities of the Company are listed.

➤ **General Shareholders Information**

**13th Annual General Meeting:**

1. Day & Date	28 <sup>th</sup> JULY, 2018
2. Time	11:30 A.M.
3. Venue	Kaya Valley Resort, National Highway 8, Behind Jain Temple, Udaipur (Raj)
4. Financial Reporting Calendar	Financial Year April to March
5. Dates of Book Closure	21.07.2018 to 28.07.2018
6. Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejebhoy Towers, Dalal Street, Fort, Mumbai 400 001 Stock Code – 539017
7. ISIN Number for NSDL & CDSL	INE526R01010
8. Corporate Identification Number (CIN)	L45201RJ2005PLC020463

• **Shareholding Pattern of the Company as at March 31, 2018:-**

➤ **Equity Shares**

CATEGORY	NO OF SHARES	% OF SHAREHOLDING
<b>A. Shareholding of Promoter and Promoter Group</b>		
<b>1. Indian</b>		
(i) Individuals/ Hindu Undivided Family	52,26,110	43.27
(ii) Bodies Corporate	10,85,000	8.98
<b>2. Foreign</b>	-	
<b>Total A</b>	<b>6311110</b>	<b>52.25</b>
<b>B. Public Shareholding</b>		
<b>1. Market Maker</b>	48350	0.40
<b>2. Individual</b>		
a.) Indian National	5315694	44.01
b.) Foreign National	166019	1.37
	<b>5481713</b>	<b>45.38</b>
<b>3. Clearing Members</b>	16,928	0.14
<b>4. Body Corporate</b>	220899	1.83
<b>Total B</b>	<b>5767890</b>	<b>47.75</b>
<b>Total A+B</b>	<b>12079000</b>	<b>100.00%</b>



➤ **Outstanding Warrants as on 31.03.2018**

Category	No. of Shares Underlying Outstanding convertible securities (including Warrants)	% of Shareholding on diluted basis
Promoter	2,25,000	1.87%
Public	0	0
<b>Total</b>	<b>2,25,000</b>	<b>1.87%</b>

➤ **Shareholding Pattern, as a % assuming Full Conversion of Convertible Securities i.e. Warrants (as a Percentage of Diluted Share Capital) as on 31<sup>st</sup> March, 2018**

Category	No. of Shares Underlying Outstanding Warrants	Amount Underlying Outstanding Warrants	% of Shareholding
Promoter	6536110	65361100	53.12%
Public	5767890	57678900	46.88%
<b>Paid up Equity Capital on fully Diluted Basis</b>	<b>12034000</b>	<b>120340000</b>	<b>100.00%</b>

• **Distribution of Shareholding as at March 31, 2018:-**

SHAREHOLDING OF NOMINAL	NO. OF OF	% OF	SHARE	% OF
Rs	RS	SHAREHOLDER	AMOUNT	TOTAL
			(IN RS)	CAPITAL
0	20000	367	12,02,110	1.00
20001	50000	39	13,72,560	1.14
50001	100000	129	1,01,13,320	8.37
100001	500000	101	2,66,98,810	22.10
500001	1000000	15	1,06,02,660	8.78
1000001	5000000	21	4,89,00,540	40.48

• **Address for Correspondence**

**Registrar and Transfer Agents:-**  
Big Share Services Private Limited  
4-E/8 First Floor Jhandewalan Extension  
New Delhi  
Tele-011-23522373  
011-42425004  
Email: bss@bigshareonline.com

**ASHFL Secretarial Department**

Paritosh Kothari  
Compliance Officer & Company Secretary  
Akme Business Centre, 4-5 Subcity Centre  
Savina Circle, Udaipur 313002  
Tel: 0294-2489501  
Email: akmeststarhousing@yahoo.com.

• **Separate Section for Investor Information on Company's website**

Shareholders are requested to visit [www.akmeststarhousing.com](http://www.akmeststarhousing.com) for online information about the Company. The financial results and other relevant information of the Company are posted on the website of the Company. Besides, the shareholders have the facility to post any query to the Company directly from the website which are acted upon within 24 hours of receipt of query.

• **Designated Exclusive Email-Id**

The Company has designated an exclusive email id [akmeststarhousing@yahoo.com](mailto:akmeststarhousing@yahoo.com), which would enable the shareholders to post their grievances and monitor its redressal. Any shareholder having any grievance or query may send the same to the said email address for its quick redressal.

• **Share Transfer system**

All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and rematerialisation are processed periodically by the Registrar and Share Transfer Agents, and the same are approved by Stakeholder Relationship Committee periodically depending on the volume of transfers. In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants. Share Certificates are dispatched back



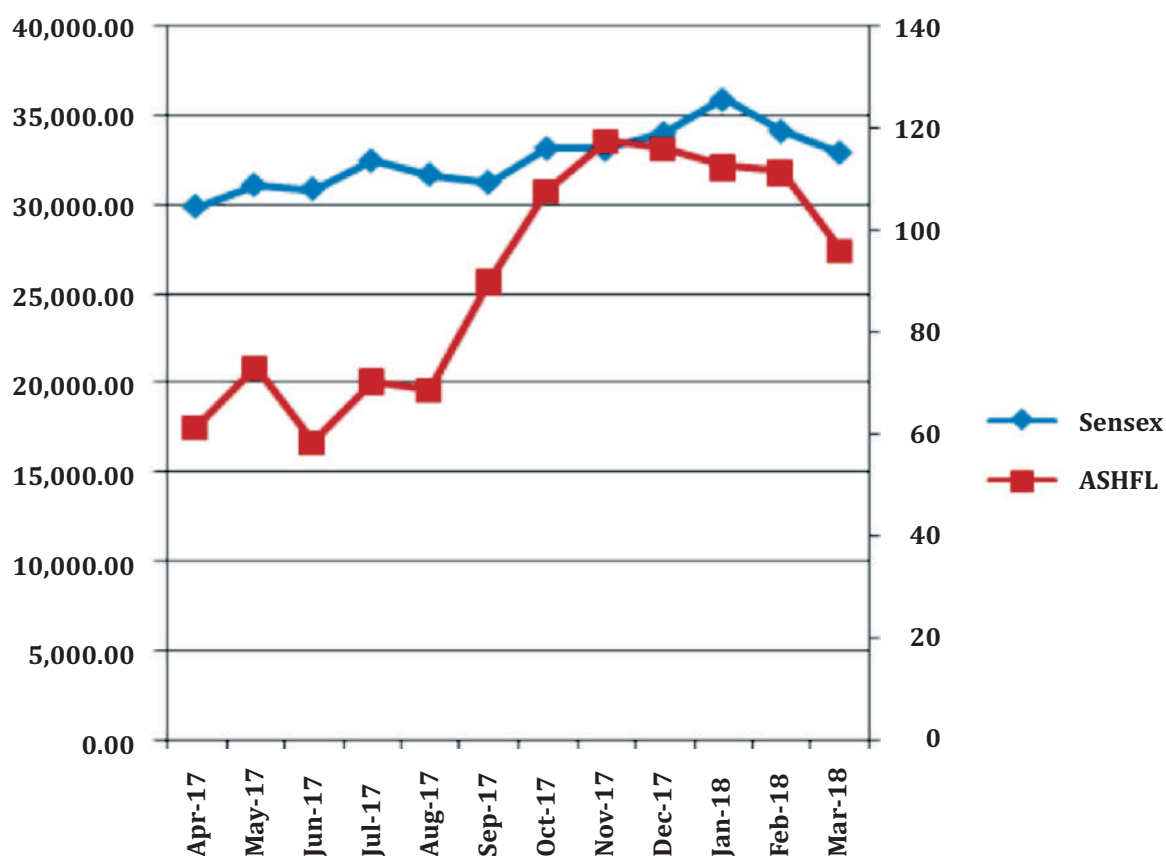
/ credited to the respective Depository Accounts of the allottees within the time prescribed under the Listing Agreement / SEBI Guidelines. The Committee meets as and when required to approve share transfer received in physical form. The Company obtains from a Company Secretary in practice, certificate of compliance with the share transfer formalities as required under SEBI (LODR) Guidelines, 2015

• **Dematerialization of Shares and Liquidity**

The Company's equity shares are in the list of compulsory dematerialization settlement by all investors. As at March 31, 2018, 90.80% of the share capital of the Company representing 10967480 equity shares were held in dematerialized form and the balance 9.20% representing 1111520 equity shares were held in physical form by the shareholders.

