

# ENHANCING HUMAN CAPITAL

Annual Report 2019-20



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NOTICE

## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

# ENHANCING HUMAN CAPITAL

It is fundamental to attract, retain and improve talent in any industry – highly so in the facility management services Industry.

At Kapston we continuously recruit, train and evaluate the performance of our frontline and support staff as well as the senior management team.

We solicit regular feedback from our clients thus enabling our company to gauge service levels and formulate future plans. We nourish a high performance culture in the organisation by aligning our team to our vision, simultaneously providing an exciting work environment.



# ABOUT US

Established in 2009 we are one of the fastest growing Facilities Management (FM) companies in South India.

Customers

**650 +**

Revenue

**₹21,348** lakhs

EBITDA

**₹1,638** lakhs



## Integrated Service Provider

The company provides integrated FM services such as Security, Housekeeping, Engineering, Pest Control, Façade Cleaning, Office Support and Kennel (Dog squad) services. The company's clientele comprises of diverse industry segments such as IT / ITES, Schools, Hotels, Hospitals, Shopping Malls, Manufacturing Companies, Financial Services Establishments, Infrastructure Projects and Residential complexes.



## Experience Promoters, Directors and Senior Management

The promoters of the Company have over a decade of experience in the lines of business in which the Company operates. The Board of Directors consists of very senior retired officers who guide the management in the areas of strategy, implementation, problem solving and organisation development. The senior management team of the company have multiple years of experience in finance, marketing, recruitment, training and operations.



## Strong Brand Equity

Our track record of delivering seamless quality services has enabled us to retain our existing customers - many of the large corporates and Multinational Companies (MNC). This has also ensured that our new customer acquisition keeps growing at a high pace.



## Quality

High Quality of services is provided by ensuring 24/7 mobility, continuous communication and assistance to our clients by our Quick Response teams.

Our teams regularly interact with our customers and provide customised services by following standard procedures.

# KEY PERFORMANCE INDICATORS

## FINANCIAL HIGHLIGHTS

### Revenue from Operations

(₹ in lakhs)

<b>FY 19-20</b>	21348
<b>FY 18-19</b>	14723
<b>FY 17-18</b>	11850
<b>FY 16-17</b>	9375
<b>FY 15-16</b>	7499

### PBT

(₹ in lakhs)

<b>FY 19-20</b>	1039
<b>FY 18-19</b>	952
<b>FY 17-18</b>	748
<b>FY 16-17</b>	451
<b>FY 15-16</b>	352

### PAT

(₹ in lakhs)

<b>FY 19-20</b>	1020
<b>FY 18-19</b>	856
<b>FY 17-18</b>	601
<b>FY 16-17</b>	289
<b>FY 15-16</b>	257

### PAT (%)

<b>FY 19-20</b>	4.8
<b>FY 18-19</b>	5.8
<b>FY 17-18</b>	5.1
<b>FY 16-17</b>	3.1
<b>FY 15-16</b>	3.4

### EBIDTA

(₹ in lakhs)

<b>FY 19-20</b>	1638
<b>FY 18-19</b>	1334
<b>FY 17-18</b>	1117
<b>FY 16-17</b>	718
<b>FY 15-16</b>	539

### EPS

(In ₹)

<b>FY 19-20</b>	10.05
<b>FY 18-19</b>	8.44
<b>FY 17-18</b>	5.92

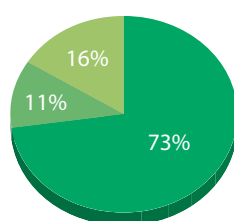
Note: Earning Per Share (EPS) is Calculated based on paid up share capital as on 31<sup>st</sup> March, 2020.

### Revenue Growth

FY 2019-2020	FY 2018-2019	FY 2017-2018	FY 2016-17	FY 2015-2016
45%	24.2%	26.4%	25%	27.3%

### Shareholding Pattern (31<sup>st</sup> March 2020)

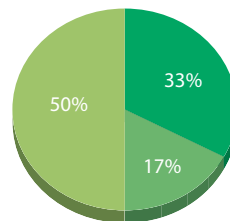
% of Total Capital



- Promoter
- Directors and Realatives (Public Category)
- Public (Other than Directores)

### Board Composition (14<sup>th</sup> August, 2020)

Composition of the Board



- Executive
- Non Executive (Promoter Group)
- Independent



# MESSAGE FROM THE CHAIRMAN

## Dear Shareholders

Hearty welcome to our FY20 annual report. The year has been significant with respect to our financial and operational performance. Our revenue grew 45% year on year with Kapston brand equity helping us to retain our clients and also gain new clients. We increased our human resources strength which is our key asset. We also rationalized our client portfolio by moving out of unviable accounts. Our margins were marginally impacted due to increased capex on the new corporate office and the increase in our senior & middle management team strength. We hope to improve the profit margins at the earliest.

Work environment of employees, if designed effectively and appropriately, leads to increased productivity. During the year we moved into our new spacious corporate office, the ambience of which is architected in a contemporary manner. We also opened our Branch office in Bangalore for expanding our service footprints in India's electronic city. During the year our Company's Equity Listing migrated to the Main Board of the National Stock Exchange of India.

Among the integrated facility management services companies, we are one of the fastest growing. To align

our growth initiatives with our operational efficiencies we expanded our manpower by adding considerably a good number of people across all our functional areas. We have added a new vertical namely Staffing Services this year and have already started earning reasonable revenue from this new business segment.

## How we performed

During the financial year 2019-20, our revenue increased to ₹ 21,348 lakhs compared to the previous Financial year 2018-19 which stood at ₹ 14,728 lakhs, At the same time Profit after tax increased from ₹ 855 lakhs (FY 2019) to ₹ 1039 Lakhs (FY2020) –a 19% increase year on year. Therefore, our EPS has increased to ₹ 10.05 from ₹ 8.44. Since 2014-15 we have registered a CAGR of 31.37% which is an outstanding performance in our industry.

## Corporate Social Responsibility (CSR)

We continue to support the society through our CSR initiatives. During the FY ending 2020 we contributed an amount of ₹ 5.4 lakhs towards Swachh Bharath programme. During the current year, our company contributed ₹ 10 lakhs each to PM's relief fund and to the Govt of Telangana for combating COVID-19. An additional ₹ 1 lakh was contributed to an NGO working in COVID relief activities.

We are continuing our partnership with NSDC and in FY20 we trained as many as 13690 students as against a target of 11820.

Going forward we expect short term and mid-term impact of COVID-19 on our business. However, our long term prospects are encouraging since the demand for quality security and other facility management services is constantly increasing. We are well equipped to capitalize on this emerging trend and retain our growth momentum.

Stay Safe

Regards

Sd/-

**Dr. Chereddi Ramachandra Naidu**

Executive Chairman



# REVIEW BY THE MANAGING DIRECTOR

## Dear Shareholders

The financial year 2019-20 has provided us a unique opportunity to re-assess the critical success factors relevant to our continued growth and progress. While we achieved a very encouraging revenue growth of 45% over the previous fiscal, the financial year ended with the unprecedented disruption caused by the COVID-19 pandemic.

The top line growth has come in the face of a general slow-down in the overall economy which is a testament to our belief that the FMS industry continues to have tremendous potential on the back of two distinct socio-economic trends:

- The increasing trend of outsourcing non-core activities by corporates
- The transition from the unorganised to the organised way of conducting economic activities.

Our investments in the previous years on talent, processes and creating an organization for scale has been instrumental in targeting, acquiring and servicing new customers at a better-than-industry growth rate. In FY 2019-20 we have also launched a new vertical – Staffing Solutions to tap the opportunity being created by India's long term economic growth. We have put in

place an experienced team to manage this vertical and are confident of exploiting the synergies that exist within our organisation and our client portfolio.

We continue to build capacity to accommodate growth and to this effect we have moved into a new corporate office apart from hiring another recruitment cum operations centre in the cyber-city area of Hyderabad. In addition, our support teams continue to work on improving customer experience by reorienting our training and retasking our staff at every level

In spite of COVID-19 pandemic paralysing human activity our staff continue to provide services at customer locations. Being an essential service, our security and housekeeping teams were at the forefront of fighting the pandemic ensuring hygiene and safety at our clients facilities, be it IT Parks, Factories, Colleges or Residential complexes. Our field staff as well as our back end support teams have displayed tremendous resilience in working within the constraints of the lock down at the risk of personal safety to keep the organisation operating to the satisfaction of all our customers.

We are closely monitoring and adapting to the changing situation so as to ensure continuity in our service delivery. The short term impact has caused about 15% drop in the revenue in the first Quarter of new financial year (2020-21). But we believe that in the long run we will be able to get back to our historical growth trajectory.

I trust you and your families have been safe and continue to remain so. Best Wishes.

Warm Regards

Sd/-

**Srikanth Kodali**

Managing Director



# SKILL DEVELOPMENT- AS A SOCIAL RESPONSIBILITY

We strongly believe that imparting skill to our unemployed youth is an essential corporate social responsibility for building our country. Therefore, we have taken up various skill development programmes in several parts of the country with the support of National Skill Development Corporation (NSDC) and also various State governments.

We established training centres with excellent infrastructure facilities apart from suitable teaching-learning aids.

Our Training module includes physical training, class room learning, problem solving, soft skills development etc which are necessary for a trainee to be successfully employed.

We trained a large number of youth from several backward states and provided employment to most of them.





# KEY HIGHLIGHTS OF THE YEAR

## Revenue growth of 45%

Revenue

**₹21,348** lakhs

₹ 14,728 lakhs in FY19

Revenue grew 45% year on year with Kapston brand equity helping in retaining existing clients and gaining new clients across geographies.

## Retaining Healthy Margins

PAT

**₹1,020** lakhs

₹ 856 Lakhs in FY19

EBITDA

**₹1,638** lakhs

₹ 1334 Lakhs in FY19

Maintained healthy margins primarily on account of client rationalisation – moving out off unviable accounts.

## Increased employees in a big way

We expanded our manpower by adding a large number of people across all our functional segments.



## New corporate office

Moved to the new corporate office in the month of November 2019 for providing better work space to the back end executive staff.



## Introduced Staffing Services

Added a new vertical namely Staffing Services this year and have already started earning reasonable revenue from this new business segment.

Our Services

## SECURITY SERVICES

### Key Drivers of the business

From a \$ 2.7 trillion in FY19 India is expected to be a \$5 trillion economy by 2025. With the economy and businesses growing, security needs are also expanding. Deployment of specialised personnel and systems to prevent and manage security problems including accidents is vital for peacefulness at the living as well as workplaces. Private Security Services Industry in India is the 2<sup>nd</sup> largest sector, after agriculture, in terms of employment, with more than 90 lakh people employed in this sector.

### Kapston's Security Services Segment

The realm of industrial security provided by Kapston encompasses well trained personnel to handle logistics, physical security & disaster management apart from handling the routine chores of employee & visitor screening and maintaining the respective logs etc. We have a strong team of security personnel who are thorough with the recognized security protocols and emergency & disaster management techniques. Our Security Personnel are trained in unarmed combat for handling unwanted intruders into the facilities we protect.

### Segment Revenue

₹ **11,468** lakhs  
+ 41% year on year

Security Services business increased to ₹ 11,468 lakhs from ₹ 8,129 lakhs from the previous year, a growth of 41 % year on year. Security services account for 54% of the total revenue.







# HOUSEKEEPING AND OTHER SOFT SERVICES

## Key Drivers of the Business

The Indian facilities management market is expected to grow at 17 per cent CAGR between 2015 and 2020 and surpass the US\$ 19 billion mark supported by booming manufacturing, retail, health care, housing, financial services and e-commerce sectors. Businesses are outsourcing non-core activities and for reliable and quality services they are partnering with organised players. The Indian market presents an extremely positive outlook for housekeeping and other soft services.

The corona pandemic has literally turned health and sanitation as a new focus area. There is increased need for clean, hygienic, and germfree work spaces and public places.

## Kapston Soft Services.

Soft Services provided by Kapston include housekeeping, office support , pantry services etc

## How We Performed

Our revenue from Soft Services has grown by approx. 58% to ₹ 9,499 lakhs from ₹ 6,017 lakhs in the previous year. This segment accounts for 44% of our total revenue, up from 41% in the previous fiscal.

## Segment Revenue

₹ **9,499** lakhs  
+ 58% year on year



# BOARD OF DIRECTORS

## **Dr. Chereddi Ramachandra Naidu**

### **Executive Chairman**

He holds a Master's Degree in Sociology and a Doctorate in Commerce & Management. He has authored a book on "Preventive Powers of Police", which was published by AP Police Academy. He was Inspector General of Police in the combined state of Andhra Pradesh.

He joined the Police Services as a Deputy Superintendent of Police in 1977 and retired in 2007 as Inspector General of Police. His expertise spans across the areas of human resource management, Industrial relations, strategy and project management.

## **Mr. Srikanth Kodali**

### **Promoter and Managing Director**

He is a first-generation entrepreneur and founder of "Kapston Facilities Management Limited". He has been managing the Company since incorporation as an executive director. He is a commerce Graduate. Apart from rich experience of over a decade in Facilities Management and Security Services, he also has diverse experience in fields such as digital designing & printing, construction and expertise in marketing, financial management and client retention. He is the guiding force behind the strategic decisions of our Company and has been instrumental in formulating the overall business strategy and developing business & client relations of the company.

## **Mr. Naveen Nandigam**

### **Independent Director and Chairman of Audit Committee**

He is a fellow member of the Institute of Chartered Accountants of India (ICAI). Has been in professional practice since 1990 and has over 3 decades of experience in financial reporting and management. He is associated with the Company since February 2018.

## **Mrs. Kanti Kiran Doddapaneni**

### **Promoter Group and Non-Executive Director**

She holds a Bachelor's Degree in Science from Osmania University and a Master's Degree in Arts from University of Hyderabad.

## **Mrs. Vanitha Nagulavari**

### **Independent Director**

A Commerce graduate and an Associate member of the Institute of Company Secretaries of India. She has experience of over 11 years in the areas of legal, secretarial, capital markets.

## **Mrs. Nageswara Rao Koripalli**

### **Independent Director**

He is a retired Indian Revenue Service Officer with an overall experience of 32 years in administration of Indian Income Tax Laws and allied Laws in various capacities. His last posting was, the Principal Director of Income Tax (Investigation), Hyderabad, in the Income Tax Department, having jurisdiction over the States of Telangana & Andhra Pradesh.

He holds a Masters' degree in Science from Andhra University and holds LLB Degree. He joined Indian Revenue Service (IRS)- Income Tax Department in the year 1986 and retired in the year 2018. He also worked as a Special Director in the Directorate of Enforcement on deputation.

By virtue of his work experience in government of India, he has knowledge and exposure in matters of accountancy, audit and corporate governance of large companies governed under the (Indian) Companies Act. He has fair knowledge of various Laws of the country especially in Foreign Exchange Regulation Act (FERA), Foreign Exchange Management Act (FEMA), The Prevention of Money Laundering Act (PMLA), Prohibition of Benami Properties Act & The Black Money Act.



# CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b> Dr. Chereddi Ramachandra Naidu IPS (Retd) Chairman  Mr.Srikanth Kodali Managing Director  Mr.Naveen Nandigam Independent Director  Mrs.Kanti Kiran Doddapaneni Non- Executive Director  Mrs.Vanitha Nagulavari Independent Director  Mr. Nageswara Rao Koripalli IRS (Retd) Independent Director	<b>REGISTERED OFFICE</b> Plot No. 287, MIG-2, IX Phase KPHB, Kukatpally, Hyderabad, Telangana- 500072
	<b>CORPORATE OFFICE</b> Plot No.75, Kavuri Hills, Madhapur, Hyderabad, Telangana-500034
	<b>INTERNAL AUDITOR</b> Ms. K Sravanthi Chartered Accountant Membership Number: 239567
	<b>SECRETARIAL AUDITOR</b> Mr.D S. Rao Practising Company Secretary C.P NO. 14487
<b>KEY MANAGERIAL PERSONNEL</b> Mr. Brendon Thomas Pereira Chief Financial Officer  Ms. Amreen Gulnaaz Company Secretary and Compliance Officer	<b>REGISTRAR AND TRANSFER AGENT</b> Bigshare Services Private Limited # 06, Right Wing, 3 <sup>rd</sup> Floor, Amrutha Ville, Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad - 500082
<b>STATUTORY AUDITORS</b> Mr. Rankireddy Srinivasu NSVR & Associates LLP. Chartered Accountants Firm Reg. No. 008801S/S200060	<b>INVESTOR CELL CONTACT DETAILS</b> cfo@kapstonfm.com cs@kapstonfm.com

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic Scenario – Indian & Global and Outlook

The Indian Economy is one of the fastest-growing emerging economies and is the 5<sup>th</sup> Largest economy in the world in terms of GDP. Owing to various global as well as domestic factors, India's GDP growth declined to 4.2% in FY 2019-20. This decline was primarily driven by slowdown in the manufacturing and construction sectors.

The Economy is expected to contract to a serious negative growth in FY 2020-21. Travel, tourism, hospitality, retail, auto and entertainment sectors are severely impacted.

The Indian government has announced a stimulus package of ₹ 20 lakh crores to help the economy recover, with special focus on helping migrant labour and the MSME sector. Several measures are being adopted to generate employment and create demand for products and services across all the sectors.

In February 2020, the World Health Organisation declared COVID-19 as a pandemic, as the virus quickly spread to more than 200 countries around the world. The global economy has witnessed a slump and is expected to contract to a negative growth of 5.2% in 2020 as per June '20 IMF report.

Economies all over the world are recovering but the recovery is slow and uncertain due to the pandemic.

## Industry Structure and Development

The Private security sector is among the fastest growing sectors in India which has witnessed significant growth since 2010. Demand for private security services is likely to increase over 10% annually during the next decade. The demand is fuelled by increasing rate of urbanisation and industrialisation. Significant investments made on infrastructure projects, Industrial and IT parks, airports, metro rail networks and other public utilities have created a direct demand for private security services.

House Keeping and other Soft Services generate huge employment after security services. This sector is expected to register a high growth rate for several years. The market is highly fragmented and is dominated by a large number of local players. However, with the growing formalisation of the economy, the proportion of organised players is steadily increasing.

Kapston has recently stepped into a new business vertical i.e staffing services. The Indian staffing industry has been

growing in a big way, especially in the area of being a third-party payroll service provider.

## Opportunities & Threats

### Opportunities

"Make in India" mission launched by the Central Government to make the country self-reliant is going to provide ample growth opportunities to our Company.

The Occupational Safety, Health and Working Conditions Code, 2019 which was introduced in the Lok Sabha by the Ministry of Labour and Employment is expected to drive most of the business organizations to opt for providers of facility management services both for short term and long term needs. Emerging need for "Gated Community" living as a new aspiration is providing sustained demand for integrated facility management services in all major towns and it is an opportunity for us.

### Threats

The recent tendency of predatory pricing with an intention to eliminate weak players by the big player is a potential threat.

Rapid adoption of technology to reduce dependence on manpower by the clients works against the rate of growth of the industry.

Increase in minimum wages by the Central and State Governments can create a mild financial risk for the company.

Due to the COVID -19 pandemic many people are adopting work from home culture due to which the clients especially those from IT Companies and Educational Institutions may require less number of Facility Management personnel compared to the past.

## Challenges

On account of COVID-19 pandemic leading to varying degrees of lockdown, industrial and commercial spaces aren't seeing use and occupancy uniformly, and it may last for quite some time.

Our employees are reluctant to go and work in the establishments like hospitals where the risk for health is high. Our management teams are making extra efforts to motivate the employees to go to work.

High levels of attrition is a usual problem which is addressed regularly.

Many of our employees are also affected by COVID-19 and we continue to handle the issue day in and day out.

### Our Strength

Kapston has developed expertise in hiring, training, evaluation and retention of employees to ensure that we provide best services to our clients.

We are having dedicated recruitment teams and training centres which focus on matching employment preference for various job seekers from different states, which benefits both the employee and the Company.

We have strong and dedicated management teams to handle personal problems faced by our employees working in the field.

### Segment-wise or Product wise performance

Our revenue from Soft Services (comprising Housekeeping, Office Support, Pantry services etc) has grown by 58% to ₹ 9,499 lakhs from ₹ 6,017 lakhs in the previous year. This segment accounts for 44.5% of our total revenue, up from 41% in the previous fiscal.

Our Security Services business increased to ₹ 11,468 lakhs from ₹ 8,129 lakhs from the previous year, a growth of 41 % year on year. Security services account for 54% of our revenue.

Our Skill Development programs in conjunction with NSDC & Ministry of Rural Development contributed ₹ 371 lakhs as against ₹ 575 lakhs in the previous year.

### Internal Control Systems and their Adequacy

Our Company has in place adequate standard operating procedures for ensuring internal controls in the delivery of services. There are procedures laid out with regard to recording and providing reliable financial and operational information and complying with all statutes applicable to our business segments.

### Material Development in Human Resource

- The total number of personnel including Trainees and Apprentices were 13725 as on March 2019 as compared to 10,500 as on March 2019. Thus we have added about 31% personnel including Trainees and Apprentices among all business segments.
- The back office or 'Non Billable' staff strength has increased from 250 to 291. We have added staff to strengthen our senior & middle management teams.
- In continuing our partnership with NSDC in FY20 we trained as many as 13690 students as against a target of 11820.

## Financial Performance

### A. Revenue:

Revenue grew by 45% to ₹ 21,347 Lakhs an increase of approximately ₹ 6600 lakhs from the previous financial year.

### B. EBITDA:

Correspondingly EBITDA grew by 22.83% to ₹ 1,638 Lakhs an increase of ₹ 304 Lakhs over the previous year.

### C. Finance Costs:

Finance costs increased to ₹ 395 lakhs from ₹ 253 lakhs on account of higher working capital, taken for supporting growth.

### D. Depreciation:

Depreciation costs increased by approximately ₹ 76 lakhs primarily due to Fixed Assets increase of new corporate office & branch office premises.

- E. Taxation** During the year, the Company continued to avail the benefit of Section 80JJAA of the Income Tax Act, 1961 as well as a Differed Tax Asset on account of time line differences on Depreciation between IT Act & Companies Act, pursuant to which the Tax expense was ₹ 19.5 lakhs against ₹ 96.6 lakhs in FY 2018-19.

### F. Ratio Analysis

	FY 2019-20	FY 2018-19
PAT %	4.78%	5.81%
ROCE	33.90%	28.65%
ROE	29.35%	32.68%
Interest Coverage Ratio	3.63	4.76
Current Ratio	1.47	1.67
Debt Equity Ratio	1.09	0.73

**Explanation for change of 25% or more in the above ratio as compared to the previous financial year as per Schedule V of SEBI (LODR) Regulations, 2015.**

Debt Equity ratio has increased from 0.73 to 1.09 mainly on account of additional working capital limits taken to fund higher revenue growth and a term loan taken toward investments in Fixed Assets for the new corporate office.

# DIRECTORS' REPORT

Dear Members,

The Board of Directors ("Board") of Kapston Facilities Management Limited ("Kapston" or "Company") with immense pleasure present their Report on the business and operations of your company together with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2020.

## 1. FINANCIAL HIGHLIGHTS

The Company's performance during the financial year ended 31<sup>st</sup> March, 2020 are summarized in the following table

(₹ in Lakhs)

Particulars	Standalone	
	2019-20	2018-19
Revenue from Operation	21,339.27	14,723.04
EBIDTA	1,638.72	1,334.08
Less: Finance Costs	395.05	253.39
Less: Depreciation and amortization expenses	204.40	128.33
Profit before prior period items	1,039.26	952.35
Prior period items	--	--
<b>Profit before tax</b>	<b>1,039.26</b>	<b>952.35</b>
Less: Current Tax	160.96	226.26
Add: Deferred Tax Asset	141.45	129.64
Profit Available for appropriations/Loss	1,019.76	855.73
Basic Earnings per Share (₹)*	10.05	8.44*
Diluted Earnings per Share (₹)*	10.05	8.84*
<b>Paid up share capital (face value of INR 10 each)</b>	<b>1014.40</b>	<b>869.49</b>
<b>Reserves and Surplus</b>	<b>3479.93</b>	<b>2605.08</b>

\*Note: Earning per share (EPS) is calculated based on paid up share capital as on 31<sup>st</sup> March, 2020.

## 2. STATE OF AFFAIRS/ COMPANY'S PERFORMANCE

The Company is primarily engaged in providing Private Security Services and Facilities Management Services in the southern states of the country. As part of service to the unemployed people, the Company has, in partnership with various central & state level government agencies, been undertaking training and development programmes for the "Unemployed Youth".

Your Company's revenue from operations for the financial year ending 31<sup>st</sup> March, 2020 stood as ₹ 21,339.27 lakhs compared to ₹ 14,723.04 lakhs during the previous financial year. The Company has achieved EBIDTA (including other income)

of ₹ 1,638.72 lakhs during the financial year 2020 as against that of EBIDTA of ₹ 1,334.08 lakhs for the previous financial year 2019. The profit before tax for the financial year under review is ₹ 1039.26 lakhs as against ₹ 952.35 lakhs for the previous financial year 2019. Profit after tax was positively impacted by the tax benefits availed under Section 80JJAA of the Income Tax Act, 1961 and deferred tax benefits.

During the financial year, a new vertical namely Staffing Services has been added and it started billing. The Company expects good prospects for this vertical in the coming years.

Your Directors express their satisfaction on the overall financial performance and the progress made by the Company during the year under review.

## 3. DIVIDEND

Your Directors would like to use the profits earned for improving business and hence do not propose any dividend for the financial year under review.

## 4. TRANSFER TO RESERVES

No amount has been transferred to reserves and the profit for the year has been retained in the profit and loss account.

## 5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provision of Section 125 of Companies Act, 2013 is not applicable as the Company did not declare any dividend.

## 6. SHARE CAPITAL

During the year under review, the Authorized Share Capital was increased by the Company pursuant to the Ordinary Resolution passed by the Shareholders on 11<sup>th</sup> January, 2020. The Authorized share capital was increased from ₹ 90,000,000 (divided into 90,00,000 equity shares of ₹ 10 each) to ₹ 115,000,000 (divided into 11,500,000 equity shares of ₹ 10 each).

Pursuant to the Ordinary resolution passed by the Shareholders on 11<sup>th</sup> January, 2020 the Company has issued 14,49,152 Equity Shares as Bonus to the existing shareholders and allotted the same on 29<sup>th</sup> January, 2020.

As on 31<sup>st</sup> March,2020, the Authorized Share Capital of the Company is ₹ 115,000,000 divided into 11,500,000 equity shares of ₹ 10 each. The paid-up capital is ₹ 101,440,610 divided into 10,144,061 equity shares of ₹ 10 each. There is no other change in the capital structure after closure of financial year ending on 31<sup>st</sup> March,2020 till the date of this report.

#### **LISTING OF EQUITY SHARES**

The securities of the Company are listed on the National Stock Exchange of India Limited (NSE). Further, the Company has no equity shares carrying differential voting rights.

#### **MIGRATION TO THE MAIN BOARD OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

During the year under review, the Shareholders have approved (through postal ballot including e-voting) migration of Company's equity shares from SME Platform of National Stock Exchange of India Limited i.e NSE Emerge to Main Board of National Stock Exchange of India Limited. Accordingly, the Company has made application to Stock Exchange and the same was approved by the Stock Exchange (NSE) vide its letter dated 22<sup>nd</sup> May,2020 with effect from 27<sup>th</sup> May,2020.

The Company is listed on the Main Board of "National Stock Exchange of India Limited" with effect from 27<sup>th</sup> May,2020.

#### **7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year under review, your Company has not made any investment, given any loan or guarantee falling within the meaning of section 186 of the Companies Act,2013 and the rules made thereunder.

#### **8. PUBLIC DEPOSITS**

During the year under review your company has not accepted any deposits falling within the meaning of Section 73 of Companies Act,2013 read with the Companies (Acceptance of Deposits) Rules,2014.

#### **9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY**

During the year under review all transactions with the related parties are in compliance with the provisions of the Companies Act,2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

Further there are no transaction as per Section 188(1) of the Companies Act,2013, therefore disclosure as per the provision of Section 134 (Form AOC-2) is not applicable.

#### **10. RISK MANAGEMENT**

Risk management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events. The company has initiated a process of preparing a comprehensive risk assessment and minimization procedures. The major risks are being identified by the company in areas of operations, financial processes, human resources and statutory compliance.

#### **11. COVID- 19**

Your Company has considered internal and external sources of information up to date of approval of these financial statements in evaluating possible effects that may result from the pandemic relating to COVID-19. Along with Health and public administration we – facility management services are the frontline warriors against COVID-19. We ensure safety and hygiene of the people and the premises we protect.

#### **12. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF THE FINANCIAL YEAR TILL THE DATE OF THE REPORT**

Due to the Global Coronavirus (COVID-19) pandemic, your Company is forced to temporarily reduce the remuneration paid to employees, Senior Management and Executive Directors till such time as they deem fit, for ensuring financial health of the Company.

Due to the lockdown starting from 21<sup>st</sup> March,2020 there were severe restriction on the movement of people. However, we were able to place staff at customer locations. We expect the operations to slowly come to normalcy.

#### **13. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, AND REDRESSAL) ACT,2013**

Your Company has always provided a safe and harassment free workplace for every individual especially for women in its premises through various



policies and practices. Your company has been actively involved in ensuring that the clients and all the employees are aware of the provisions of the POSH Act and rights thereunder.

The company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy on prevention of sexual harassment is available on the website of the company at <https://www.kapstonfm.com/images/PDF/Policy-for-prevention-of-Sexual-Harassment.pdf>.

Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment. Your Company has received complaints as follows during the financial year under review:

No. of Complaints received	No. of Complaints resolved	Pending Complaints
1	1	NIL

#### 14. NUMBER OF BOARD MEETINGS DURING THE YEAR

During the year under review, five meetings of the board were held in compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on Board Meeting. The details are as follows:

20 <sup>th</sup> May, 2019	26 <sup>th</sup> August, 2019	11 <sup>th</sup> November, 2019	14 <sup>th</sup> December, 2019	25 <sup>th</sup> February, 2020
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#### 15. COMMITTEES OF THE BOARD

As on 31<sup>st</sup> March, 2020, the Board constituted the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholder Relationship Committee. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report. In addition, the Board constitutes other committees to perform specific roles and responsibilities as may be specified by the Board from time to time.

#### 16. CORPORATE GOVERNANCE

Your company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. A report on Corporate Governance pursuant to the provisions of Corporate Governance Code stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure I**. Full details of the various board committees are also provided therein along with Secretarial Auditors' Certificate regarding compliance of conditions of corporate governance.

#### 17. COMPLIANCE WITH THE SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Company.

#### 18. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Nomination and Remuneration Committee has adopted a policy as per Section 178(3) of the Companies Act, 2013 for determination of remuneration and the manner of selection of the Board of Directors, CS and CFO & Managing Director and their remuneration.

##### Criteria for selection of Non-Executive Director

- The Non-Executive Directors shall be of high integrity with relevant expertise and experience in the fields of Service Industry, Manufacturing, Marketing, Finance and Taxation, Law, Governance and General Management.
- In case of appointment of independent directors, the committee shall satisfy itself with regard to the criteria of independence of the directors vis-à-vis the company so as to enable the board to discharge its function and duties effectively.
- The committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The committee shall consider the following attributes, whilst recommending to the board the candidature for appointment as director:

- Qualification, expertise and experience of the directors in their respective fields;
- Personal, professional or business standing;
- Diversity of the Board.
- In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Directors and their engagement level.

### **Remuneration**

The Non-Executive Directors shall not be entitled to receive remuneration except by way of sitting fees, reimbursement of expenses for participation in the board/committee meetings and commission as approved by the Board of Directors. The independent directors of the company shall not be entitled to participate in the Stock Option Scheme of the company. The aggregate commission payable if any to the Non-Executive Directors will be within the statutory limits.

### **Criteria for selection/appointment of Managing Director, Executive Director, CS and CFO**

For the purpose of selection of the Managing Director, Executive Director, CS and CFO the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under Companies Act, 2013, or other applicable laws.

### **Remuneration to Managing Director and Executive Director**

- At the time of appointment or re-appointment, the Executive Director and Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the Executive Director/Managing Director, within the overall limits prescribed under the Companies Act, 2013.
- The remuneration shall be subject to the approval of the members of the Company in General Meeting in compliance with the provisions of the Companies Act, 2013.

### **Remuneration Policy for the Senior Management Employees including CFO & CS**

In determining the remuneration of Senior Management Employees, the committee shall ensure/consider the following:

- The relationship between remuneration and performance benchmark;
- The balance between fixed and variable pay reflecting short and long-term performance appropriate to the working of the company and its goals, as mutually agreed.

The policy relating to remuneration of Directors, Key Managerial Personnel, Senior Management and other employees is available on the website of the Company <https://kapstonfm.com/images/PDF/Nomination%20and%20Remuneration%20Policy.pdf>

## **19. BOARD EVALUATION AND ASSESSMENT**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Sections 134, 178 and Schedule IV of the Companies Act, 2013. Evaluation was done after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, performance of specific duties, independence, ethics and values, attendance and contribution at meetings etc.

The performance of the Independent Directors was evaluated individually by the Board after seeking inputs from all the directors on the effectiveness and contribution of the Independent Directors.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board reviewed the performance of the individual Directors on the basis of the contribution of the individual Director during Board and Committee meetings.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, and the performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent

Directors also assessed the quality, frequency and timeliness of flow of information between the Board and the management that is necessary for effective performance.

## **20. DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED, RESIGNED OR RE-DESIGNATED**

During the financial year under review, Mr. Radha Krishna Pinnamaneni, Non-Executive Director resigned from the Board with effect from 01<sup>st</sup> July, 2019.

Mr. Nageswara Rao Koripalli (DIN 08734786) has been co-opted onto the Board as Additional Director (under Independent Category) with effect from 29<sup>th</sup> April, 2020. He is proposed for appointment as Director (Independent Category) at the ensuing Annual General Meeting.

In the opinion of the Board of Directors, Mr. Nageswara Rao Koripalli is a person of integrity possessing relevant experience, expertise and knowledge required for the position of Independent Director.

### **Retirement by Rotation**

Dr. Chereddi Ramachandra Naidu (DIN 02096757), Executive Director will retire by rotation at the ensuing Annual General Meeting. Being eligible he offers himself for re-appointment

### **Key Managerial Personnel**

Mr. Srikanth Kodali, Managing Director, Mr. Brendon Thomas Pereira, Chief Financial Officer, Ms. Amreen Gulnaaz, Company Secretary are Key Managerial Personnel of the Company in accordance with the provisions of Section(s) 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014.

## **21. RE-CLASSIFICATION OF STATUS OF PROMOTER.**

During the year under review, Mr. Radha Krishna Pinnamaneni, Promoter of the Company transferred his entire holding i.e. 3,56,755 equity shares on 27<sup>th</sup> June, 2019 to Mr. Srikanth Kodali, Promoter. Thereafter, Mr. Radha Krishna Pinnamaneni resigned as Director of the Company.

In the Board Meeting held on 26<sup>th</sup> August, 2019, the Board of Directors considered the request letter received from Mr. Radha Krishna Pinnamaneni

to re-classify him from "Promoter and Promoter Group Category" to "Public Category". The Board of Directors in their meeting held on 14<sup>th</sup> December, 2019, considered and approved the request, on the basis of undertaking received from Mr. Radha Krishna Pinnamaneni. The Shareholders approved the said re-classification on 27<sup>th</sup> March, 2020 through postal ballot (including e-voting) conducted by the Company as per the provisions of the Companies Act, 2013. On application, National Stock Exchange of India Limited approved the said re-classification vide its letter dated 22<sup>nd</sup> May, 2020 and Mr. Radha Krishna Pinnamaneni ceased to be promoter of the Company.

## **22. DECLARATION BY THE INDEPENDENT DIRECTORS**

During the year under review, the independent directors of the company have submitted their disclosures to the board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to be appointed as independent directors under the provisions of the Companies Act, 2013 and the relevant rules.

## **23. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period ;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- iv. The directors have prepared the annual accounts on a going concern basis;
- v. The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively;
- vi. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and effective.

Further, there are no more qualifications, reservations or adverse remarks made by the statutory auditor/secretarial auditor in their respective reports.

## 24. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return of the company for the financial year ended 31<sup>st</sup> March, 2020 is enclosed as **Annexure II**.

The extract of the Annual Return of the company is also hosted on the company's website at <https://www.kapstonfm.com/investors.html>.

## 25. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors constituted Corporate Social Responsibility (CSR) Committee in accordance with the provisions of section 135 of the Companies Act, 2013. The Board on the recommendation of CSR Committee and in compliance with the policy on Corporate Social Responsibility invested the CSR Fund by contributing to activities related to Swach Bharat and on other activities as specified in Schedule VII of the Companies Act, 2013. The Annual Report on CSR activities is enclosed as **Annexure III** to this Annual Report.

## 26. PARTICULARS OF EMPLOYEES

The information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is presented in a separate section forming part of this Annual Report as **Annexure IV**.

## 27. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this annual report.

## 28. STATUTORY AUDITORS

M/S NSVR and Associates LLP, Chartered Accountants, (Firm Registration No.0008801S/S200060), Hyderabad, was appointed as Statutory Auditor of the Company at the 10<sup>th</sup> Annual General Meeting held on September 28, 2018 till the conclusion of 14<sup>th</sup> Annual General Meeting. They have confirmed their eligibility for the financial year 2020-21 under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

## 29. SECRETARIAL AUDITOR

Mr. D. S Rao, Practising Company Secretary, Hyderabad, was appointed as Secretarial Auditor of the Company for the financial year 2019-2020. The Board of Directors has re-appointed him as Secretarial Auditor of the Company for the financial year 2020-21.

## 30. INTERNAL AUDITOR

Ms.Sravanthi Karuturi, Chartered Accountant, Hyderabad, was appointed as Internal Auditor of the Company for the financial year 2019-20. The Board has re-appointed her as Internal Auditor for the financial year 2020-21.

## 31. AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT

The statutory auditors' report and secretarial auditors' report do not contain any qualifications, reservations or adverse remarks.

During the year, the statutory auditor and secretarial auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013. The report of the secretarial auditor is enclosed as **Annexure V**.

## 32. INTERNAL FINANCIAL CONTROL

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Based on the audit reports your Company undertakes corrective action in their respective areas and strengthens the controls.

The Board of Directors of the Company have adopted various policies like Related Party Transactions policy, Whistle Blower Policy, code of conduct for regulating, monitoring and reporting insider trading and such other procedures for

ensuring the orderly and efficient conduct of its business, prevention and detection of frauds and errors, accuracy and completeness of the accounting and timely preparation of financial information.

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the revised code of conduct for prohibition of insider trading, as approved by the board as on 01<sup>st</sup> April, 2019 is implemented by the company. The board has appointed Ms. Amreen Gulnaaz, Company Secretary as the Compliance Officer under the code.

### **33. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

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

### **34. VIGIL MECHANISM**

In pursuance of the provisions of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Policy on vigil mechanism i.e whistle blower policy may be accessed on the Company's website at [www.kapstonfm.com](http://www.kapstonfm.com). The policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about leakage of unpublished price sensitive information (UPSI), illegal and unethical behaviour to the Chairman of the Audit Committee.

### **35. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION**

The Company being in the service industry does not have any power generation units and does not produce/generate any renewable or conventional power. However, the Company has taken steps to conserve energy in the work place by using energy saving lamps and by educating the employees to conserve energy.

The Company has adopted all new technology in terms of software and hardware for the better

working and efficient reporting. The Company has an in house Information Technology team which constantly works on the adoption and implementation of new technology.

### **36. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review there is no foreign exchange earnings and outgo.

### **37. TRADEMARK**

Your Company has a registered trade mark in the name of "Kapston Facilities Management Limited" for providing security services and facilities management services.

### **38. OTHER DISCLOSURES**

- The Company does not have any subsidiary or group or associate company, therefore standalone financial statement is presented.
- The Company is not required to maintain cost records as per the provisions of Section 148 of the Companies Act, 2013.
- Various policies as approved by the Board of Directors in accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 is hosted on the company's website at <https://kapstonfm.com/investors.html>.

### **39. ACKNOWLEDGEMENT**

Your directors place on record their gratitude to the Central Government, various State Governments and Company's Bankers and advisors for the valuable advice, guidance, assistance, cooperation and encouragement they have extended to the Company from time to time. The Directors also take this opportunity to thank the company's customers, suppliers and shareholders for their consistent support to the Company.

We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

**On behalf of the Board of Directors**

**Sd/-**

**Dr. Chereddi Ramachandra Naidu**

**Date: August 14, 2020**

**Executive Chairman**

**Place: Hyderabad**

**(DIN 02096757)**



# Annexure I

## CORPORATE GOVERNANCE REPORT

[As required under Reg.34 (3) and Schedule V(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Company's shares are listed on:

S. No	Name of the Stock Exchange	Date of Listing
1	National Stock Exchange of India Limited	04-04-2018

Kapston Facilities Management Limited which was originally listed on NSE Emerge w.e.f 4<sup>th</sup> April, 2018 has migrated to Main Board of National Stock Exchange of India Limited with effect from 27<sup>th</sup> May, 2020.

The Corporate Governance Report has been prepared in accordance with Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V thereto.

### 1. CORPORATE GOVERNANCE PHILOSOPHY

- The Company is committed to the highest standards of Corporate Governance Practices.
- The Company relies on strong corporate governance systems and policies of business for healthy growth, accountability and transparency. Good corporate governance will certainly help the Board and the management to carry out the objectives effectively for the benefit of the Company and its shareholders.
- The Company endeavors to ensure that highest standards of ethical conduct are maintained throughout the organization.
- The Company has complied with the requirements of corporate governance in accordance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 2. BOARD OF DIRECTORS

- The board of Directors along with its committees provides focus and guidance to the Company's management and also directs and monitors the performance of the Company.
- The Board presently (on 14<sup>th</sup> August, 2020) comprises of Six (6) Directors having rich and vast experience with specialized skills in their respective fields. Out of them two (2) are Executive Directors and Four (4) are Non-Executive Directors including two Woman Directors. There are three Independent Directors on the Board.
- The Company has an Executive Chairman (Non-Promoter). The Executive Chairman and the Managing Director manage the day-to-day affairs of the Company. The Board has an optimum combination of Executive and Non-Executive directors
- All the directors on the Board of the Company have made necessary declarations/disclosures regarding their other directorships along with committee positions held by them in other companies.

#### a) Composition and Category of directors as on March 31, 2020:

Category	No. of Directors
Promoter, Executive Director	1 (One)
Promoter, Non-Executive Director	1 (One)
Non-promoter, Executive Director (Chairman)	1 (One)
Non-Executive Independent Directors	2 (Two)
Total	5 (Five)

On 29<sup>th</sup> April,2020, Mr. Nageswara Rao Koripalli (DIN 08734786) was appointed as Independent Director, so as to comply with the provision of Regulation 17 of SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015 as the said provisions were exempted when the Company was listed on NSE Emerge (SME Platform).

The present composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No. of Directors	Category
Mr. Srikanth Kodali	Managing Director (Promoter, Executive)
Dr. Chereddi Ramachandra Naidu	Chairman (Non-Promoter, Executive)
Mr. Naveen Nandigam	Director (Independent, Non-Executive)
Mrs. Vanitha Nagulavari	Director (Independent, Non-Executive)
Mrs. Kanti Kiran Doddapaneni	Director (Promoter Group, Non-Executive)
Mr. Nageswara Rao Koripalli (w.e.f 29 <sup>th</sup> April,2020)	Director (Independent, Non-Executive)

**b) Attendance of each director at the Board meetings held during the year 2019-20 and at the last Annual General Meeting**

Sr. No.	Name of the Director	Category	No. of Board Meetings during the Year 2019-20		Attendance at AGM held on 27.09.2019	@No. of Directorships held in other Companies (excluding Kapston)	#Committee	
			Held	Attended			Chairmanship	Membership
1	Dr. Chereddi Ramachandra Naidu	Chairman, Non Promoter -Executive -	5	5	Yes	1	0	0
2	Mr. Srikanth Kodali	Managing Director - Promoter	5	5	Yes	NIL	0	2
3	Mr. Naveen Nandigam	Independent Director	5	4	Yes	3	4	4
4	Mrs. Vanitha Nagulavari	Independent Director	5	5	Yes	3	2	0
5	Mrs. Kanti Kiran Doddapaneni	Promoter Group Non-Executive Director	5	5	No	NIL	1	1
6	Mr. Radha Krishna Pinnamaneni *	Non-Executive Director (Promoter till 22 <sup>nd</sup> May,2020)	1	1	NA	NIL	0	0

@ Note: Excluding directorship in foreign companies and companies incorporated u/s. 8 of the Companies Act, 2013, but including private limited companies.