**Market Information**

MONTH	HIGH	LOW	SENSEX AVERAGE	MONTHLY CLOSING	ASHFL AVERAGE
Apr-17	30,184.22	29,241.48	29712.85	29,918.40	61.5
May-17	31,255.28	29,804.12	30529.7	31,145.80	73.1
Jun-17	31,522.87	30,680.66	31101.765	30,921.61	58.55
Jul-17	32,672.66	31,017.11	31844.885	32,514.94	70.45
Aug-17	32,686.48	31,128.02	31907.25	31,730.49	68.65
Sep-17	32,524.11	31,081.83	31802.97	31,283.72	90
Oct-17	33,340.17	31,440.48	32390.325	33,213.13	107.925
Nov-17	33,865.95	32,683.59	33274.77	33,149.35	117.525
Dec-17	34,137.97	32,565.16	33351.565	34,056.83	116
Jan-18	36,443.98	33,703.37	35073.675	35,965.02	112.5
Feb-18	36,256.83	33,482.81	34869.82	34,184.04	111.5
Mar-18	34,278.63	32,483.84	33381.235	32,968.68	96





- **Accounting Standards**

The Company has complied with the applicable Accounting Standards specified u/s 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III notified by the Ministry of Corporate Affairs (MCA).

- **Listing of Equity Shares:**

ASHFL'S shares are listed on the BSE Ltd.  
The Stock Code: 539017

The Company has arranged for the payment of the listing fees for the year 2018-19 as per the listing agreement with the respective stock exchanges.

- **Going Concern:**

The directors are satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

- **Other useful information for Shareholders**

- **Electronic filing of compliances on BSE and NSE**

In terms of SEBI (LODR), Guidelines 2015, all periodical compliance filings such as Company's financial results, shareholding pattern, corporate announcement and corporate governance report etc are electronically filed with the respective stock exchanges through BSE Listing Centre developed by BSE Limited.

- **SEBI Complaints Redress System (SCORES)**

The Company is registered with SEBI Complaints Redress System (SCORES). Under SCORES the investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are:

Centralized database of all complaints, online upload of Action Taken Reports (ATR) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

- **Shares held in Electronic Form**

Members holding shares in electronic form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given directly to the Depository Participant.

- **Shares held in Physical Form**

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given to the Company's RTA viz. Big Share Services Private Limited.

- **Service of documents through electronic mode**

Members, who are desirous of receiving the notice and other documents through email, may kindly intimate their respective email address to the Company's Registrar and Share Transfer Agent, Big Share Services Private Limited or may send an email from their respective email id to ipo@bigshareonline.com, with a subject "Registration of email id".

- **Financial year:**

The Company follows financial year starting from April 1 to March 31 each year.

- **Outstanding GDRs / ADRs / warrants:**

The Company has allotted 4,35,000 Warrants during the years out of which 2,10,000 were duly converted into Equity Shares and 2,25,000 warrants are due for conversion as on 31st March, 2018

- **SEBI toll-free helpline service for investors: 1800 22 7575 or 1800 266 7575 (available on all days from 9:00 a.m. to 6:00 p.m. excluding declared holidays).**

- **SEBI investors' contact for feedback and assistance: tel. 022-26449188, e-mail: sebi@sebi.gov.in**

**DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

We, hereby, confirm and declare that in terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and Senior Management Personnel of the Company have affirmed compliance with the "Code of Conduct for the Board of Directors and the Senior Management Personnel", for the Financial Year 2017-18.

SD/-  
Ashish Jain  
Chairman & Managing Director  
DIN- 02041164

SD/-  
Paritosh Kothari  
Company Secretary  
M.No.A36550

Place: Udaipur-16.06.2018



## **CORPORATE GOVERNANCE CERTIFICATE 2017-18**



## AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members,  
AKME Star Housing Finance Limited

We have examined the compliance of conditions of Corporate Governance by AKME Star Housing Finance Limited, for the year ended on March 31, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Udaipur  
Dated: 16.06.2018

For, H.R. Jain & Co  
Chartered Accountants  
(Firm Registration No. 000262C)

Sd/-  
CA Manoj Jain  
Partner  
Membership No. 400459



## CEO /CFO CERTIFICATE 2017-18



## CEO /CFO CERTIFICATE

To,  
The Board of Directors  
AKME Star Housing Finance Limited

1. We have reviewed financial statements and the cash flow statement of AKME Star Housing Finance Limited for the year ended 31st March, 2018 and to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) 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.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

4. We have indicated to the Auditors and the Audit Committee:

- (i) that there are no significant changes in internal control over financial reporting during the year;
- (ii) that there are no significant changes in accounting policies during the year; and
- (iii) that there are no instances of significant fraud of which we have become aware

Sd/-  
Bhanwar Singh Kachhawaha  
Chief Financial Officer

Sd/-  
Ashish Jain  
Managing Director  
DIN 02041164

Date: 16.06.2018  
Place: Udaipur

# AUDIT REPORT





## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of,  
**AKME STAR HOUSING FINANCE LIMITED,**

We have audited the accompanying financial statements of Akme Star Housing Finance Limited ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the statement of Profit and Loss Account, the Cash Flow Statement and the statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information incorporated in the Schedules and Notes to Accounts.

### Management's Responsibility for the Financial Statements

The Company's board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows and changes in Equity of the company in accordance with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with Auditing Standards specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of risks of material misstatements, whether due to fraud or error. In making those risk assessments, the audit considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, its Cash flows and the changes in Equity for the year ended on that date.

### 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 the paragraph 3 and 4 of the order, to the extent applicable.

- 2 As required by Section 143(3) of the Act, we report that
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Profit and Loss Statement, the Cash flow Statement and the statement of changes in Equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under Section 133 of the Companies Act 2013, read with relevant rules issued there under;
  - e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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; and
  - g. 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, and the Companies (Accounting Standards) Amendment Rules 2016, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company does not have any pending litigations which would impact its financial position.
    - ii. The company does not have any such long term contracts including derivative contracts which can arise any material foreseeable losses.
    - iii. There has not been any occasion in case of the company during the year under report to transfer any sum to the Investor Education and Protection Fund

**For H.R. JAIN & COMPANY**  
**Chartered Accountants**  
**Firm Registration No. 000262C**

**Sd/-**  
**Manoj Jain**  
**Partner**  
**M.No.400459**

**Udaipur**  
**28th May, 2018**



## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and 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) The Company is a Housing and other Finance company and the company's business does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) As per the information and records made available, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). In our opinion, the rate of interest and other terms and conditions on which the short term advance had been granted to the said parties were not, prima facie, prejudicial to the interest of the Company. Further the borrowers have been regular in the payment of the principal and interest as stipulated and there were no overdue amount in respect of such loans advance granted.
- (iv) In our opinion and according to the information and explanations given to us, the company has not provided/made any loans, investments, guarantees and securities under the provisions of section 185 and 186 of the Act.
- (v) The company has not accepted any deposits from the public and hence the provisions of section 73 to 76 and any other relevant provisions of the Act or any other directives of RBI are not applicable to the company.
- (vi) The Central government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the business activity or services by the company.
- (vii)
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans and borrowings to any financial institution, Bank, government, or dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer during the year. The company has raised term loans and cash credit limit from the banks, financial institutions and the said funds were applied for the purpose for which those funds were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give 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.
- (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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) The Company has issued on preferential basis warrants entitling the holder to equity shares in the year in accordance with the in principle approval to that effect from BSE Limited vide its approval letter no. DCS/PREF/SD/PRE/2363/2017-18 DATED 21<sup>ST</sup> November, 2017 for issue of 4,35,000 warrants of Rs. 10/- each at an offer price of not less than Rs. 84/- per share to promoters and non-promoters, with a condition that those shall be converted into equity shares within a time period of 18 months from the date of allotment. The company had received Rs.91,35,000/- towards issue of warrants as partial payment upto 30 November'2017.

Further, the company had received remaining payment of Rs. 1,32,30,000 towards 2,10,000 share warrants upon its conversion into Equity Shares as at 9th January, 2018 for which requisite trading approval is received from BSE vide letter No. DCS/PREF/TP/AC/6261/2017-18 dated February 14th, 2018 and is treated under the head "Share Capital" and "Reserves & Surplus" and as on 31st March, 2018 the partial payment of Rs. 47,25,000 against the outstanding 2,25,000 share warrants is treated as "Money received against Share warrants".