Excluding the Company whose status is "Strike Off" as per data available with Ministry of Corporate affairs.

# Only Membership and Chairmanship of Audit and Stakeholders Relationship Committees of public limited companies including Kapston Facilities Management Limited is considered.

\* Mr. Radha Krishna Pinnamaneni (DIN 03324910) Non-Executive Director has resigned from the Board with effect from 01<sup>st</sup> July,2019. He was entitle to attend only one board meeting during the year under review.

**Details of directorships of aforesaid Directors, in other listed entities as applicable are given below:**

S.No	Name of the Director	Name of the Listed Entity	Category
1	Mr. Naveen Nandigam	1. Avantel Limited 2. Tanvi Foods (India) Limited	Independent Director .
2	Mrs. Vanitha Nagulavari	1. Genesis IBRC India Limited	Non-Executive Director.

**c) Number of board meetings held during the year under review:**

During the year under review, Five (5) board meetings were held, on the following dates.

20 <sup>th</sup> May, 2019	26 <sup>th</sup> August, 2019	11 <sup>th</sup> November, 2019	14 <sup>th</sup> December, 2019	25 <sup>th</sup> February, 2020
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In compliance with the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the intervening period between two consecutive meetings did not exceed one hundred and twenty days (120 days).

As per the disclosures given by the respective directors, no director is a member of more than ten committees and chairman of more than five committees, as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all the companies in which he/she is a director. Further, no director is acting as independent director of more than seven listed companies and if he is a whole-time director of a listed Company, more than three companies.

**Disclosure of Relationships between the Directors *inter-se*:**

Except Mr. Srikanth Kodali (Promoter- Director) and Mrs. Kanti Kiran Doddapaneni (Promoter Group-Director) who are related to each other, no other Director has any relationship with any other Director. The Shareholding of Non-Executive Directors is as follows:

S.No	Name and designation of the director	No of shares held
1.	Mrs. Kanti Kiran Doddapaneni Promoter Group	188002
2.	Mr. Naveen Nandigam Independent Director	2800
3.	Mrs. Vanitha Nagulavari Independent Director	18200
4.	Mr. Nageswara Rao Koripalli Independent Director	4200

**Familiarization programmes imparted to Independent Directors:**

The details of the programmes conducted by the Company for the familiarization of Independent Directors are posted on the Company's website under the web link: [https://www.kapstonfm.com/images/PDF/Familiarisation\\_Programme.pdf](https://www.kapstonfm.com/images/PDF/Familiarisation_Programme.pdf)

**The matrix presenting the directors' area of expertise against their experience in the respective field is specified hereunder:**

The list of core skills / expertise / competencies which are identified by the Board of Directors as required in the context of the business of the Company to function effectively are:

- Business and Administration
- Finance and accounts
- Legal and governance
- Industry knowledge
- Risk management
- Analytical skills
- Financial Management
- Human Resource Management

Name of Director	Designation	Years of experience	Field of expertise
Dr.Chereddi Ramachandra Naidu	Chairman, Executive	43 years of experience	Business and Administration, Industry Knowledge.
Mr. Srikanth Kodali	Managing Director - Promoter	18 years of experience in Security and Facilities Management Services. 4 years of experience in other field.	Business, Administration, Industry Knowledge, Risk Management.
Mr. Naveen Nandigam	Independent Director	30 years of experience	Financial, Audit and Accounting
Mrs. Vanitha Nagulavari	Independent Director	11 years of experience	Legal, Secretarial and Compliance.
Mrs. Kanti Kiran Doddapaneni	Non-Executive Director –Promoter Group	12 years of experience	Human Resource Management, Industry Knowledge.
Mr. Nageswara Rao Koripalli	Independent Director	32 years of experience	Financial Management, Taxation and Legal Aspects

**Confirmation that in the opinion of the Board the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management:**

The Board of Directors confirms that in its opinion the Independent Directors fulfill the conditions specified by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

No Independent Director resigned before their tenure during the Financial year under review. However, Mr. Radha Krishna Pinnamaneni, (DIN 03324910) Non-Executive Director (Promoter till 22<sup>nd</sup> May,2020) has resigned as Director with effect from 01<sup>st</sup> July,2019.

**Meeting of Independent Directors:**

A meeting of the Independent Directors was held on 25<sup>th</sup> February, 2020, *inter alia*, to review the performance of the Non- Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Regulation 25 read with Schedule IV of the Companies Act, 2013 and are independent of the management.

### 3. COMMITTEES OF DIRECTORS

#### A. Audit Committee

**Brief description and terms of reference:**

The Company has constituted a qualified and independent Audit Committee comprising of 2/3 members as independent directors in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Committee is empowered with the role and powers as prescribed under Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The CFO, Internal Auditors and Statutory Auditors are also invited to the meetings, as required, to brief the Committee wherever required. The Company Secretary acts as the secretary of the Committee.

The Chairman of the Audit Committee also attended the last annual general meeting of the Company.

**Composition, name of members and chairperson:**

S.No.	Name of the Member	Nature of Directorship	Designation
1	Mr.Naveen Nandigam	Independent	Chairman
2	Mr.Srikanth Kodali	Executive	Member
3	Mrs.Vanitha Nagulavari	Independent	Member

**Meetings and attendance during the Year 2019-20**

During the year, Four (04) meetings of the Audit Committee were held and the details of attendance of the directors in such meetings are as follows:

Date of the Meeting	Number of Committee Members attended the meeting
20 <sup>th</sup> May, 2019	3
26 <sup>th</sup> August, 2019	3
11 <sup>th</sup> November, 2019	3
25 <sup>th</sup> February, 2020	3

The gap between two Audit Committee meetings was not more than one hundred and twenty days (120 days).

The necessary quorum was present at all the meetings.

**B. Nomination and Remuneration Committee (NRC)**

The Committee is empowered with the role and powers as prescribed under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 178 of the Companies Act, 2013 and in the Nomination & Remuneration Policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

The Nomination and Remuneration Committee reviews the profiles & experience, performance appraisals and recommends, the remuneration package payable to Executive Director(s), Key Managerial Personnel and other senior executives in the top level management of the Company and others of their appointment to and acts in terms of reference of the Board from time to time. The Company's Remuneration Policy as applicable to directors, key managerial persons and other senior management personnel of the Company is posted on the company's website at the following web address.

<https://www.kapstonfm.com/images/PDF/Nomination%20and%20Remuneration%20Policy.pdf>

**Composition, name of members and chairperson**

The NRC comprises of Three (3) Non-Executive Directors. The composition of the Nomination and Remuneration Committee is as follows:

S.No.	Name of the Member	Nature of Directorship	Designation
1	Mrs.Vanitha Nagulavari	Independent Director	Chairperson
2	Mr.Naveen Nandigam	Independent Director	Member
3	Mrs.Kanti Kiran Doddapaneni	Non-Executive Director	Member

**Meetings and attendance during the year 2019-20**

During the year Two (02) meetings of the Nomination and Remuneration Committee were held and the details of attendance of the directors in such meetings are as follows.



Date of the Meeting	Number of Committee Members Attended
26 <sup>th</sup> August, 2019	3
25 <sup>th</sup> February, 2020	3

#### Performance evaluation criteria for Independent Directors:

Independent Directors have three key roles to play; those are:

- Governance
- Control
- Guidance

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has recommended the guidelines for the evaluation of performance of Independent Directors. This largely includes:

- The qualification and experience of Independent Directors
- The groundwork the Independent Directors perform before attending the meetings to enable them in giving valuable inputs during meetings.
- The exposure of Independent Directors in different areas of risks the entity faces and advices from them to mitigate the same.

In line with the Corporate Governance guidelines, evaluation of all Board members is done on an annual basis. This evaluation is done by the entire Board led by the Chairman with specific focus on the performance and effective functioning of the Board, the Committees of the Board, the individual directors and the same is reported to the Board. The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

The entire Board of Directors (excluding the director being evaluated) held the performance evaluation of Independent Directors and on the basis of performance evaluation, the Board decided to continue the term of appointment of Independent Directors.

Performance evaluation was done by the respective bodies on 25<sup>th</sup> February, 2020.

#### Remuneration of Directors:

The details of remuneration and commission paid to the Managing Director and Executive Chairman are as follows:

Category of Payment	₹ in lakhs (P.a)	
	Mr. Srikanth Kodali (Managing Director)	Dr. Chereddi Ramachandra Naidu (Executive Chairman)
Remuneration – Fixed Component	120	15
<b>Total</b>	<b>120</b>	<b>15</b>

Apart from the above, Executive Chairman and Managing Director is also eligible other benefits in terms of his appointment and as per the HR policies of the Company. The contract is terminable by either party on 3 months' notice or pay in lieu thereof;

Sitting Fee paid to Non-Executive Directors and their shareholding as on 31<sup>st</sup> March, 2020 is as follows:

Name of the Director	Designation	Sitting fees paid (₹ in lakhs)	No. of shares held on 31-03-2020
Mr. Naveen Nandigam	Independent Director	1.5	2800
Mrs. Vanitha Nagulavari	Independent Director	2	18200
Mrs. Kanti Kiran Doddapaneni	Non- Executive Director (Promoter Group)	Nil	188002

Other than the sitting fees paid to the Non-Executive Directors, they had no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its directors/ employees during the financial year under review.

Mrs. Kanti Kiran Doddapaneni, Non-Executive Director has renounced her sitting fees during the financial year under review.

There are neither specific contracts nor any severance fees. The terms of appointment are as decided by the Board and the general body.

### C. Stakeholders' Relationship Committee

The composition of the Stakeholders' Relationship Committee is as under:

S.No.	Name of the Member	Nature of Directorship	Designation
1	Mrs.Kanti Kiran Doddapaneni	Non-Executive Director	Chairperson
2	Mrs.Vanitha Nagulavari	Independent Director	Member
3	Mr. Srikanth Kodali	Executive Director	Member

During the financial year under review, only one Stakeholder Relationship Committee meeting was held on 25<sup>th</sup> February, 2020, and all the members of the Committee attended the meeting.

The Stakeholders' Relationship Committee is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Regulation 6 of the SEBI (LODR) Regulations, 2015, the Board has authorized the Company's Registrar and Transfer Agent (RTA) Bigshare Services Private Limited to approve the share transfers/ transmissions and to comply with other formalities in relation thereto in coordination with the Compliance Officer of the Company. All the investors' complaints, which cannot be settled at the level RTA and the Compliance Officer, will be placed before the Committee for final settlement.

Name of the Non-Executive Director heading the committee	Mrs. Kanti Kiran Doddapaneni
Name and designation of the Compliance Officer	Ms.Amreen Gulnaaz, Company Secretary and Compliance Officer Address : Corporate Office, Plot No 75, Kavuri Hills, Madhapur, Hyderabad. Email : <a href="mailto:cs@kapstonfm.com">cs@kapstonfm.com</a>
Number of Shareholders' Complaints received in FY2019-20	Nil
Number of Complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints	Nil

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

The Board constituted a CSR Committee as per the provisions of Section 135 of the Companies Act, 2013 and entrusted the responsibility to comply with the said provisions to such Committee. The composition of the CSR Committee is as under:

S.No.	Name of the Member	Nature of Directorship	Category
1	Mr.Srikanth Kodalli	Managing Director	Chairman
2	Mrs.Vanitha Nagulavari	Independent Director	Member
3	Dr.Chereddi Ramachandra Naidu	Executive Director	Member

#### Meetings and attendance during the year 2019-20

During the year Two (02) meetings of the CSR Committee were held and the details of attendance of the directors in such meetings are as follows.

Date of the Meeting	Number of Committee Members Attended
26 <sup>th</sup> August, 2019	3
25 <sup>th</sup> February, 2020	3

#### GENERAL BODY MEETINGS

The details of the last three Annual General Meetings (AGMs) are given below:

Financial Year Ended	Date	Venue	Time	Special Resolution Passed
31 <sup>st</sup> March, 2019	27 <sup>th</sup> September, 2019	Daspalla Hotel, Road No.37, CBI Colony, Jubilee Hills, Hyderabad, Telangana 500033	11.30 A.M	Nil
31 <sup>st</sup> March, 2018	28 <sup>th</sup> September, 2018	Daspalla Hotel, Road No.37, CBI Colony, Jubilee Hills, Hyderabad, Telangana 500033	11.30 A.M	Nil
31 <sup>st</sup> March, 2017	29 <sup>th</sup> September, 2017	Registered office: Plot No 287,MIG-2,IX Phase, KPHB, Kukatpally, Hyderabad, Telangana - 500072	11.30 A.M	Nil

The details of General Meetings (other than AGMs) held during the last three years are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
2019-20	11 <sup>th</sup> January,2020	Corporate Office of the company situated at Plot No 75, Kavuri Hills, Madhapur, Hyderabad - 500034	10.30 a.m	<ul style="list-style-type: none"><li>• Authorisation to the Board of Directors to Mortgage /Charge /Hypothecate Property(ies) /Undertaking(s) of the Company.</li><li>• Increase in the borrowing powers of the company.</li></ul>
2018-19	-	-	-	-
2017-18	22 <sup>nd</sup> Feb,2018	Registered Office - Plot No 287, MIG-2, IX Phase, KPHB, Kukatpally, Hyderabad, Telangana-500072.	10.00 a.m	<ul style="list-style-type: none"><li>• Issue of shares through Initial Public Offer (IPO).</li><li>• Keeping Registers and Returns at the Corporate Office of the Company</li></ul>

Financial year ended	Date	Venue	Time	Special Resolution passed
2017-18	14 <sup>th</sup> Feb,2018	Registered Office - Plot No 287, MIG-2, IX Phase, KPHB, Kukatpally, Hyderabad, Telangana-500072.	10.00 a.m	NIL
2017-18	29 <sup>th</sup> Jan,2018	Registered Office - Plot No 287, MIG-2, IX Phase, KPHB, Kukatpally, Hyderabad, Telangana-500072.	04.00 p.m	<ul style="list-style-type: none"> <li>• Appointment of Mr. Srikanth Kodali as Managing Director of The Company.</li> <li>• Appointment of Mrs. Kanti Kiran Doddapaneni as Whole Time Director of The Company.</li> </ul>
2017-18	11 <sup>th</sup> Jan,2018	Registered Office - Plot No 287, MIG-2, IX Phase, KPHB, Kukatpally, Hyderabad, Telangana-500072.	11.00 a.m	<ul style="list-style-type: none"> <li>• Conversion of Private Company to Public Company</li> <li>• Adoption of New Set of Articles of Association</li> </ul>
2017-18	1 <sup>st</sup> Aug,2017	Registered Office - Plot No 287, MIG-2, IX Phase, KPHB, Kukatpally, Hyderabad, Telangana-500072.	10.00 a.m	<ul style="list-style-type: none"> <li>• Issue of Bonus Shares</li> </ul>

#### Postal Ballot

Financial year ended	Date of Declaration of Results	Person who conducted the Postal ballot Exercise	Procedure for Postal Ballot	Whether any Special Resolution is proposed and Passed through postal Ballot – details of voting pattern				
2019-2020	28 <sup>th</sup> March,2020	CS D S Rao, Practicing Company Secretary, Hyderabad was scrutinizer for the Postal Ballot	The procedure for postal ballot is as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014	<div>Migration of the Company’s equity shares from NSE Emerge platform of National Stock Exchange of India Limited to Main Board of National Stock Exchange of India Limited</div> <table><tr><td>No. of valid postal ballot and electronic votes</td><td>49</td></tr><tr><td>No of Equity Shares</td><td>21,47,112 (all votes are in favour)</td></tr></table> <div>Note: As per Regulation 277 of SEBI(ICDR) Regulations promoters should not participate in voting for the above mentioned resolution. Therefore, the promoters did not participate in the voting.</div>	No. of valid postal ballot and electronic votes	49	No of Equity Shares	21,47,112 (all votes are in favour)
No. of valid postal ballot and electronic votes	49							
No of Equity Shares	21,47,112 (all votes are in favour)							



## MEANS OF COMMUNICATION.

### a. Half-Yearly Results ( as the Company was listed on NSE Emerge on March 31,2020)

Half-yearly and annual results are published in two Newspapers- one in English and one in Telugu.