- (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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is a housing Finance company governed by NHB Act. And the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For H.R. JAIN & COMPANY**  
**Chartered Accountants**  
**Firm Registration No. 000262C**

**Sd/-**  
**Manoj Jain**  
**Partner**  
**M.No.400459**

**Udaipur**  
**28th May, 2018**

### **Annexure - B to the Auditors' Report**

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 Akme Star Housing Finance Limited ("the Company") as of 31 March 2018 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 (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit



to obtain reasonable assurance about whether adequate internal financial controls 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 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 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 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 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, 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 31 March 2018, 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.

**For H.R. JAIN & COMPANY**  
**Chartered Accountants**  
**Firm Registration No. 000262C**

**Sd/-**  
**Manoj Jain**  
**Partner**  
**M.No.400459**

**Udaipur**  
**28th May, 2018**



## AKME STAR HOUSING FINANCE LIMITED

Akme Business Centre, 2nd Floor, 4-5, Subcity Centre, Savina Circle, Udaipur (Rajasthan)

CIN: L45201RJ2005PLC020463

## BALANCE SHEET AS AT 31st March, 2018

(Amt. ' Rs.)

PARTICULARS	Note No.	As at 31.03.2018	As at 31.03.2017
<b>A. EQUITIES AND LIABILITIES</b>			
1 SHAREHOLDERS FUND:			
a Share Capital	2	120,790,000	118,690,000
b Reserves & Surplus	3	105,250,735	60,760,508
c Money Received against Share Warrant		4,725,000	-
		<b>230,765,735</b>	<b>179,450,508</b>
2 Share Application Money Pending for Allotment		-	-
3 NON CURRENT LIABILITIES			
a Long Term Borrowings	4	190,785,458	32,849,210
b Deferred Tax Liability		765,818	409,170
c Long Term Provisions	5	3,680,128	2,143,994
<b>Total Non Current Liabilities</b>		<b>195,231,404</b>	<b>35,402,374</b>
4 CURRENT LIABILITIES			
a Short Term Borrowings	6	54,882,881	25,760,606
b Other Current liabilities	7	59,930,650	8,163,016
c Short Term provisions	8	1,929,003	971,974
<b>Total Current Liabilities</b>		<b>116,742,534</b>	<b>34,895,596</b>
<b>Total</b>		<b>542,739,673</b>	<b>249,748,478</b>
<b>B. ASSETS</b>			
1 NON CURRENT ASSETS			
a Fixed Assets			
Tangible Asset	9	4,538,135	4,617,127
Non Tangible Asset		89,888	112,360
b Deferred Tax Assets (net)		-	-
c Long Term Portion of Loans	10	395,255,391	62,602,450
d Long Term Loans & Advances	11	3,908,910	3,300,000
<b>Total of Non Current Assets</b>		<b>403,792,324</b>	<b>70,631,937</b>
2 CURRENT ASSETS			
a Current Investments	12	8,800,100	8,800,100
b Short term portion of Loans	13	96,299,635	140,130,242
c Trade Receivables	14	12,511,204	2,778,739
d Cash & Cash Equivalents	15	10,932,148	20,463,126
e Short-Term Loans & Advances	16	7,768,000	6,850,000
f Other Current Assets	17	2,636,262	94,334
<b>Total of Current Assets</b>		<b>138,947,349</b>	<b>179,116,541</b>
<b>Total</b>		<b>542,739,673</b>	<b>249,748,478</b>
<b>Notes forming part of the Financial Statements</b>			
	1-40		

As per our separate report of even date annexed

For H R JAIN & CO.  
Chartered Accountants  
ICAI FRN-000262C

SD/-  
CA MANOJ JAIN  
PARTNER  
Membership No. 400459

PLACE: UDAIPUR  
Date: 28.05.2018

ON BEHALF OF BOARD OF DIRECTORS  
OF AKME STAR HOUSING FINANCE LTD

SD/-  
Nimal Kumar Jain  
Director  
DIN: 00240441

SD/-  
B.S. Kachhawaha  
Chief Financial  
Officer

SD/-  
Ashish Jain  
Director  
DIN: 02041164

SD/-  
Paritosh Kothari  
Company Secretary  
M.No: A36550



## AKME STAR HOUSING FINANCE LIMITED

Akme Business Centre, 2nd Floor, 4-5, Subcity Centre, Savana Circle, Udaipur (Rajasthan)

CIN: L45201RJ2005PLC020463

## Statement of Profit and loss for the Period Ended 31st March, 2018

(Amt. ' Rs.)

PARTICULARS	Note No.	As at 31.03.2018	As at 31.03.2017
<b>INCOME</b>			
Revenue from operations	18	65,947,310	31,358,533
Other Income	19	4,635,014	2,681,644
<b>Total of Revenue</b>		<b>70,582,324</b>	<b>34,040,177</b>
<b>EXPENDITURE</b>			
Interest & Finance Charges	20	17,088,731	4,742,371
Employees Remuneration & Benefits	21	7,005,290	4,207,384
Administration & other Expenses	22	4,588,581	2,871,579
Depreciation and Amortization Expenses	9	359,714	466,544
Provision for Contingencies	23	1,536,134	712,484
<b>Total Expenditure</b>		<b>30,578,450</b>	<b>13,000,362</b>
<b>Profit before Exceptional Items and Tax</b>		<b>40,003,875</b>	<b>21,039,815</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>40,003,875</b>	<b>21,039,815</b>
Provision for taxation		10,697,000	6,724,514
Deferred tax Liability (Asset)		356,648	242,340
<b>PROFIT FOR THE YEAR</b>		<b>28,950,227</b>	<b>14,072,961</b>
<b>Earning per Equity Shares</b>			
Basic	29	2.43	1.19
Diluted	29	2.38	1.19
Significant Accounting Policies and Notes to Account	1-40		

As per our separate report of even date annexed

For H R JAIN & CO.  
Chartered Accountants  
ICAI FRN-000262C

SD/-  
CA MANOJ JAIN  
PARTNER  
Membership No. 400459

PLACE: UDAIPUR  
Date: 28.05.2018

ON BEHALF OF BOARD OF DIRECTORS  
OF AKME STAR HOUSING FINANCE LTD

SD/-  
Nimal Kumar Jain  
Director  
DIN: 00240441

SD/-  
B.S. Kachhawaha  
Chief Financial  
Officer

SD/-  
Ashish Jain  
Director  
DIN: 02041164

SD/-  
Paritosh Kothari  
Company Secretary  
M.No: A36550



## AKME STAR HOUSING FINANCE LIMITED

Akme Business Centre, 2nd Floor, 4-5, Subcity Centre, Savana Circle, Udaipur (Rajasthan)

CIN: L45201RJ2005PLC020463

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED MARCH 31, 2018**

(Amt. ' Rs.)

CASH FLOW STATEMENT FOR THE YEAR 2017-18	As at 31.03.2018	As at 31.03.2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax as per Profit and Loss Statement	40,003,875	21,039,815
<b>Adjusted for:</b>		
Depreciation/ Amortization	359,714	466,544
Provision for Contingencies	1,536,134	712,484
Interest Received	(2,248,219)	(2,272,044)
<b>Operating Profit before Working Capital changes</b>	<b>39,651,504</b>	<b>19,946,799</b>
<b>Adjusted for:</b>		
Decrease/(Increase) in Trade Receivables	(9,732,465)	(1,517,436)
Decrease/(Increase) in Long Term Loans and Advances (other than Housing & other loans)	(608,910)	(300,000)
Decrease/(Increase) in Short Term Loans and Advances (other than Housing & other loans)	(918,000)	830,000
Decrease/(Increase) in Short Term Housing Loans to borrowers	43,830,607	(39,352,716)
Decrease/(Increase) in Long Term Housing Loans to borrowers	(332,652,941)	(8,255,262)
Decrease/(Increase) in Other Current Assets	(2,541,928)	-
Increase/ (Decrease) in Short Term Provisions	957,029	(664,132)
Increase/ (Decrease) in Other Current Liabilities	51,767,634	7,935,976
<b>Cash Generated from Operations</b>	<b>(210,247,470)</b>	<b>(21,376,771)</b>
Less: Taxes Paid	10,697,000	6,724,514
<b>Net Cash Generated from Operations (A)</b>	<b>(220,944,470)</b>	<b>(28,101,285)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(258,250)	(581,580)
Sale/Redemption of Investments	-	-
Interest Received	2,248,219	2,272,044
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>1,989,969</b>	<b>1,690,464</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of share Capital	17,640,000	-
Money Received against share Warrants	4,725,000	-
Long Term Borrowing Received/ (Paid)	157,936,248	31,846,458
Short Term Borrowing Received/ (Paid)	29,122,275	14,246,979
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>209,423,523</b>	<b>46,093,437</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(9,530,978)</b>	<b>19,682,616</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>20,463,126</b>	<b>780,510</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>10,932,148</b>	<b>20,463,126</b>



## Notes forming part of the financial statement for the year ended 31st March 2018.

### 1. SIGNIFICANT ACCOUNTING POLICIES:-

#### 1.1 Basis of preparation of Financial Statements:

- a. The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013 and Housing Finance Companies, (NHB) Directions, 2010. Accounting Standards (AS) referred to in the notes areas issued by the Institute of Chartered Accountants of India.
- b. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c. The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### 1.2 Interest on Housing Loan :

Repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is calculated each year on the outstanding balance at the beginning of the Company's financial year or on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable.

#### 1.3 Interest & other related Financial Charges:

Interest and other related financial charges are recognized as an expense for the period for which they are incurred as specified in Accounting Standard (AS 16) on "Borrowing Costs".

#### 1.4. Revenue Recognition:

- a. Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank.
- b. Income from other services is recognised on accrual basis.

#### 1.5. Provision for Contingencies:

Provision for Contingencies has been made on non-performing housing loans and other assets as per the Prudential Norms prescribed by the National Housing Bank. Company has also made provision on standard assets as prescribed by the directions of National Housing Bank.

#### 1.6. Fixed Assets:

Fixed Assets are stated at cost inclusive of expenses incidental thereto. All cost, including financing cost till the asset is put to use are capitalised. Depreciation on fixed assets is provided on written down value method at the rates calculated as prescribed under Schedule II to the Companies Act, 2013.

#### 1.7. Special Reserve:

The Company creates Special Reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987 which includes the transfer of Reserve amount as per Section 36(1) (viii) of the Income Tax Act, 1961.

#### 1.8. Prepaid Expenses:

Financial Expenses incurred during the year which provides benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expense to be adjusted on pro-rata time basis in the future accounting years.

#### 1.9. Income Tax:

Income Tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS 22) on "Accounting for Taxes on Income". The Deferred Tax assets and liabilities for the year, arising out of timing difference, are reflected in the Profit and Loss account. The cumulative effect thereof is shown in the Balance Sheet. Deferred Tax assets, if any, are recognised only if there is a reasonable certainty that the assets will be realized in future.

#### 1.10. Housing and Other Loans:

Housing Loans include outstanding amount of Housing Loan disbursed directly or indirectly to individual and other borrowers in accordance with directions of National Housing Bank (NHB). EMI and instalments due from borrowers and which are not overdue against the housing loans are shown under assets.

#### 1.11. Earnings Per Share:

Basic and diluted earnings per share are determined by dividing the net profit / (loss) after income tax by the weighted number of ordinary shares outstanding during the financial year.



Contd....

Calculation of earning per share	31.03.2018	31.03.2017
Net Profit attributable to equity share holders	28,950,227	14,072,961
Weighted Average No. of Shares	11,921,500	11,869,000
Diluted No. of shares	12,146,500	11,869,000
EPS	2.43	1.19
Diluted	2.38	1.19

## **NOTES TO THE ACCOUNTS**

<b>Note 2: Share Capital</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Authorised Share Capital 140,00,000 Equity Shares @ 10 Each (prev. Year 1,20,00,000 Equity Shares)	140,000,000	120,000,000
Issued, Subscribed, Called Up & Paid Up Share Capital 12079000 Equity Shares @ 10 Each ( Prev. Year 11869000 Equity Shares @ 10 Each)	120,790,000	118,690,000
<b>Total</b>	<b>120,790,000</b>	<b>118,690,000</b>

*The Company has issued 435000 share warrants during the year at an offer price of not less than Rs. 84/- per share and received 25% of offer price as partial payment, Further 210000 share warrants were converted into equity shares on receipt of balance 75% of offer price and remaining 225000 share warrants are treated as "Money received against share warrants"*

<b>Note 3: Reserves &amp; Surplus</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Share premium</b>		
<b>Op Balance</b>	<b>19,349,103</b>	<b>78,694,103</b>
Add: Addition during the Year	15,540,000	-
Less: Utilised for Allotment of Bonus Shares 1:1	-	59,345,000
<b>Share Premium Closing Balance</b>	<b>34,889,103</b>	<b>19,349,103</b>
<b>Special Statutory Reserve U/s 29C of NHB Act, 1987 including reserve under Income Tax Act U/s 36(1)(viii)</b>		
Balance as per last Balance Sheet	11,636,553	7,428,590
Add: Transferred from Statement Profit & Loss Account	- 8,000,775	- 4,207,963
<b>Special Reserve Closing Balance</b>	<b>19,637,328</b>	<b>11,636,553</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	29,774,852	19,909,854
Add: Profit Available for Appropriation	28,950,227	14,072,961
Less: Transferred to Special Reserve	8,000,775	4,207,963
<b>Closing Surplus Balance of profit &amp; Loss</b>	<b>50,724,304</b>	<b>29,774,852</b>
<b>Total of Reserve &amp; Surplus</b>	<b>105,250,735</b>	<b>60,760,508</b>



<b>Note 4 : Long Term Borrowings</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Secured</b>		
Bank of Baroda Car Loan	666,288	849,210
Bank of Baroda (Term loan)	44,160,000	32,000,000
AU small Finance Bank (Term loan)	35,000,006	-
SBI Term Loan	110,959,164	-
<b>Total Secured Long Term Borrowing</b>	<b>190,785,458</b>	<b>32,849,210</b>
<b>Total Long Term Liabilities</b>	<b>190,785,458</b>	<b>32,849,210</b>
<b>Note 5: Long Term Provisions</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Provision for Contingencies		
Provision ag. Advances as per NHB guidelines		
- on Standard Assets	2,477,445	1,125,334
- on Non Performing Assets	1,202,683	1,018,660
<b>Total Long Term Provisions</b>	<b>3,680,128</b>	<b>2,143,994</b>
<b>Note 6 : Short Term Borrowings</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Secured</b>		
Bank of Baroda CC limit	25,336,303	25,760,606
AU small Finance Bank CC limit	29,546,578	-
<b>Total Secured Short Term Borrowing</b>	<b>54,882,881</b>	<b>25,760,606</b>
Unsecured	-	-
<b>Total Unsecured Short Term Borrowing</b>	<b>-</b>	<b>-</b>
<b>Total Short Term Borrowings</b>	<b>54,882,881</b>	<b>25,760,606</b>
<b>Note 7: Other Current Liabilities</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Current Maturities of Long term borrowings		
Bank of Baroda (Car Loan)	176,250	153,000
Bank of Baroda (Term Loan)	14,720,000	8,000,000
AU Bank (Term Loan)	9,999,996	-
SBI (Term Loan)	25,000,000	-
Other Creditors	10,185,524	6,016
TDS Payable	94,308	4,000
Duties & taxes	(245,428)	-
<b>Total Other Current Liabilities</b>	<b>59,930,650</b>	<b>8,163,016</b>
<b>Note 8: Short Term Provisions</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
For Taxation (Net of Advance Tax and TDS of Current Year)	1,858,021	920,900
For Expenses	70,982	51,074
<b>Total Short Term Provisions</b>	<b>1,929,003</b>	<b>971,974</b>
<b>Note 10: Long term Portion of Loans</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Standard	389,300,898	59,433,975
Sub-Standard	4,716,458	994,924
Doubtful Assets	1,238,035	2,173,551
Loss Assets	-	-
<b>Total Long term Portion of Loans</b>	<b>395,255,391</b>	<b>62,602,450</b>
<b>Note 11: Other Long Term Loans &amp; Advances</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Security Deposit for Udaipur Office	3,000,000	3,000,000
Security Deposit for Mumbai Office	908,910	300,000
<b>Total long Term Loans &amp; Advances</b>	<b>3,908,910</b>	<b>3,300,000</b>