With effect from 27<sup>th</sup> May,2020, NSE has approved migration of equity shares of Kapston Facilities Management Limited to Main Board of National Stock Exchange of India Limited, therefore quarterly compliance related to Financial Results will be applicable from this Financial year i.e FY 2020-21.

Annual Reports with audited financial statements are sent to shareholders through permitted mode.

### b. Newspapers wherein results are normally published

The results are normally published by the Company in the newspapers (Business Standard) in English version and in regional newspaper (Nava Telangana - Telugu) in the vernacular language in all editions.

### c. Any website, where displayed.

The results are also published on the Company's website: [www.kapstonfm.com](http://www.kapstonfm.com).

### d. Whether it also displays official news releases:

The newsletters and press releases made from time to time, if any, are also displayed on the Company's website.

### e. Presentations made to institutional investors or to analysts:

The presentations made to institutional investors or to analysts are displayed in the Company's website.

## GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting Date and Time:	September 30,2020 at 11.30 a.m		
Venue:	At the Corporate office of the Company situated at Plot No.75,Kavuri Hills, Madhapur,Hyderabad-500034.		
Last Date of Proxy forms submission	48 Hours before the Meeting i.e September 28,2020		
Period Date for exercising e-voting	27-09-2020 to 29-09-2020		
Financial Year	01 <sup>st</sup> April, 2019-31 <sup>st</sup> March, 2020		
Book Closure	NA		
Dividend Payment Date	No Dividend is declared or proposed during the Financial Year		
Name of the Stock Exchange	National Stock Exchange of India Limited, "EXCHANGE PLAZA", 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bhandra- Kurla Complex, Bandra (E), Mumbai		
Stock Code	Name of the Stock Exchange	Stock Code	Scrip Code
	NSE	N.A	KAPSTON
Listing fees to the stock exchange and Annual custodian fees to depositories for the year 2020-21 have been paid.			

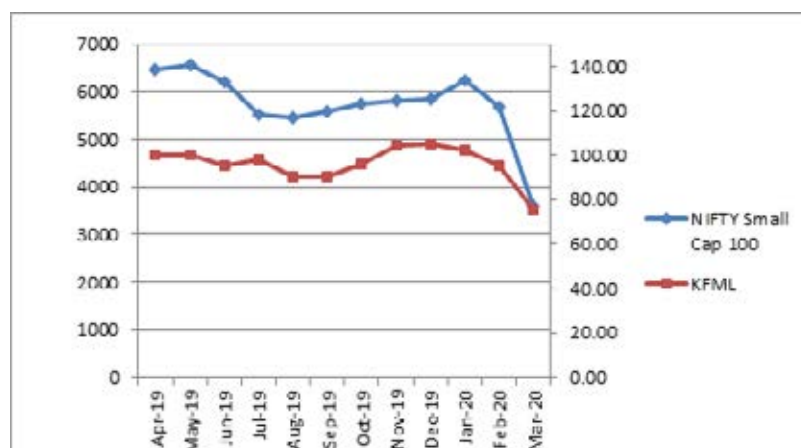
### Market price data & Share performance of the Company:

The monthly high, low and trading volumes of the Company's equity shares during the financial year 2019-20 at NSE Emerge (SME Platform) of National Stock Exchange of India Limited (NSE) are given below:

Month	NSE EMERGE		
	High (₹)	Low (₹)	Volume
April, 2019	99.95	99.95	1200
May, 2019	100.00	100.00	18000
June, 2019	95.00	95.00	21600
July, 2019	98.00	98.00	12000
August, 2019	90.00	90.00	6000
September, 2019	98.09	85.01	72000
October, 2019	96.00	96.00	14400
November, 2019	104.00	104.00	32400
December, 2019	105.00	105.00	10800
January, 2019	102.00	81.00	16000
February, 2019	95.00	95.00	144200
March, 2019	76.00	76.00	9800

### Share Performance of the Company in comparison with NIFTY Small Cap 100 CNX NIFTY v/s KAPSTON (KFML) Close Price

Note : Kapston's share price is compared with NIFTY Small Cap 100 as the Company's shares were listed on NSE Emerge as on March 31,2020.



**In case the securities are suspended from trading, the directors' report shall explain the reason thereof:**

During the reporting period there are no instances of suspension of trading in the shares of the Company.

### Registrar to an Issue and Share Transfer Agents:

Registrar and Transfer Agents (for shares held in both physical and demat mode)	Bigshare Services Private Limited 306, Right Wing, 3 <sup>rd</sup> Floor Amrutha Ville, Opp. Yashoda Hospital Somajiguda Rajbhavan Rd Hyderabad, Telangana- 500082.
Telephone Numbers	040-2337 4967/ 040-2337 0295
Contact Person	R. Amarendranath
Email id:	<a href="mailto:amarendranath.r@bigshareonline.com">amarendranath.r@bigshareonline.com</a> <a href="mailto:bsshyd@bigshareonline.com">bsshyd@bigshareonline.com</a>
Website	<a href="http://www.bigshareonline.com">www.bigshareonline.com</a>

## Share Transfer System

Bigshare Services Private Limited, Hyderabad, is the Company's Registrar and Share Transfer Agent. Share transfers are registered and processed in the normal course within a period of less than 15 days from the date of receipt if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations. Request for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrar and Share Transfer Agent has been delegated the power of share transfer to expedite the transfer formalities, which is in line with Schedule VII and Regulation 40 of the SEBI (Listing Obligations and Disclosure Regulations) 2015.

The entire equity shares of the Company are held in Dematerialized form

### Distribution of shareholding (in shares ) as on 31<sup>st</sup> March, 2020.

S.No	Shareholding of Nominal	No of Shareholders	% of total	No.of Shares	% to Total share
1.	1001-2000	90	51.4286	126318	1.2452
2.	2001-3000	21	12.00	58800	0.5796
3.	4001-5000	10	5.7143	42000	0.4140
4.	5001 - 10000	14	8.0000	94254	0.9292
5.	10001-9999999999	40	22.8571	9822689	96.83
<b>Total</b>		<b>175*</b>	<b>100</b>	<b>10144061</b>	<b>100</b>

The total number of shareholders i.e 175 includes shareholders who hold two Demat accounts with same PAN. Therefore, the actual shareholders as on 31<sup>st</sup> March, 2020 is 173.

### Shareholding Pattern as on 31<sup>st</sup> March, 2020:

Category	No of Shares Held	Percentage of Capital
Indian Promoters	7391695	72.867
Banks, Financial Institutions, and Mutual Funds	Nil	-
Foreign Portfolio Investors and Foreign Institutional Investors	Nil	-
Indian Public and HUF	2742566	27.036
Private Corporate Bodies/Body Corporate	9800	0.097
NRI/OCB's/FCB and Foreign Nationals	Nil	-
Others	Nil	-
<b>Total</b>	<b>10144061</b>	<b>100</b>

### Dematerialization of shares and liquidity.

Number of shares	% of total shares	Number of Shareholders	% of total shareholders
10144061	100	173	100

The breakup of Shares in demat and physical form as on 31<sup>st</sup> March, 2020 is as follows.

Particulars	No. of shares of ₹ 10 /- each	% of Shares
<b>Demat Segment</b>		
NSDL	2280826	22.48
CDSL	7863235	77.52
Sub-total	10144061	100.00
Physical Segment	Nil	----
<b>Total</b>	<b>10144061</b>	<b>100.00</b>

**Outstanding Global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:**

No GDR/ADRs/ warrants or any convertible instruments have been issued by the Company during the year under review or are outstanding as at the end of the financial year 2019-20.

**Commodity Price Risk or Foreign Exchange Risk and Hedging activities.**

The Company is not involved in any such activity.

**Our Branches**

**In addition to our Registered Office, Corporate Office and Recruitment Office situated at Hyderabad, we have Four (4) branches from where we operate. Details are as follows:**

S.no	Branch	Address	Nature of Operation
1	Corporate Office	Plot No 75, Kavuri Hills, Madhapur, Hyderabad - 500034	Administration, Back end operation
2	Registered office	Plot No. 287, MIG - 2, IX Phase, KPHB, Kukatpally, Hyderabad - 500 072	Recruitment, Administration, Training
3	Recruitment office	2 <sup>nd</sup> floor, Vashita Bhavan, HIG-9A and 10A, AP Housing board colony, Gachibowli. Serilingampally - 500032	Recruitment
4	Vizag	50-49-25/1, 2 <sup>nd</sup> Floor, TPT Colony, Seethammadhara, Opp. NRI Hospital Vishakapatnam – 530013	Recruitment, Administration, Training
5	Vijayawada	GF-4, Anjana Apartments, Water tank road, Labbipet, Vijayawada – 520010	Recruitment, Administration, Training
6	Bengaluru	2 <sup>nd</sup> Floor, RPR complex, site It, 4 52, 1 <sup>st</sup> stage, 2 <sup>nd</sup> Main Road, Kamadhenu Layout, B. Narayanapura, Bangalore - 560043.	Recruitment, Administration, Training
7	Chennai	#5/643, Plot No 61, Annai Indira Nagar main road, Okkiyam, Thoraipakkam, Chennai – 600097.	Recruitment, Administration, Training

**Our Training Centres**

S.No.	State	Location	Address
1	Telangana	Hyderabad	Kapston Training Academy, Survey No 132 & 133, Kandlakoya, Kompally, Hyderabad, Telangana- 501401
2			Kapston Training Academy, H.No. 1-1-31/1, Budvel, Under GHMC, Rajendranagar Circle, Rangareddy, Hyderabad, Telangana- 500030
3			Kapston Training Academy, Plot No. 287, MIG - 2, IX Phase, KPHB Colony, Hyderabad, Telangana- 500072
4	Karnataka	Mysore	Kapston Training Academy, 2 <sup>nd</sup> Floor, MES High School Campus, Ummar Khyam Road, Tilak Nagar, Mysore, Karnataka-570021
5	Odisha	Odisha	Kapston Training Academy, Hi-Tech Institute of Technology, Barunei Industrial Estate, Near NH-16, Khurda, Odisha- 752057
6			Kapston Training Academy, Subhas Institute of Technology, Plot No. 972,973, Gyan Vihar, Baranga, Cuttak, Odisha- 754005
7	Maharashtra	Aurangabad	Kapston Training Academy, Rajashri Shahu Institute of Management, Plot no 75, Near Wokard Company, Chikalthana, MIDC, Aurangabad- Maharashtra -431006

**Address for Correspondence:**

Corporate Office	<b>Kapston Facilities Management Limited</b> <b>Plot No 75, Kavuri Hills, Madhapur, Hyderabad - 500034</b>
Telephone Numbers	+919848778243 +91 40 29806955 +91 9640504050
Website	www.kapstonfm.com
Email-id:	cs@kapstonfm.com

**List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:**

Kapston Facilities Management Limited has obtained credit rating from “Acuite Rating and Research” and they have reaffirmed their credit rating vide its letter dated Jan 30,2020, the credit rating details are as follows

Long Term Instruments	ACUITE BBB
Short Term Instruments	ACUITE A3+

**4. OTHER DISCLOSURES****A. Disclosures on Materially Significant Related Party Transactions that may have potential conflict with the interests of listed entity at large:**

There are no related party transaction during the financial year under review except the one disclosed in the financial statements. The Company does not have any subsidiary or associate company or group company, therefore Related Party Disclosure as required under Schedule V of SEBI(LODR) Regulations is not applicable.

The Remuneration paid to Managing Director and Executive Chairman is approved by Shareholders as per the provisions of Companies Act,2013. Policy for Related Party Transactions is hosted on the Company's website at [https://www.kapstonfm.com/images/PDF/Related\\_party\\_policy.pdf](https://www.kapstonfm.com/images/PDF/Related_party_policy.pdf).

**B. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:**

There was no instance of non-compliance pertaining to stock exchanges, statutory authority or any other capital market regulator during the preceding three years (Kapston is listed w.e.f 04-04-2018).

**C. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel have been denied access to the Audit Committee;**

The Company has formulated a Whistle Blower Policy and has also established a vigil mechanism for employees and directors to report genuine concerns and instances of fraud/ illegal activities and no personnel had been denied access to the Audit Committee. The Policy is placed on the website of the Company under the web link: <https://www.kapstonfm.com/images/PDF/Whistle%20blower%20policy.pdf>. As per the Policy and Internal Code of Conduct all personnel of the Company have been given access to the Chairman of Audit Committee.

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

The Company has complied with all the mandatory requirements enumerated in the Listing Regulations and the Companies Act, 2013 read with the rules made thereunder and is also in compliance with non-mandatory requirements to a maximum extent.



**E. Policy for determining “material” subsidiaries.**

The Company does not have any subsidiary. Therefore, the Company did not adopt any policy on “Material Subsidiary”.