Note 9: Fixed Assets												
				GROSS BLOCK				DEPRECIATION			NET BLOCK	
Particulars	Salvage value	Useful life as per Co Act 2013	Rate of Depreciation	1.4.2017	Addition	Deduction	31.03.2018	1.4.2017	For the Period	31.03.2018	31.03.2018	31.3.2017
					Adjustment	Adjustment						
<b>Tangible Assest</b>												
New Car		8 Years	31.23%	1,492,012			1,492,012	710,015	244,218	954,233	537,779	781,997
HP Laptop	1840.00	3 Years	63.16%	36,800			36,800	34,511	1,446	35,957	843	2,289
Computers & printer	4000.00	3 Years	63.16%	257,580	29,700		287,280	112,809	91,438	204,247	83,033	144,771
Mobile		8 Years	31.23%	-	13,000		13,000	-	140	140	12,860	-
Furniture & Fixtures			-	-	215,550		215,550	-	-	-	215,550	-
Land		full	Nil	3,688,070	-		3,688,070	-	-	-	3,688,070	3,688,070
<b>Subtotal</b>				5,474,462	258,250	-	5,732,712	857,335	337,242	1,194,577	4,538,135	4,617,127
<b>Intangible Assets</b>												
Software	14045.00	5 Years	20%	280,900	-	-	280,900	168,540	22,472	191,012	89,888	112,360
<b>Subtotal</b>				280,900	-	-	280,900	168,540	22,472	191,012	89,888	112,360
<b>TOTAL</b>				5,755,362	258,250	-	6,013,612	1,025,875	359,714	1,385,589	4,628,023	4,729,487

Note 12: Current Investments	31.03.2018	31.03.2017
Investments-Shares of Akme Fintrade (I) ltd	4,000,100	4,000,100
Investments-Shares of Akme Fincon Ltd	4,800,000	4,800,000
<b>Total long Term Loans &amp; Advances</b>	<b>8,800,100</b>	<b>8,800,100</b>

Note 13: Short term portion of Loans	31.03.2018	31.03.2017
Standard	96,299,635	140,130,242
Sub-Standard	-	-
Doubtful Assets	-	-
Loss Assets	-	-
<b>Total</b>	<b>96,299,635</b>	<b>140,130,242</b>

Note 14: Trade Receivables	31.03.2018	31.03.2017
Interest Receivables on Housing Loans	12,214,396	2,533,494
Interest Receivable on Other Loans/advance	-	245,245
Interest Receivable on Banks	296,808	-
<b>Total long Term Loans &amp; Advances</b>	<b>12,511,204</b>	<b>2,778,739</b>

Note 15: Cash & Bank Balances	31.03.2018	31.03.2017
Cash in Hand	518,699	463,126
Balance with Scheduled Banks	10,413,449	20,000,000
<b>Total</b>	<b>10,932,148</b>	<b>20,463,126</b>

Note 16: Other Short Term Loans & Advances	31.03.2018	31.03.2017
Security Deposit for Kotak Mahindra	50,000	50,000
Advance against Property	7,718,000	6,800,000
<b>Total</b>	<b>7,768,000</b>	<b>6,850,000</b>



<b>Note 17: Other Current Assets</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Tax Refund due old	94,334	94,334
Prepaid Exp	2,541,928	-
<b>Total</b>	<b>2,636,262</b>	<b>94,334</b>
<b>Note 18: Revenue from Operations</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Interest on Housing and property Loans	59,279,276	26,364,709
Interest on Other Loans	6,668,034	4,993,824
<b>Total</b>	<b>65,947,310</b>	<b>31,358,533</b>
<b>Note 19: Other Income</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Other Interest Income	2,248,219	2,272,044
Bad Debts Recovered	881,010	409,600
Management Fees	1,487,600	-
Dividend Income	18,185	-
<b>Total</b>	<b>4,635,014</b>	<b>2,681,644</b>
<b>Note 20: Interest &amp; Financial Charges</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Interest Exp.	16,522,633	3,392,058
Interest on Income Tax	-	277,554
Processing & Inspection charges	204,983	-
Bank charges	361,115	1,072,759
<b>Total</b>	<b>17,088,731</b>	<b>4,742,371</b>
<b>Note 21: Employee Remuneration &amp; Benefits</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Salary to Staff	4,323,813	2,776,116
Staff Welfare Exp.	72,000	-
Bonus	129,667	-
Director's Salary	2,370,000	1,320,000
PF & ESI Contribution	109,810	111,268
<b>Total</b>	<b>7,005,290</b>	<b>4,207,384</b>
<b>Note 22: Administrative &amp; Other Expenses</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Audit Fees	40,000	39,500
Conveyance	120,827	90,543
Electricity Exp	109,760	92,505
Professional fee	1,525,096	583,862
Office Exp.	211,494	178,820
Printing & Stationery	195,708	121,645
Office Rent Exp.	80,425	6,000
T.A. and D.A.	2,000	18,340
Postage and courier	6,682	4,995
Advertising Exp.	124,880	-
ROC Filling Fees	204,570	604,300
Stamp & Franking Charges	49,138	352,022
Director's Sitting Fee	59,000	104,250
Insurance Expenses	192,199	43,500
Telephone Expenses	116,456	106,012
Repair & Maintenance Expenses	224,496	162,160
Misc expenses	-	50,377
Computer Exp.	96,021	-
Annual Listing expenses	476,363	-
Business Promotion Exp.	163,500	-
Commission	6,650	-
Credit Rating Exp.	246,700	-
Penalty & Fine	1,480	6,000
Donation	116,511	16,000
Bad Debts Written off	-	32,809
Travelling Expenses	218,625	156,712
Other Misc Expenses relating to Advances	-	101,227
<b>Total</b>	<b>4,588,581</b>	<b>2,871,579</b>



Note 23: Provisions for Contingencies	31.03.2018	31.03.2017
Provision on Standard Assets	1,352,111	354,358
Provision on Sub-Standard Assets	184,023	358,126
<b>Total</b>	<b>1,536,134</b>	<b>712,484</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018

(Rs in Lakhs)

PARTICULARS	Equity share capital	Share premium reserve	Retained Earnings	Special Statutory Reserve
Balance as of 1st April 2017	1,186.90	193.49	297.75	116.37
<b>Changes in Equity for the year ended 31st March 2018:</b>				
1 Shares issued during the year	21.00	155.40	-	-
2 Profit for the year	-	-	289.50	-
3 Transfer to Statutory Reserve	-	-	(80.00)	80.00
<b>Balance as at 31st March 2018</b>	<b>1,207.90</b>	<b>348.89</b>	<b>507.25</b>	<b>196.37</b>

**24. SHARE CAPITAL**

- 24.1 The company has, at present, one class of issued, subscribed and paid up share referred to as equity share having a par value of Rs 10/- each. Each holder of equity share is entitled to one vote per share.
- 24.2 Company has increased its Authorised Share Capital Rs. 12 Crore to Rs.14 Crore during the year.
- 24.3 Reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period :

Particulars	31.03.2018		31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares outstanding at beginning of the year	11,869,000	118,690,000	5,934,500	59,345,000
Add: Shares issued during the year	210,000	2,100,000	-	-
Add: Bonus Shares allotted during the year	-	-	5,934,500	59,345,000
Equity shares outstanding at year end	12,079,000	120,790,000	11,869,000	118,690,000

- 24.4 Details of share holders holding more than 5% equity shares in the company are as under:-

Particulars	31.03.2018		31.03.2017	
	No. of Shares	% Holding	No. of Shares	% Holding
Nirmal Kumar Jain	854000	7.07%	854000	7.19%
KaluLal Jain	633400	5.24%	633400	5.33%
Dr. Mohan LalNagda	702600	5.82%	702600	5.92%

**25. Reserves& Surplus**

- 25.1 The Company has transferred a sum of Rs. 80.00 lacs (Rs. 42.08 lacs) during the year in the Special Reserve out of its profits in terms of Section 29C of the National Housing Bank Act, 1987. This amount includes the transfer of a sum of Rs.29.22 lacs (Rs.15.72 lacs) in the reserve created under Section 36(1) (viii) of the Income Tax Act, 1961. Breakups of transfer of funds in both the reserves are as under:-



Particulars	Amount(Rs.) 31.03.2018	Amount(Rs.) 31.03.2017
Balance at the beginning of the Year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	7790962	5155277
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	3845591	2273313
<b>c) Total</b>	<b>11636553</b>	<b>7428590</b>
Addition / Appropriation/ Withdrawal during the year		
Add: a) Amount Transferred u/s 29C of the NHB act, 1987	5078375	2635685
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	2922400	1572278
Less: a) Amount appropriated from statutory Reserve u/s 29C of the NHB Act, 1987	Nil	Nil
b) Amount Withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision under section 29C of the NHB Act, 1987	Nil	Nil
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	12869337	7790962
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	6767991	3845591
<b>c) Total</b>	<b>19637328</b>	<b>11636553</b>

26. Short Term provisions- Provision for Taxation includes Rs. 106.97 lacs (Rs. 67.25 lacs) as Tax provision for current year.
27. Housing Finance
- 27.1 As certified by the management, loans given by the company are secured by Equitable Mortgage/Registered Mortgage of the property and assets financed and/or assignment of Life Insurance Policies and /or personal Guarantees and are considered appropriate and good.
- 27.2 The Non-Performing Assets (NPA) as on March 31st 2018, consisting of principal loans outstanding where payments of EMI were in arrears for 90 days or more amounted to Rs. 59,54,494/- (Rs. 31,68,475/-). As per prudential norms prescribed by the NHB, the company is required to carry a contingency provision of Rs. 36,80,128/- (Rs. 21,43,994/-) in respect of Standard and Non Performing Housing loans assets. The company has made during the year, Provision of Rs. 15,36,134/- (Rs. 7,12,484/-) thereby total provisioning of Rs. 36,80,128/- (Rs. 21,43,994/-) for contingencies against the requirement of Rs. 36,80,128/- of total provision. Company has sufficient provision as per the requirements of the guidelines on prudential norms issued by the National Housing Bank (NHB).