**F. Web link of the policy on dealing with Related Party Transactions.**

The Board has formulated a policy on Related Party Transactions and has revised it from time to time in the light of amendments to the Listing Regulations and the same is available on the Company’s website under the web link: [https://www.kapstonfm.com/images/PDF/Related\\_party\\_policy.pdf](https://www.kapstonfm.com/images/PDF/Related_party_policy.pdf).

**G. Disclosure of Commodity Price Risks and Commodity Hedging Activities:**

The Company is not dealing in any commodities.

**H. A certificate from Mr. D.S. Rao, Practicing Company Secretary, Hyderabad stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority, such disclosure has been enclosed separately to this Report as Annexure IA**

**I. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) Not Applicable**

**J. Whether the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year: No**

**K. Total fees for all services paid by the listed entity to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

Particulars	₹ in lakhs
Name of Auditor	NSVR & Associates LLP.
Statutory Audit	5 plus GST
Reimbursement of expenses	Nil

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

Your Company has constituted Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The disclosure pertaining to the complaints are given hereunder:

No of complaints received during the year	01
No of complaints disposed off during the year	01
No of complaints pending as on end of financial year	NIL

**Non-compliance of any requirement of Corporate Governance Report, with reasons thereof shall be disclosed:** All the above requirements w.r.t. this Report have been complied with.

**The extent to which the discretionary requirements as specified in the Part E of Schedule II have been adopted.:** Discretionary Requirements

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

**(i) The Board:**

The office of Dr. Chereddi Ramachandra, Executive Chairperson, is maintained at the expense of the Company and he is allowed to claim reimbursement of expenses incurred in performance of his duties, if any.

**(ii) Shareholders Rights:**

All quarterly /half yearly (when the Company was listed on NSE Emerge) financial results are submitted to the stock exchanges and are simultaneously placed on the website of the Company at [www.kapstonfm.com](http://www.kapstonfm.com) apart from being published in the newspapers.

**(iii) Modified opinion(s) in audit report**

There are no modified opinions in the Audit Report for the financial year ended 31<sup>st</sup> March, 2020.

**(iv) Reporting of Internal Auditor:**

The Internal Auditor of the Company reports directly to the Chairman of the Audit Committee, stating observations, if any.

**The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report, the information mentioned below is as on date:**

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of directors	Yes
17A	Maximum Number of Directorship	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	NA
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	NA
24A	Secretarial Audit	NA
25	Obligations with respect to Independent directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2) (b) to (i)	Website	Yes

**Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:**

The Company has in place a comprehensive Code of Conduct (the Code) pursuant to Regulation 17(5) of Listing Regulations which is applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities.

A copy of the Code of Conduct has been placed on the Company's website [www.kapstonfm.com](http://www.kapstonfm.com) All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is enclosed as **Annexure IB** to this Report.

**CEO And CFO Certification:**

The Managing Director and Chief Financial Officer have provided a certificate in compliance with the Regulations 17(8) of the SEBI (Listing Obligations and Disclosure Requirements).

**Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report:**

Compliance Certificate on the compliance of conditions of corporate governance pursuant to Para E of Schedule V to the SEBI (LODR) Regulations, 2015 from Mr. D.S. Rao, Practising Company Secretary, Hyderabad, is enclosed as an **Annexure IC** to this Report.

**Transfer of shares to Investor Education & Protection Fund (IEPF):**

This provision is not applicable to the Company as the Company has not declared any dividend since incorporation and the Company got converted to Public Limited in the FY 2017-18 and got listed in the same financial year.

**Unclaimed Equity Dividends and Shares:**

The Company has not declared any dividend since incorporation.

**Guidance for Investor to file claim:** Not applicable

**Disclosures with respect to demat suspense account/ unclaimed suspense account::**

Since no shares of the Company have been transferred to Demat Suspense Account/ Unclaimed Suspense Account in accordance with Regulation 39 of the SEBI (LODR) Regulations, 2015 read with Schedule VI thereto, disclosures w.r.t. the same are not applicable to the Company.

**On behalf of the Board of Directors**

**Sd/-**

**Dr. Chereddi Ramachandra**

**Chairman**

**DIN: 02096757**

Place: Hyderabad

Date: August 14, 2020

## CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

To  
The Members,  
**KAPSTON FACILITIES MANAGEMENT LIMITED**  
Plot No.287,MIG-2, IX Phase KPHB, Kukatpally,  
**Hyderabad- 500072**

We have examined the relevant records, forms, returns and disclosures received from the directors of **KAPSTON FACILITIES MANAGEMENT LIMITED** having CIN: L15400TG2009PLC062658 and having registered office at Plot No.287,MIG-2, IX Phase KPHB, Kukatpally, Hyderabad- 500072, (hereinafter referred to as “the Company”) produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub-clause 10(i) of Para C of Schedule V to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and the explanations furnished to us by the Company & its officers, we hereby certify that none of the directors on the Board of the Company for the financial year ended **March 31, 2020** have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other statutory authority.

Sr. No.	Name of Director	Nature/ Category of Directorship	DIN
1	Ramachandra Naidu Chereddi	Executive Chairman	02096757
2	Kodali Srikanth	Managing Director	02464623
3	Doddapaneni Kanti Kiran	Non-Executive Director	07420023
4	Naveen Nandigam	Independent Director	02726620
5	Vanitha Nagulavari	Independent Director	07271674
6	Radha Krishna Pinnamaneni*	Non-Executive Director	03324910
7	Nageswara Rao Koripalli#	Independent Director	08734786

\*Ceased to be Directors w.e.f. July 01, 2019 #Co-opted as Additional Director w.e.f. April 29, 2020

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

Date: 14.08.2020  
Place: Hyderabad

Sd/-  
**D.S. RAO**  
Practising Company Secretary  
ACS No.: 12394  
CP. No.: 14487  
UDIN: A012394B000595163

**MANAGING DIRECTOR'S AND CFO'S CERTIFICATION**

To  
The Board of Directors,  
Kapston Facilities Management Limited.

We, Srikanth Kodali, Managing Director and Brendon Thomas Pereira, Chief Financial Officer of Kapston Facilities Management Limited, certify that:

1. We have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March 2020 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b. These statements together present a true and fair view of 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 in violation of 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 internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year.
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - c. That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Place: Hyderabad  
Date: August 14, 2020

Sd/-  
**Brendon Thomas Pereira**  
Chief Financial Officer

Sd/-  
**Srikanth Kodali**  
Chairman - CSR Committee  
(DIN 02464623)

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGERIAL PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I, Srikanth Kodali, Managing Director, hereby declare that the Company has received declarations from all the Board Members and Senior Managerial Personnel affirming Compliance with the Code of Conduct for the Members of the Board and Senior Managerial Personnel for the year ended 31<sup>st</sup> March, 2020.

Place: Hyderabad  
Date: August 14, 2020

Sd/-  
**Srikanth Kodali**  
Managing Director  
(DIN 02464623)



To  
The Members,  
**KAPSTON FACILITIES MANAGEMENT LIMITED**  
Plot No.287,MIG-2, IX Phase KPHB, Kukatpally,  
**Hyderabad- 500072**

We have examined the compliance of the conditions of Corporate Governance by **KAPSTON FACILITIES MANAGEMENT LIMITED** (hereinafter referred to as “the Company”) for the year ended March 31, 2020 and certify that the provisions of Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) were not applicable since the Company was listed on the SME Platform of National Stock Exchange of India Limited (SME Emerge) as on that date. However, the said provisions have become applicable to the Company w.e.f May 27, 2020 since the Company migrated to the Main Board of National Stock Exchange of India Limited.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the Corporate Governance Report in accordance with the established systems and procedures selected by us depending on our judgment, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as we deem necessary to arrive at an opinion.

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

Date: 14.08.2020  
Place: Hyderabad

Sd/-  
**D.S. RAO**  
Practising Company Secretary  
ACS No.: 12394  
CP. No.: 14487  
UDIN: A012394B000595141

# Annexure II

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31,2020

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

#### I. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	L15400TG2009PLC062658
2.	<b>Registration Date</b>	31/01/2009
3.	<b>Name of the Company</b>	Kapston Facilities Management Limited.
4.	<b>Category/Sub-category of the Company</b>	Company Limited by Shares/ Indian non-government company.
5.	<b>Address of the Registered office &amp; contact details</b>	Plot No.287, MIG-2, IX Phase KPHB, Kukatpally, Hyderabad-500072,Telangana, India. Phone No: +91 9848778241/42 e-mail ID: info@kapstonfm.com Website :www.kapstonfm.com
6.	<b>Address other than R/O where all or any books of account and papers are maintained</b>	Plot No 75, Kavuri Hills, Madhapur Hyderabad 500034 Phone No:+91 9848778243 e-mail ID: info@kapstonfm.com
7.	<b>Whether listed company</b>	Yes. As on 31 <sup>st</sup> March,2020 the Company shares were listed on NSE Emerge (SME Platform) of NSE India Limited. On 27 <sup>th</sup> May,2020 the equity shares of the Company were migrated to Main Board of National Stock Exchange of India Limited.
8.	<b>Name, Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	Bigshare Services Private Limited CIN: U99999MH1994PTC076534 #306, Right Wing, Amrutha Ville, Opp. Yasodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad - 500 082. Contact : 91-40-23374967/23370295, Fax: 91-04-2337 029 Email: bsshyd@bigshareonline.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(Contributing 10 % or more of the total turnover of the company)

S.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Private Security Services	801	54
2	House Keeping Services	Division 81 (811,812,813)	44.5

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: Not Applicable

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup 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 April 1,2019]				No. of Shares held at the end of the year[as on March 31,2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter’s									
(1)Indian									
a) Individual/ HUF	63,35,739	0	63,35,739	72.87	73,91,695	0	73,91,695	72.87	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	63,35,739	0	63,35,739	72.87	73,91,695	0	73,91,695	72.87	0
(2) Foreign									
(a) Individuals ( Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b) Bodies Corporate	0	0	0	0	0	0	0	0	0
(c) Institutions	0	0	0	0	0	0	0	0	0
(d) Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2).	63,35,739	0	63,35,739	72.87	73,91,695	0	73,91,695	72.87	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.	9,600	0	9,600	0.11	9,800	0	9,800	0.10	(0.01)
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	5,25,570	4995	5,30,565	6.10	5,39,772	0	5,39,772	5.32	(0.78)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	18,17,805	0	18,17,805	20.91	21,53,794	0	21,53,794	21.23	0.32

Category of Shareholders	No. of Shares held at the beginning of the year[as on April 1,2019]				No. of Shares held at the end of the year[as on March 31,2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
i. Non Resident Indians	0	0	0	0	0	0	0	0	0
ii. Clearing Members	1,200	0	1,200	0.01	0	0	0	0	(0.01)
iii. Hindu Undivided Family	0	0	0	0	19600	0	19600	0.19	0.19
iv. Any other	0	0	0	0	29400	0	29400	0.29	0.29
(Other Non-Promoter Directors and their relatives (holding less than 1%)									
Sub-total (B)(2):-	23,54,175	4,995	23,59,170	27.13	27,52,366	0	27,52,366	27.13	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	23,54,175	4,995	23,59,170	27.13	27,52,366	0	27,52,366	27.13	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	86,89,914	4995	86,94,909	100.00	101,44,061	0	101,44,061	100.00	0

Note : The change in the Paid-up Share Capital is due to Bonus Shares allotted during the financial year under review

## B) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year April 1,2019			Shareholding at the end of the year March 31,2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares held by promoter	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares held by promoter	
1	Mr. Srikanth Kodali	58,17,839	66.91	76.22	72,03,693	71.01	71.81	4.10
2	Mr. Radha Krishna Pinnamaneni	3,56,755	4.10	0	0	0	0	(4.10)
3	Mrs. Kanti Kiran Doddapaneni	1,61,145	1.85	0	1,88,002	1.85	0	0
<b>Total</b>		<b>63,35,739</b>	<b>72.86</b>	<b>69.9</b>	<b>73,91,695</b>	<b>72.86</b>	<b>69.9</b>	<b>0</b>

## C) Change in Promoters' Shareholding:

SL.No.	Name of the Promoter	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the beginning of the year April 01,2019		Cumulative shareholding end of the year March 31,2020	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Srikanth Kodali	As on June 27,2019 Mr Srikath Kodali acquired shares from Mr. Radha Krishna Pinnamaeni As on January 29,2020 -1029099 equity shares were allotted as bonus shares	58,17,839	66.91	72,03,693	71.01
2.	Mr. Radha Krishna Pinnamaneni ***	Mr. Radha Krishna Pinnamaneni transferred his entire holding to Mr. Srikanth Kodali as on June 27,2020	3,56,755	4.10	-	-
3.	Mrs. Kanti Kiran Doddapaneni	As on January 29,2020 -26857 equity shares were allotted as bonus shares.	1,61,145	1.85	1,88,002	1.85

**D) Shareholding Pattern of top ten Shareholders (Other than Directors and Promoters and Holders of GDRs and ADRs)**

S. No.	Top 10 Shareholders	Shareholding at the beginning of the year April 01,2019		Cumulative shareholding end of the year March 31,2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sasikala.C.V.S	2,03,100	2.34	2,49,550	2.46
2	V Sudha Sarada	1,24,800	1.44	1,45,600	1.43
3	Gayithri Kishor	Nil	Nil	1,40,000	1.38
4	Ravya Kantheti	1,15,200	1.32	1,34,400	1.32
5	Chandra Kanth Chereddi	1,03,200	1.18	1,20,400	1.18
6	Hari Chereddi	1,03,200	1.18	1,20,400	1.18
7	Lekhya Kantheti	85,200	0.97	99,400	0.98
8	K.Satish	76,800	0.883	89,600	0.88
9	K.Swapna	73,200	0.84	85,400	0.84
10	Shiva Bhaskara Naren Paturi	71505	0.82	82022	0.82

Note: During the Financial Year under review, the Company has allotted Bonus shares to the existing shareholders as on record date being January 28, 2020, in the ratio of 1(One) equity shares for every six(6) equity shares held. The above change is due to allotment of Bonus shares as on January 29,2020.

**E) Shareholding of directors and key managerial personnel**

S. No.	Name of the Director/ KMP	Date		Shareholding at the beginning of the year April 01,2019		Cumulative shareholding during the Year March 31,2020	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. Chereddi Ramachandra Naidu -Executive Chairman	April 01,2019	At the beginning of the year	5,18,400	5.96	6,41,200	6.32
		March 31,2020	At the end of the year	6,41,200	6.32		
2	Mr. Srikanth Kodali – Managing Director	April 01,2019	At the beginning of the year	58,17,839	66.91	72,03,693	71.01
		March 31,2020	At the end of the year	72,03,693	71.01		
3	Mr. Radha Krishna Pinnamaneni *** –Non Executive Director	April 01,2019	At the beginning of the year	3,56,755	4.10	0	0
		March 31,2020	At the end of the year	0	0		
4	Mrs. Nagulavari Vanitha – Independent Director	April 01,2019	At the beginning of the year	25,200	0.29	18,200	0.18
		March 31,2020	At the end of the year	18,200	0.18		
5	Mrs. Kanti Kiran Doddapaneni –Non Executive Director	April 01,2019	At the beginning of the year	1,61,145	1.85	1,88,002	1.85
		March 31,2020	At the end of the year	1,88,002	1.85		
6	Mr. Naveen Nandigam – Independent Director	April 01,2019	At the beginning of the year	2,400	0.02	2,800	0.03
		March 31,2020	At the end of the year	2,800	0.03		
7	Mr. Brendon Thomas Pereira - Chief Financial Officer (CFO)	April 01,2019	At the beginning of the year	24,000	0.28	28,000	0.28
		March 31,2020	At the end of the year	28,000	0.28		
8	Ms. Amreen Gulnaaz - Company Secretary & Compliance officer	April 01,2019	At the beginning of the year	1,470	0.02	1,718	0.02
		March 31,2020	At the end of the year	1,718	0.02		

\*\*\* National Stock Exchange of India Limited has approved re-classification of status of Mr. Radha Krishna Pinnamaneni from “Promoter and Promoter group” to “Public Category” vide its letter dated 22<sup>nd</sup> May 2020 with immediate effect.

The said re-classification was approved by the Shareholders as on 27<sup>th</sup> March,2020, through postal ballot (including e-voting).

Mr. Nageswara Rao Koripalli has been appointed as Director w.e.f 29<sup>th</sup> April 2020 29<sup>th</sup> April,2019, he holds 4200 equity shares.



## V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,353.87	195.12	-	2,548.98
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2,353.87</b>	<b>195.12</b>	<b>-</b>	<b>2,548.98</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	33,412.41	1,687.00		35,099.41
* Reduction	31,335.98	1,400.01		32,735.99
<b>Net Change</b>	<b>2,076.42</b>	<b>286.99</b>	<b>-</b>	<b>2,363.42</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,430.29	482.11	-	4,912.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total Indebtedness at the end of the Financial year</b>	<b>4,430.29</b>	<b>482.11</b>	<b>-</b>	<b>4,912.40</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Executive Chairman (₹ in Lakhs)

S. No.	Particulars of Remuneration	Managing Director	Executive Chairman	Total Amount
		Mr. Srikanth Kodali	Dr. Chereddi Ramachandra Naidu	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	120	15	135
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0
5	Others, please specify	0	0	0
	<b>Total (A)</b>	<b>120</b>	<b>15</b>	<b>135</b>

**B. Remuneration to other directors:**

(₹ in Lakhs)

S.No.	Particulars of Remuneration	Other directors		Total
		Mrs.VanithaNagulavari	Mr. Naveen Nandigam	
		Independent Director	Independent Director	
1	Sitting Fee	2	1.5	3.5

**C. Remuneration to key managerial personnel other than MD/Manager/Whole-Time Director**

(₹ in Lakhs)

S.No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr.Brendon Thomas Pereira	Ms.AmreenGulnaaz	Total
		Chief Financial Officer	Whole Time Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12	5.40	17.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	others, specify...	0	0	0
5	Others, please specify	0	0	0
<b>Total</b>		<b>12</b>	<b>5.40</b>	<b>17.40</b>

**V. Penalties/Punishment/Compounding of offence (For Company/Directors/Other Officers in Default)**

Type	Section of Companies Act	Brief description	Details of penalty/ punishment /compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any(give details)
<b>Penalty</b>	Nil	Nil	Nil	Nil	Nil
<b>Punishment</b>	Nil	Nil	Nil	Nil	Nil
<b>Compounding</b>	Nil	Nil	Nil	Nil	Nil

On behalf of the Board of Directors

Sd/-

**Dr. Chereddi Ramachandra Naidu**Executive Chairman  
(DIN 02096757)Place: Hyderabad  
Date: August 14, 2020

# Annexure III

## ANNUAL REPORT ON CSR ACTIVITIES

Kapston believes in creating significant and sustainable societal value, by engaging in community services which have positive impact on the life of people.

### CSR vision:

- To help underprivileged children to access quality education.
- To promote gender equality and empowering women.
- To contribution to the Swach Bharat Kosh set-up by the Central Government any other Government authority for the promotion of sanitation.
- To promoting health care including preventive health care.

### CSR mission:

Contribution to the well-being of the community around us by supporting programs that bring about sustainable changes through education, gender equality, empowerment, health care and sanitation etc.

- i. The CSR policy may be accessed at <https://www.kapstonfm.com/images/PDF/CSR%20Policy.pdf>
- ii. The CSR committee of the company is comprised of: Mr. Srikanth Kodali, Dr.Chereddi Ramachandra Naidu and Mrs. N.Vanitha.
- iii. Average net profit of the company for last three financial years: ₹ 7,17,05,069 /-
- iv. Prescribed CSR Expenditure (two per cent. of the amount as in item iii above): ₹ 14,34,101/-
- v. Details of CSR amount spent during the financial year.
  - (a) Total amount to be spent for the financial year: ₹ 14,34,101/-
  - (b) Amount unspent, if any; ₹ 8,94,101/-
  - (c) Manner in which the amount spent during the financial year is detailed below:

**CSR Amount spent during the year 2019-20**

S.No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or Other (2) Specify the state and district where projects or programs undertaken	Amount outlay (budget) project or program wise (₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on Project or programs. (2) Overheads: (₹)	Cumulative expenditure upto the reporting period (₹)	Amount Spent: Direct or through implementing agency
1	Swachh Bharath	Sanitation [including contribution to the Swachh Bharat Kosh set-up by the Government for the promotion of sanitation]	A project promoted by Grampanchayat, Chalmeda (V), Nizampet, Medak, Telangana.	5,40,000	5,40,000	5,40,000	Amount spent through Gram Panchayat, Chalmeda (V), Nizampet, Medak, Telangana-502102.
2	Health care including preventive health care	Promoting health care including preventive health care.	The CSR Committee could not identify the project during the year	8,94,101	Nil	Nil	NA
<b>TOTAL</b>				14,34,101	5,40,000	5,40,000	-----

Note: The Company has carried forward the unspent amount of ₹ 8,94,101 to the next financial year. The Board of Directors as recommended by CSR Committee on 15<sup>th</sup> April, 2020 has contributed the unspent amount of ₹ 8,94,101 to P.M. Relief Fund for combating COVID-19.

Responsibility Statement: The Committee reports that implementation and monitoring of the CSR Policy, is in compliance with the CSR objective and Policy of the Company.

**For and on behalf of the Board**

Place: Hyderabad Date: August 14, 2020	Sd/- <b>Chereddi Ramachandra Naidu</b> Executive Director (DIN 02096757)	Sd/- <b>Srikanth Kodali</b> Chairman - CSR Committee (DIN 02464623)
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# Annexure IV

## Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20 and The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year

(₹ In Lakhs)

S.No	Name of Director/Key Managerial Personnel	Remuneration 2018-19 (p.a)	Remuneration 2019-20 (p.a)	Percentage Change	Ratio to Median Remuneration
1	Mr. Srikanth Kodali	96	120	25%	36
2	Dr. Cherreddi Ramachandra Naidu *	8.75	15	NA	4.5
3	Mr. Brendon Thomas Pereira -CFO	12	12	NA	NA
4	Ms. Amreen Gulnaaz -CS	4.8	5.40	12.5%	NA

There is no change in the remuneration paid to Dr. Cherreddi Ramachandra Naidu, Executive Chairman, the above difference is because he was appointed as Executive Chairman w.e.f 30<sup>th</sup> August, 2018.

The company has not paid any remuneration (except sitting fee) to the Non-Executive Directors of the company during the financial year under review (i.e. FY 2019-20)

(₹ in Lakhs)

Independent /Non-Executive Directors	Sitting fee	Ratio to Median Remuneration
Mr. Naveen Nandigam	1.50	0.45
Mrs. Vanitha Nagulavari	2.00	0.60
Mrs. Kanti Kiran Doddapaneni	Nil	-----

- ii) The percentage of increase in the median remuneration of employees in the financial year:

10.15%.

- iii) The number of permanent employees on the rolls of the Company:

291

- iv) The median remuneration of employees of the Company during the financial year was ₹ 3.30 Lakhs

- v) Affirmation that the remuneration is as per the remuneration policy:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

- vi) The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Corporate office of the Company and any member interested in obtaining a copy of the same may write to the Company Secretary ([cs@kapstonfm.com](mailto:cs@kapstonfm.com)).



# Annexure V

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

[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**

**Kapston Facilities Management Limited**

**Hyderabad**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kapston Facilities Management Limited**, (hereinafter referred to as ("the Company")). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the Financial Year ended **March 31, 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company according to the provisions of:

- (i) The Companies Act, 2013 (the Act) (applicable Sections as on date) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed by the Securities and Exchange Board of India ('SEBI') thereunder;
- (iv) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (v) Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the Financial Year under review:-
  - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (vi) The industry specific laws that are applicable to the Company are as follows:
- (a) Contract Labour (Regulation & Abolition) Act, 1970
- (b) Private Security Agencies (Regulation) Act, 2005

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

- i) Secretarial Standards SS-1 and SS-2 with respect to meetings of the Board of Directors and General Meetings respectively, issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

**We report that,** during the period under review, the Company has duly complied with the provisions of the Companies Act, 2013, the Regulations of SEBI and other acts, as specified above, applicable to the industry of the Company.

#### **We further report that**

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review and till the date of this report the following changes took place in the composition of the Board of Directors:

S.No.	Name of the Director	Appointment/ Reappointment/ Change in designation/ Cessation	Our Comments
1	Mr. Radha Krishna Pinnamaneni	Cessation	Resigned from the office of Non-Executive Director w.e.f July 01, 2019.
2	Mr. Nageswara Rao Koripalli	Appointment	Co-opted as Additional Director in the Independent category by the Board w.e.f. April 29, 2020

Based on our verifications and the declarations received from the respective directors, we further report that, the directors are not disqualified to act as such under the provisions of the Companies Act, Orders/ Circulars/ Regulations issued by SEBI or such other acts, for the time being enforceable.

Adequate notice was given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As a general practice of the Board, decisions were taken on unanimous consent.

**We further report that,** during the period under review, pursuant to the Ordinary Resolution passed by the shareholders of the Company on January 11, 2020, the Company issued 14,49,152 bonus shares of ₹ 10/- each to its existing shareholders as on the record date, being 28.01.2020, in the ratio of 1 (One) equity share for every 6 (Six) equity shares held by them and the same were allotted on January 29, 2020.

**We further report that,** during the period under review, Mr. Radha Krishna Pinnamaneni, a member of the Promoter Group, transferred his entire shareholding consisting of 3,56,755 equity shares of ₹ 10/- each to Mr. Srikanth Kodali, Promoter, on June 27, 2019. Subsequently, the request made by Mr. Radha Krishna Pinnamaneni for his re-classification from the 'Promoter and Promoter Group' to the 'Public Category' was consented by the Board of Directors and shareholders of the Company on December 14, 2019 and March 27, 2020, respectively. On an application made by the Company, National Stock Exchange of India Limited approved the said re-classification vide its letter dated May 22, 2020 and Mr. Radha Krishna Pinnamaneni ceased to be a member of the 'Promoter and Promoter Group' with effect from such date.

**We further report that,** pursuant to shareholders' approval vide Special Resolution dated March 27, 2020 and the approval of the National Stock Exchange of India Limited (NSE) vide its letter dated May 22, 2020, the Company migrated to the Main Board of NSE from its SME Platform (NSE Emerge) w.e.f. May 27, 2020.

**We further report that** no prosecutions were initiated and no fines or penalties were imposed for the year, under the Companies Act, the SEBI Act, the SCRA or other SEBI Regulations, on the Company or its directors and officers.

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

Sd/-

**D.S. RAO**

Practicing Company Secretary

M. No.: 12394

C.P. No.: 14487

UDIN: A012394B000594525

Place: Hyderabad

Date: August 14, 2020

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

To,  
**The Members,  
Kapston Facilities Management Limited,  
Hyderabad.**

Our 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. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Owing to the lockdown measure imposed by the Government in the wake of the Covid-19 pandemic, for certain verifications and cross checks, we have relied on the information/ documents and assurances received from the respective officials of the Company for forming our opinion and for eventual reporting thereof.

Sd/-

**D.S. RAO**

Practicing Company Secretary

M. No.: 12394

C.P. No.: 14487

UDIN: A012394B000594525

Place: Hyderabad

Date: August 14, 2020

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF KAPSTON FACILITIES MANAGEMENT LIMITED

### Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of **KAPSTON FACILITIES MANAGEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("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 state of affairs of the Company as at March 31, 2020,

the profit and total comprehensive income, and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
<b>Trade Receivables</b>  Trade receivables as indicated in Note No 12 comprise a significant portion of the total assets of the Company and serve as security for a majority of the Company's short-term debt. Total debtors constitute 54.59% of the total assets of the company and the outstanding trade receivable are about 110 days of the total revenue.  Accordingly, the value of receivables comprises a significant portion of the total assets of the company therefore it is considered a key audit matter.	<b>Principal Audit Procedures</b>  Our audit approach was a combination of test of internal controls and substantive procedures which included the following: <ul style="list-style-type: none"><li>• Evaluate and test the controls for managing trade receivables like credit limits and subsequent recovery,</li><li>• Assessing the recoverability of long outstandings,</li><li>• Evaluation of status of disputes and possibility of recovery,</li><li>• Seek independent confirmations and apply alternate audit procedures in case of non replies.</li></ul> <b>Conclusion</b> Our procedures did not identify any material exceptions.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, and Shareholder's

Information, but does not include the financial statements and our auditor's report there on.

The provisions related to Corporate Governance was not applicable to the Company for the Financial year ended March 31, 2020 as the Company was listed on NSE Emerge (SME Platform of National Stock Exchange), the Company got migrated to main board of National Stock Exchange



of India and the said provisions will apply from the current financial year 2020-21.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion there on.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 the Standards on Auditing 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the department of Company affairs, in terms of section 143 (11) of the Companies Act, 2013, and on the basis of our examination of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Companies Act 2013, 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 account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet and Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financials comply with the Accounting Standards specified under of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31,

2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.

- 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 A"; 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i) There are no pending litigations for or against the Company which would impact its financial position.

- ii) The Company does not have any derivatives contracts. Further there are no long term contracts for which provisions for any material foreseeable losses is required to be made.

- iii) There are no amounts pending that are required to be transferred to Investor Education and Protection Fund.

**For NSVR & ASSOCIATES LLP.,**  
Chartered Accountants  
(FRN No.008801S/S200060)

Sd/-

**R Srinivasu**

Partner

**M.No:224033**

**UDIN: 20224033AAAAGC6106**

Date: 15/06/2020

Place: Hyderabad.

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of KAPSTON FACILITIES MANAGEMENT LIMITED of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 **KAPSTON FACILITIES MANAGEMENT LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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. 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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit

to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 internal financial controls system over financial reporting of the Company.