The amount of outstanding loan provision made by the company are as per the guidelines issued by NHB

(Rs. In Lacs)				
	31.03.2018		31.03.2017	
Particulars	Amount	%	Amount	%
Gross NPA	59.54	1.21	31.68	1.56
Provision	12.03	-	10.19	-
Net NPA	47.51	0.97	21.49	1.06



28.1 Details of the Company Outstanding Loans and provisions thereon as on 31.03.2018 are as under:

A) As per Paragraph 28 of NHB directions 2010-

Provision for Standard/ Sub Standard/ Doubtful and Loss Assets as per NHB Directions (paragraph 28) as on 31 -03 -2018					
S.no	Particulars	amount in Rs.		amount in Rs.	amount in Rs.
I	Standard Assets	Amount O/s as on 31 -03 -2018	% of Provision Required as per norms	Amount of Provision required as on date 31 -03 -2018 as per norms	Amount of Actual Provision as on 31 -03 -2018
Ia	Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	2%	Nil	Nil
Ib	Standard Assets In respect of house loans to Individuals	202,702,747	0.25%	506,757	506,757
Ic	Standard Assets in respect of Mortgage Loans to individuals	3,829,592	0.25%	9,574	9,574
Id	Standard Assets In respect of CRE -RH i.e to builders for residential houses	249,532,134	0.75%	1,871,491	1,871,491
Ie	Standard Assets in respect of all other commercial real estate (CRE)	2,104,367	1.00%	21,044	21,044
If	standard Assets in respect of all other non housing & Mortgage Loans	27,431,694	0.25%	68,579	68,579
A	<b>Sub total Standard assets i.e Ia to If Advances</b>	<b>485,600,533</b>		<b>2,477,445</b>	<b>2,477,445</b>
II	<b>Sub Standard Assets</b>				
IIa	Sub -Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil
II b	Sub -Standard Assets In respect of house loans to Individuals	3,859,485	15%	578,923	578,923
IIC	Sub -Standard Assets in respect of Mortgage Loans to individuals	856,973	15%	128,546	128,546
II d	Sub -Standard Assets In respect of CRE -RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
II e	Sub -Standard Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
II f	Sub - standard Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
B	<b>Sub total - Sub standard assets II a to II f</b>	<b>4,716,458</b>		<b>707,469</b>	<b>707,469</b>
III	<b>Doubtful Assets</b>				
IIIa	Doubtful Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil



IIIb	Doubtful Assets In respect of house loans to Individuals				
	up to one year duration	Nil	25%	Nil	Nil
	More then one year up to three year	831995.00	40%	332,798	332,798
	More then three year	Nil	100%	Nil	Nil
IIIc	Doubtful Assets in respect of Mortgage Loans to individuals More then one yr. - Less than 3 yr.	406041.00	40%	162,416	162,416
IIId	Doubtful Assets In respect of CRE - RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
IIIe	Doubtful Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
III f	Doubtful Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
<b>C</b>	<b>Sub total-Doubtful assets III a to III f</b>	<b>1238036</b>	<b>0.8</b>	<b>495214</b>	<b>495214</b>
<b>IV</b>					
<b>D</b>	<b>Loss Assets</b>	Nil	100%	Nil	Nil
<b>D</b>	<b>Grand Total of Gross Advances (A+B+C+D)</b>	<b>49155502</b>		<b>3680128</b>	<b>3680128</b>

B) As per paragraph 29 of NHB Directions 2010-

Provision of Loans & Advances (Housing & Non Housing) as on 31-03 -2018 as per Paragraph 29 of NHB Directions 2010					
	Category of Loan	Out Standing as on 31 -03 -2018	% of Provision Required as per norms	Amount of Provision Required as per norms	Actual Provision Made as per books
<b>1</b>	<b>Housing Loan</b>				Amount In Rs.
	1. Standard Assets				
	(i) Individual	202,702,747	0.25%	506,757	506,757
	(ii) To Builder CRE - RH	249,532,134	0.75%	1,871,491	1,871,491
	(ii) To Builder CRE	2,104,367	1.00%	21,044	21,044
	2. Sub Standard Assets	3,859,485	15.00%	578,923	578,923
	3. Doubtful Assets	831,995	40.00%	332,798	332,798
	4. Loss Assets	-	100%	-	-
	<b>Total House Loans</b>	<b>459,030,727</b>		<b>3,311,012</b>	<b>3,311,012</b>
	<b>Non Housing Loans</b>				
<b>2</b>	<b>Mortgage Loans</b>				
	1. Standard Assets	3,829,592	0.25%	9,574	9,574
	2. Sub Standard Assets	856,973	15.00%	128,546	128,546
	3. Doubtful Assets	406,041	40.00%	162,416	162,416
	4. Loss Assets	-	100%	-	-
	<b>Total Mortgage Loans</b>	<b>5,092,605</b>		<b>300,536</b>	<b>300,536</b>
<b>3</b>	<b>Other Short Term Loans &amp; Advance</b>				
	1. Standard Assets	27,431,694	0.25%	68,579	68,579
	2. Sub Standard Assets	-	15.00%	-	-
	3. Doubtful Assets	-	40.00%	-	-
	4. Loss Assets	-	100%	-	-
	<b>Total Short Terms Loans</b>	<b>27,431,694</b>		<b>68,579</b>	<b>68,579</b>
	<b>Grand Total Gross Advance</b>	<b>491,555,027</b>	<b>0</b>	<b>3,680,128</b>	<b>3,680,128</b>



Details of the Company Outstanding Loans and provisions thereon as on 31.03.2017 are as under:

A) As per Paragraph 28 of NHB Directions 2010-

(Amt. in Rs.)

Provision for Standard/ Sub Standard/ Doubtful and Loss Assets as per NHB Directions (paragraph 28) as on 31-03-2017					
S.no	Particulars	amount in Rs.		amount in Rs.	amount in Rs.
I	Standard Assets	Amount O/s as on 31-03-2017	% of Provision Required as per norms	Amount of Provision required as on date 31-03-2017 as per norms	Amount of Actual Provision as on 31-03-2017
Ia	Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	2%	Nil	Nil
Ib	Standard Assets In respect of house loans to Individuals	71,193,101	0.40%	284,772	284,772
Ic	Standard Assets in respect of Mortgage Loans to individuals	7,605,730	0.40%	30,423	30,423
Id	Standard Assets In respect of CRE-RH i.e to builders for residential houses	89,486,851	0.75%	671,151	671,151
Ie	Standard Assets in respect of all other commercial real estate (CRE)	2,312,306	1.00%	23,123	23,123
If	standard Assets in respect of all other non housing & Mortgage Loans	28,966,229	0.40%	115,865	115,865
A	<b>Sub total Standard assets i.e Ia to If Advances</b>	<b>199,564,217</b>		<b>1,125,335</b>	<b>1,125,335</b>
II	<b>Sub Standard Assets</b>				
IIa	Sub-Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil
II b	Sub-Standard Assets In respect of house loans to Individuals	994,924	15%	149,239	149,239
IIc	Sub-Standard Assets in respect of Mortgage Loans to individuals	Nil	15%	Nil	Nil
II d	Sub-Standard Assets In respect of CRE-RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
II e	Sub-Standard Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
II f	Sub- standard Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
B	<b>Sub total - Sub standard assets II a to II f</b>	<b>994,924</b>		<b>149,239</b>	<b>149,239</b>
III	<b>Doubtful Assets</b>				
IIIa	Doubtful Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil



	Doubtful Assets In respect of house loans to Individuals				
	up to one year duration	Nil	25%	Nil	Nil
	More than one year up to three year	1,080,578	40%	432,231	432,231
IIIb	More than three year	Nil	100%		
IIIc	Doubtful Assets in respect of Mortgage Loans to individuals More than one year - less than three year	1,092,973	40%	437,189	437,189
IIId	Doubtful Assets In respect of CRE-RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
IIIe	Doubtful Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
III f	Doubtful Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
<b>C</b>	<b>Sub total - Doubtful assets III a to III f</b>	<b>2,173,551</b>	<b>0.8</b>	<b>869,420</b>	<b>869,420</b>
<b>IV D</b>	<b>Loss Assets</b>	Nil	100 %	Nil	Nil
<b>D</b>	<b>Grand Total of Gross Advances (A+B+C+D)</b>	<b>202732692</b>		<b>2,143,994</b>	<b>2,143,994</b>

B) As per Paragraph 29 of NHB Directions 2010

Provision of Loans & Advances (Housing & Non Housing) as on 31-03-2017 as per Paragraph 29 of NHB Directions 2010					
	Category of Loan	Out Standing as on 31-03-2017	% of Provision Required as per norms	Amount of Provision Required as per norms	Actual Provision Made as per books
1	<b>Housing Loan</b>				Amount In Rs.
	1. Standard Assets				
	(i) Individual	71,193,101	0.40%	284,772	284,772
	(ii) To Builder CRE-RH	89,486,851	0.75%	671,151	671,151
	(ii) To Builder CRE	2,312,306	1.00%	23,123	23,123
	2. Sub Standard Assets	994,924	15.00%	149,239	149,239
	3. Doubtful Assets	1,080,578	40.00%	432,231	432,231
	4. Loss Assets	-	100%	-	-
	<b>Total House Loans</b>	<b>165,067,760</b>		<b>1,560,517</b>	<b>1,560,517</b>
	<b>Non Housing Loans</b>				
2	<b>Mortgage Loans</b>				
	1. Standard Assets	7,605,730	0.40%	30,423	30,423
	2. Sub Standard Assets	-	15.00%	-	-
	3. Doubtful Assets	1,092,973	40.00%	437,189	437,189
	4. Loss Assets	-	100%	-	-
	<b>Total Mortgage Loans</b>	<b>8,698,703</b>		<b>467,612</b>	<b>467,612</b>



<b>3</b>	<b>Other Short Term Loans &amp; Advance</b>				
	1. Standard Assets	28,966,229	0.40%	115,865	115,865
	2. Sub Standard Assets	-	15.00%	-	-
	3. Doubtful Assets	-	40.00%	-	-
	4. Loss Assets	-	100%	-	-
	<b>Total Short Terms Loans</b>	<b>28,966,229</b>		<b>115,865</b>	<b>115,865</b>
	<b>Grand Total Gross Advnace</b>	<b>202,732,692</b>	<b>0</b>	<b>2,143,994</b>	<b>2,143,994</b>

28.2 The Company has not written off any loan amount during the year ended 31.03.2018.

28.3 In terms of the requirement of the National Housing Bank (NHB) Directions 2010, further amended vide Circular no. NHB.HFC.Dir.3/CMD/2011 dtd August 5th 2011, the company has met the said requirements as under by providing Provisions for contingencies @ 0.25% on all standard assets in respect of all loans.

29. As per Accounting standard (AS-20) "Earnings per Share" is calculated for the Year as on 31.03.2018 is Rs. 2.43. EPS for the previous year as on 31.03.2017 was Rs.1.19.

30. As per Accounting standard (AS-18) on "Related Party Disclosures" details of transactions with related parties as defined therein are as given below:

a. List of related parties with whom transactions have taken place during the year and their nature of relationship is as follows:

Key Managerial Personnels-

- Nirmal Jain
- Dr.M.L.Nagda
- B.S. Kacchawaha
- Paritosh Kothari

Relative of Key Managerial Personnels-

- Manju Devi Jain (Wife of Director- Nirmal Kumar Jain)
- Ashish Jain ( Son of Director- Mohan Lal Nagda)
- Dipesh Jain ( Son of Director- Nirmal Kumar Jain)

b. Transactions by Company during the year with related parties

(in lacs)

Details of Transactions	Associate Companies	Key Managerial Personals
<b>Expenses</b>		
Directors Remuneration	-	19.20
Salary to relative of Director	-	17.75

c. Details of Major transaction during the year with the above related parties :

Details of Transactions	Associate Companies	Key Manage rial personnel's
<b>Expenditure</b>		
<b>Director Remuneration</b>		
Nirmal Jain		7.20
Dr.M.L.Nagda		12.00
<b>Salary to Relative of Director</b>		
Manju Jain		6.20
Ashish Jain		7.00
Dipesh jain		4.55
Paritosh Kothari		3.14



- d. The Company has given new loans during the year to parties who categories under the Related Parties as Normal Business of financing Transactions. As these transactions were done as normal business transactions, these have not been reported as per the disclosure under Related Party Transactions.
31. The main business of the company is to provide loans for the purchase or construction of residential houses and all other activities of the company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting", and under paragraph 29(2) of the Housing Finance Companies (NHB) Directions, 2010, which needs to be reported.
32. As required by the guidelines of NHB, the following additional Disclosures are as follows:

### I. Capital to Risk Assets Ratio (CRAR)

Particulars	Year ended 31.03.2018	Year ended 31.3.2017
(i) CRAR %	68.40 %	109.00%
(ii) CRAR - Tier I capital (%)	66.29%	108.32%
(iii) CRAR - Tier II Capital (%)	2.11 %	0.68%
(iv) Amount of subordinated debt raised as Tier-II capital	-	-
(v) Amount raised by issue of Perpetual Debt instrument	-	-

### II. Exposure to Real Estate Sector

(In Rs. Crore)

Category		Year ended 31.03.2018	Year ended 31.03.2017*
a)	<b>Direct Exposure</b>		
(i)	Residential Mortgages – (Loan above Rs. 15.00 lacs)	31.68	11.36
	Lending fully secured by Mortgages on Residential property that is or will be occupied by borrower or that is rented; (Individual Housing Loans upto Rs. 15.00 lacs may be shown separately)	14.52	5.78
(ii)	Commercial Real Estate		
	Lending secured by Mortgages on commercial real estates (Office buildings, Retail Space, Multi -purpose commercial Premises, Multi-family residential buildings, Multi-tenanted commercial premises, Industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non-fund based (NFB) limits.	0.21	0.23
(iii)	Investment in Mortgage backed Securities (MBS) and other securitized exposures		
	a. Residential		
	b. Commercial Real Estate		
b)	<b>Indirect Exposure</b>		
	Fund based and non -fund based exposures on National Housing Bank (NHB) and housing finance companies (HFC's)		
	Total (a) + (b)	46.41	17.37

\* Figures of previous year has been reclassified as required.



### III. Asset Liability Management 31-03-2018.

#### Maturity pattern of certain items of assets and liabilities

(In Rs. Crores)

	1 day to 30- 31 days	Over 1 month to 2 months	Over 2 month upto 3 months	Over 3 month upto 6 months	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
<b>Liabilities</b>										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowing from banks	0.18	0.08	0.70	1.37	8.22	10.94	8.05	0.00	0.00	<b>29.55</b>
Market Borrowing	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>										
Advances	0.27	0.29	0.82	1.93	6.32	26.06	9.37	3.42	0.66	<b>49.15</b>
Investments	-	-	-	-	-	-	-	-	0.88	<b>0.88</b>
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-

- IV. During the year, Company has not entered into any (a) derivative transaction, (b) securitisation and assignment transaction, (c) financing of Parent Company product, and (e) finance of any unsecured advances against intangible securities such as rights, licenses, authority etc as collateral security.
- V. The Company has not exceeded limit prescribed by National Housing Bank for Single Borrower Limit (SGL) and Group Borrower Limit (GBL).
- VI. The Company has not obtained registration from any other financial sector regulator.
- VII. During the year, a) no prior period items occurred which has impact on profit and loss account, b) no change in any accounting policy, c) there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties, d) there is no withdrawal from Reserve fund, e) Company has not accepted public deposits, f) Company does not consists of any Overseas Assets and g) Company does not consists Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms).
- VIII. The Company has no subsidiary company. Hence, requirement of consolidated financial statements is not applicable to the company.

### IX) PROVISIONS AND CONTINGENCIES

(In Rs. Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account and Reserves	Current Year	Previous Year
1. Provision for depreciation on Investment	-	-
2. Provision made towards income tax	0.18	0.09
3. Provision towards NPA	0.12	0.10
4. Provision for Standard assets (with details like teaser loan, CRE, CRE-Rh etc)	0.25	0.11
5. Other Provision and contingencies	0.01	0.01



## X) Other Disclosures

(In Rs. Crore)

Particulars	Current Year	Previous Year
1. Provision for depreciation on Investment	-	-
2. Provision made towards income tax	0.18	0.09
3. Provision towards NPA	0.12	0.10
4. Provision for Standard assets (with details like teaser loan, CRE, CRE-Rh etc)	0.25	0.11
5. Other Provision and contingencies	0.01	0.01

## CONCENTRATION OF LOANS &amp; ADVANCES

(In Rs. Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to Twenty largest borrowers	25.87	12.41
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	52.63	61.22

## CONCENTRATION OF ALL EXPOSURE (INCLUDING OFF - BALANCE SHEET EXPOSURE)

(In Rs. Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to Twenty largest borrowers/Customers	25.87	12.41
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC on Borrower/Customers	52.63	61.22

## CONCENTRATION OF NPAs

(In Rs. Crore)

Particulars	Current Year	Previous Year
Total Exposure to Top Ten NPA Accounts	0.43	0.30

## SECTOR-WISE NPAs

	Percentage of NPAs to Total Advances in that Sector
<b>A. Housing Loans:</b>	
1. Individuals	2.26%
2. Builders/Project Loans	
3. Corporates	
4. Other (Specify)	
<b>B. Non-Housing Loans:</b>	
1. Individuals	24.78%
2. Builders/Project Loans	
3. Corporates	
4. Other (Specify)	

**MOVEMENT OF NPAs**

(In Rs. Crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	1.23	1.59
(II) Movement of NPAs (Gross)		
a) Opening Balance	0.31	0.32
b) Additions during the year	0.43	0.07
c) Reductions during the year	0.14	0.08
d) Closing Balance	0.60	0.31
(III) Movement of Net NPAs		
a) Opening Balance	0.22	0.26
b) Additions during the year	0.39	0.06
c) Reductions during the year	0.13	0.11
d) Closing Balance	0.48	0.22
(IV) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	0.10	0.07
b) Provisions made during the year	0.02	0.03
c) Write-off/write-back of excess provisions	0.00	0
d) Closing Balance	0.12	0.10

**DISCLOSURE OF COMPLAINTS (CUSTOMERS COMPLAINTS)**

Particulars	Current Year	Previous Year
a) No. of Complaints pending at the beginning of the year	-	-
b) No. of Complaints received during the year	-	-
c) No. of Complaints redressed during the year	-	-
d) No. of Complaints pending at the end of the year	-	-

33. NHB, has not levied any penalty under HFC (NHB) Directions, 2010 on the company.
34. Provident Fund and ESIC.  
In the current year, the company has paid all the statutory dues as per relevant law.
35. Investments in shares of Other companies:

S. No	Particulars	Amount (Rs.) 31.03.2018	Amount (Rs.) 31.03.2017
1	<b>Akme Fintrade (India) Ltd</b>		
	Opening Balance	4000100	4000100
	Purchased during the year	NIL	NIL
	Sold during the year	NIL	NIL
	Closing Balance	4000100	4000100
2	<b>Akme Fincon Ltd</b>		
	Opening Balance	4800000	4800000
	Purchased during the year	Nil	Nil
	Sold during the year	Nil	Nil
	Closing Balance	4800000	4800000



36. **Deferred Tax:** The components of Deferred Tax assets and Liabilities as on 31.03.2018 and 31.03.2017 are as follows :-

(Amt. in Rs.)

Particulars	31.03.2018	31.03.2017
<b>Opening Balance (Deferred Tax Asset)</b>	409170	166,830.00
<b>Deferred Tax Assets:</b>		
Provision for Non Performing Assets	-423205	-227,710.00
Difference Between WDV of fixed Assets and as per Co. Act, 2013 and Income tax Act, 1961	0	-
<b>Gross deferred Tax Asset (A)</b>	<b>-14,035.00</b>	<b>-60,880.00</b>
<b>Deferred Tax Liabilities:</b>		
Difference Between WDV of fixed Assets as per Co. Act, 2013 and Income tax Act, 1961	-25,268.00	-32,450.00
Deduction Claimed u/s 36(1)(viii)	805121	502,500.00
Gross Deferred Tax Liabilities (B)	779,853.00	470,050.00
<b>Net Deferred Tax (Asset)/ Liability</b>	<b>765,818.00</b>	<b>409,170.00</b>
<b>Amount debited/ (Credited) in Profit and Loss account</b>	<b>356,648.00</b>	<b>242,340.00</b>

37. There are no Micro, Small and Medium Enterprises (MSME) to whom the Company owes dues, which are outstanding for more than 45 days as at 31-03-2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
38. Figures of the previous year have been regrouped, rearranged and reclassified wherever necessary.
39. Figures in brackets represent previous full year's figures i.e figures for Financial Year 2016-17.
40. Credit assigned by Credit Rating Agencies and Migration of Rating during the year.

S.No.	Instrument	Rating Agency	Rating Assigned	Date of Assignment
1.	Long Term	SMERA BOND RATINGS	SMERA BBB-(Upgraded)	13th March 2018

As per our separate report of even date annexed

For H R JAIN & CO.  
Chartered Accountants  
ICAI FRN-000262C

SD/-  
CA MANOJ JAIN  
PARTNER  
Membership No. 400459

PLACE:UDAIPUR  
Date: 28.05.2018

ON BEHALF OF BOARD OF DIRECTORS  
OF AKME STAR HOUSING FINANCE LTD

SD/-  
Nimal Kumar Jain  
Director  
DIN: 00240441

SD/-  
B.S. Kachhawaha  
Chief Financial  
Officer

SD/-  
Ashish Jain  
Director  
DIN: 02041164

SD/-  
Paritosh Kothari  
Company Secretary  
M.No: A36550



## Board of Directors

**Mr. Ashish Jain**  
Chairman & Managing Director

**Mr. Nirmal Kumar Jain**  
Executive Director

**Mr. Kalu Lal Jain**  
Executive Director

**Mr. Amrit Singh Rajpurohit**  
Independent Director

**Mrs. Rajni Gehlot**  
Independent Director

**Dr. Rekha Jain**  
Independent Director

## Key Managerial Personnel

**Mr. Bhanwar Singh Kachhawaha**  
Chief Financial Officer

**Mr. Paritosh Kothari**  
Company Secretary

## Registered Office

Akme Business Center, 4-5  
Subcity Center  
Savina Circle, Udaipur 313002  
Tel: 0294-2489501  
Email:  
[akmestarthousing@yahoo.com](mailto:akmestarthousing@yahoo.com)

## Corporate Office

94/D, Kurla Kamgar Nagar Co-operative Housing Society, S.G. Barve Marg, Kurla (East), Mumbai-400024

## Secretarial Auditor

**Ronak Jhuthawat & Co.**  
328, Samriddhi Complex, 3rd Floor, Above Udaipur Urban Co-operative Bank, Opp Krishi Upaz mandi, Sector 11 Main Road Udaipur 313001  
Tel: +91-9887422212  
Email Id:  
[csronakjhuthawat@gmail.com](mailto:csronakjhuthawat@gmail.com)

**BOD**

**Statutory Auditor**

**Bankers**

**KMP**

**RTA**

**Registered Office**

**Stock Exchange**

**Corporate Office**

**Secretarial Auditor**

**Depositories**

## Statutory Auditors

HR Jain & Co.  
310-313 Arihant plaza, Near State bank of India Udaipole, Udaipur 313001  
M NO 9785390875  
E Mail : [hrjainca@gmail.com](mailto:hrjainca@gmail.com)

## Bankers

**Bank of Baroda (BOB)**  
Main Branch, Town hall, Udaipur 313001

**State Bank of India**  
Sme Branch, 4-C, Riddhi Siddhi Complex, Madhuban Udaipur

**Au Small Finance Bank Limited**  
19-A Dhuleshwar Garden Jaipur

## Registrar And Transfer Agents

**Big Share Services Private Limited**  
4-E/8, First Floor, Jhandewalan Ext, New Delhi - 110055  
Tele - [011-23522373](tel:011-23522373) , [011-42425004](tel:011-42425004)  
Email:  
[bssdelhi@bigshareonline.com](mailto:bssdelhi@bigshareonline.com)

## Stock Exchanges

**BSE Limited**  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400,001

## Depositories

**National Securities Depository Limited (NSDL)**  
Trade World, 4<sup>th</sup> Floor, Kamala Mills, Compounds, Senapati Bapat Marg, Lower Parel, Mumbai-400,013

**Central Depository Services Limited (CDSL)**  
17<sup>th</sup> floor, P J Towers, Dalal Street, Mumbai 400001