### **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 statement for external purpose in accordance with generally accepted accounting principles. A company’s internal financial controls 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.

### **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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For NSVR & ASSOCIATES LLP.,**  
Chartered Accountants  
(FRN No.008801S/S200060)

Sd/-

**R Srinivasu**

Partner

**M.No:224033**

**UDIN: 20224033AAAAGC6106**

Date: 15/06/2020

Place: Hyderabad.

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of KAPSTON FACILITIES MANAGEMENT LIMITED of even date)**

- i. In respect of the Company’s fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed Provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii.
  - a) As explained to us, the physical verification of inventories, excluding stocks lying with third parties, have been conducted at reasonable intervals by the Management during the year. In case of inventories lying with third parties, certificates of stocks holding have been received.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of stocks as compared to book records.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other Parties covered in the register maintained under section 189 of the Companies Act. Thus, Clause 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- viii. Based on our Audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised moneys by way of initial public offer or further public offer.



- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For NSVR & ASSOCIATES LLP.,**  
Chartered Accountants  
(FRN No.008801S/S200060)

Sd/-

**R Srinivasu**

Partner

**M.No:224033**

**UDIN: 20224033AAAAGC6106**

Date: 15/06/2020

Place: Hyderabad.

# BALANCE SHEET AS ON 31.03.2020

(Amount in ₹)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>EQUITY AND LIABILITIES:</b>			
<b>1. Share holders funds</b>			
a) Share Capital	3	101,440,610	86,949,090
b) Reserves & Surplus	4	347,993,061	260,508,524
<b>2. Non-current Liabilities</b>			
a) Long Term Borrowings	5	84,656,777	56,546,342
<b>3. Current Liabilities</b>			
a) Short Term Borrowings	6	393,181,098	185,044,443
b) Trade Payables	7	39,036,726	18,532,016
c) Other Current Liabilities	8	172,472,214	148,938,911
d) Short Term Provisions	9	39,419,197	9,785,903
<b>TOTAL</b>		<b>1,178,199,683</b>	<b>766,305,229</b>
<b>ASSETS:</b>			
<b>1. Non-Current Assets</b>			
a) Fixed Assets			
Tangible Assets	10	200,588,986	140,322,162
b) Deferred Tax Asset(Net)	11	33,990,113	19,844,433
<b>2. Current Assets</b>			
a) Inventories		28,285,800	21,584,570
b) Trade Receivables	12	643,178,182	415,322,535
c) Cash and Cash Equivalents	13	24,176,513	21,295,779
d) Other Current Assets	14	169,212,438	92,118,775
e) Short Term Loans and Advances	15	78,767,651	55,816,975
<b>TOTAL</b>		<b>1,178,199,683</b>	<b>766,305,229</b>

Notes on Accounts & Significant accounting policies 1 & 2

As per our report of even date  
**NSVR and Associates LLP**  
Chartered Accountants  
Fr No.008801S/S200060

On Behalf of the Board  
**KAPSTON FACILITIES MANAGEMENT LIMITED**

Sd/-  
**R. Srinivasu**  
Partner  
M.No:224033

Sd/-  
**Srikanth Kodali**  
Managing Director  
DIN:02464623

Sd/-  
**Kanti Kiran Doddapaneni**  
Director  
DIN 07420023

Date: June 15,2020  
Place: Hyderabad

Sd/-  
**Brendon Thomas Pereira**  
Chief Financial officer

Sd/-  
**Amreen Gulnaaz**  
Company Secretary  
M.No ACS47889

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

(Amount in ₹)

PARTICULARS	Notes	YEAR ENDED 31-03-20	YEAR ENDED 31-03-19
<b>Income:</b>			
Revenue From Operations	16	2,133,927,316	1,472,303,769
Other Income	17	836,734	467,532
<b>Total Revenue</b>		<b>2,134,764,050</b>	<b>1,472,771,301</b>
<b>Expenses:</b>			
Cost of Materials consumed	18	44,571,866	25,578,501
Employee Benefits	19	1,853,077,069	1,258,344,873
Finance costs	20	39,505,090	25,339,126
Depreciation	10	20,440,128	12,833,640
Other Expenses	21	73,243,520	55,439,185
<b>Total Expenditure</b>		<b>2,030,837,673</b>	<b>1,377,535,325</b>
<b>Profit/(Loss) Before Prior Period Item</b>		<b>103,926,377</b>	<b>95,235,976</b>
Prior Period Items		-	-
<b>Profit/(Loss) Before Tax</b>		<b>103,926,377</b>	<b>95,235,976</b>
<b>Tax Expense</b>			
<b>Less:</b> Current Tax		16,096,001	22,626,615
<b>Add:</b> Deferred Tax Asset		(14,145,681)	(12,964,146)
<b>Profit/(Loss) after tax</b>		<b>101,976,057</b>	<b>85,573,507</b>
<b>(1) Basic</b>		10.05	8.44
<b>(2) Diluted</b>		10.05	8.44

Notes on Accounts & Significant accounting policies 1 & 2

As per our report of even date  
**NSVR and Associates LLP**  
Chartered Accountants  
Fr No.008801S/S200060

On Behalf of the Board  
**KAPSTON FACILITIES MANAGEMENT LIMITED**

Sd/-  
**R. Srinivasu**  
Partner  
M.No:224033

Sd/-  
**Srikanth Kodali**  
Managing Director  
DIN:02464623

Sd/-  
**Kanti Kiran Doddapaneni**  
Director  
DIN 07420023

Date: June 15,2020  
Place: Hyderabad

Sd/-  
**Brendon Thomas Pereira**  
Chief Financial officer

Sd/-  
**Amreen Gulnaaz**  
Company Secretary  
M.No ACS47889

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars	As at 31-03-20	As at 31-03-19
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	103,926,377	95,235,976
Adjusted for :		
Interest debited to P&L A/c	39,505,090	25,339,126
Gratuity Provision	13,599,386	3,591,124
Profit on Sale Fixed Assets	(107,818)	(269,812)
Depreciation	20,440,128	12,833,640
<b>Operating profits before working capital changes</b>	<b>177,363,163</b>	<b>136,730,054</b>
<b>Changes in current assets and liabilities</b>		
Inventories	(6,701,230)	(14,118,768)
Sundry debtors	(227,855,647)	(185,980,644)
Other Current assets	(35,996,841)	(13,486,350)
Short term advances	(22,950,676)	267,607
<b>Current Liabilities</b>		
Short Term Borrowing	-	-
Sundry Creditors	15,271,264	(2,498,207)
Other Current Liabilities	23,438,788	23,979,129
Other Short Term Provisions	(62,090)	(36,794,133)
<b>Cash generated from operations</b>	<b>(77,493,269)</b>	<b>(91,901,312)</b>
Income tax paid	(41,096,822)	(21,699,897)
<b>Net cash generated from operating activities</b>	<b>(118,590,091)</b>	<b>(113,601,209)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets and change in capital wip	(75,744,212)	(15,925,302)
Sale of Fixed Assets	378,522	335,000
<b>Net cash used in investing activities</b>	<b>(75,365,690)</b>	<b>(15,590,302)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<b>Secured and Unsecured Loans</b>		
Long Term Borrowings	28,110,435	(19,969,086)
Borrowings	208,231,170	58,371,831
Interest paid	(39,505,090)	(25,339,126)
<b>Net cash generated in financing activities</b>	<b>196,836,515</b>	<b>13,063,619</b>
<b>D. Net increase / (decrease) in cash and cash equivalents</b>	<b>2,880,734</b>	<b>(116,127,892)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>21,295,779</b>	<b>137,423,671</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>24,176,513</b>	<b>21,295,779</b>

As per our report of even date  
**NSVR and Associates LLP**  
Chartered Accountants  
Fr No.008801S/S200060

On Behalf of the Board  
**KAPSTON FACILITIES MANAGEMENT LIMITED**

Sd/-  
**R. Srinivasu**  
Partner  
M.No:224033

Sd/-  
**Srikanth Kodali**  
Managing Director  
DIN:02464623

Sd/-  
**Kanti Kiran Doddapaneni**  
Director  
DIN 07420023

Date: June 15,2020  
Place: Hyderabad

Sd/-  
**Brendon Thomas Pereira**  
Chief Financial officer

Sd/-  
**Amreen Gulnaaz**  
Company Secretary  
M.No ACS47889

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2020

### Note No: I General Information:

Kapston Facilities Management Limited (“the Company”) (CIN: L15400TG2009PLC062658) is engaged in the business of rendering security and related services, training and facility management, Housekeeping and cleaning services. The company has registered office at Hyderabad and provides services major cities all over India. The Equity Shares of the company are listed on NSE Emerge an SME Platform of National Stock Exchange of India Limited.

On May 27, 2020 the equity shares of the Company were migrated to Main Board of National Stock exchange of India Limited.

### Note 2. Summary of Significant Accounting Policies

#### 2.1 Basis of Accounting;

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, the provisions section 133 of the Companies Act, 2013. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standard requires the change in the accounting policy hitherto in use. Management evaluates all relevant issues or revised accounting standards on an ongoing basis.

Accounting Policies not specifically referred to otherwise are consistent and in consonance with the Generally Accepted Accounting Principles that are followed by the company.

#### 2.2 Use of Estimates;

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon

management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 2.3 Contingencies and events occurring after the balance sheet date (AS 4);

All contingencies and events occurring after the balance sheet date which have a material effect on the financial position of the company are considered for preparing the financial statements.

#### 2.4 Fixed Assets, Depreciation and Intangible Assets (AS 10, 6 & 26);

Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they related to the period till such assets are ready to be use..

Depreciation on fixed assets is being provided on straight line method at the rates in the manner specified in Schedule II of the Companies Act, 2013. Depreciation on assets sold during the year is being provided at their respective rates up to the date on which such assets are sold.

Depreciation /Amortization of Intangibles is in compliance with AS 26 to the extent applicable.

#### 2.5 Capital Work-In-Progress (AS 10)

Capital Work-In-Progress is carried at cost, comprising direct cost and related Incidental expenses.

#### 2.6. Government Grants (AS 12)

- (i) The grants or subsidies received towards promoter's contributions are treated as capital receipts and credited to capital reserves.
- (ii) The grants or subsidies received relating to specific fixed assets are shown as deduction from the cost of the respective assets concerned in arriving at its book value.
- (iii) The grant in the form of revenue subsidy is treated as revenue receipt and credited to “Other Income” in statement of Profit and Loss.

## 2.7 Borrowing Cost (AS 16);

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. The same is in compliance with AS-16 to the extent applicable.

## 2.8 Investments (AS 13);

- (i) Investments are capitalized at actual cost including costs incidental to acquisition.
- (ii) Investments are classified as long-term or current at the time of making such investments.
- (iii) Long-term investments are individually valued at cost, less provision for diminution that is other than temporary. Investments held in Subsidiary Companies are stated at cost.
- (iv) Current investments are valued at the lower of cost and market value.

## 2.9 Inventories (AS 2);

- (i) Inventories consists of consumables, tools and others are valued at cost or Net Realizable Value.
- (ii) Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition

## 2.10 Revenue Recognition (AS 9);

### i) Sale of Services:

Revenue from rendering of Services is recognized when service is performed, in case of proportionate completion of services revenue is recognized on proportionate basis.

### ii) Other revenue:

Interest: Revenue is recognized on the time proportion basis after taking into account the amount outstanding and the rate applicable.

## 2.11 Retirement and other employee benefits (AS 15);

Defined Contribution Plan: The company makes defined contribution to Provident Fund, which are recognized in the Profit and Loss Account on accrual basis.

## 2.12 Provision for Current tax, and Deferred tax (AS 22);

Provision for current tax is made based on estimated taxable income for the current accounting period in accordance with the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

## 2.13 Cash Flow Statement (AS 3);

The Cash Flow Statement is prepared by indirect method set in Accounting Standard 3 on cash flow statement and presents the cash flows by Operating, Investing and Finance activities of the company. Cash and cash equivalents presented in cash flow consists of cash in hand, cheques in hand, bank balances.

## 2.14 Provisions, Contingent Liabilities and Contingent Assets (AS 29);

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation because of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### Contingent Liabilities, Commitments and Contingent Assets.

#### i) Bank Guarantees

S NO	Name of the Bank	Amount of Guarantee as on 31.03.2020	Remarks
1	HDFC Bank Limited	3,17,93,838	

## 2.15 Impairment of Assets (AS 28);

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.



## 2.16 Leases (AS 19);

Operating lease payments and finance lease payments are recognized as expenses in the profit and loss account as per the terms of the agreements which is representative of the time pattern of the users' benefit.

## 2.17 Extra-ordinary and Exceptional items & Changes in Policies (AS 5);

All the extra ordinary and prior period items of Income and expenses are separately disclosed in the statement of Profit and Loss account in the manner such that its impact on the current profit or loss can be perceived. If there has been any change in the Company's accounting policies or accounting estimate to have material impact on the current year profit/loss or that of later periods the same would be disclosed as part of notes to accounts. All the items of Income and Expenses from ordinary activities with such size and nature such that they become relevant to explain the performance of the company have been disclosed separately.

## 2.18 Earnings Per Share (AS 20);

The Basic earnings per share is calculated considering the weighted average number of equity shares outstanding during the year.

The Diluted earnings per share is calculated considering the effects of potential equity shares on net profits after tax for the year and weighted average number of equity shares outstanding during the year.

PARTICULARS	2019-20	2018-19
Profit/(Loss) after tax (net profit attributable to Equity Shareholders).	10,19,76,057	8,55,73,507
Equity shares outstanding during the year.	1,01,44,061	86,94,909
<b>Earnings per share (Basic &amp; Diluted)</b>	<b>10.05</b>	<b>8.44</b>

## EXPLANATORY NOTES

### 1. Managerial Remuneration

The Company carries out periodic reviews of comparable Companies and through commissioned survey ascertains the remuneration levels prevailing in these Companies. The Company's Remuneration Policy is designed to ensure that the remuneration applicable to Managers in the Company is comparable with Companies operating in similar industries in India.

Managerial remuneration was paid as set out below:

Name of the Person	Designation	2019-20	2018-19
Mr. Srikanth Kodali	Managing Director	1,20,00,000	96,00,000
Mrs. Kanti Kiran Doddapaneni	Non-Executive Director (Promoter Group) (Whole-time Director Till 30.05.2018)	Nil	2,50,000
Dr. Chereddi.Ramachandra.Naidu	Executive Chairman	15,00,000	8,75,000
<b>TOTAL</b>		<b>1,35,00,000</b>	<b>1,07,25,000</b>

### 2. Auditor Remuneration

PARTICULARS	2019-20	2018-19
Statutory Audit	5,00,000	5,00,000
<b>TOTAL</b>	<b>5,00,000</b>	<b>5,00,000</b>

### 3. Disclosures under the Micro, Small and Medium Enterprises Act, 2006

The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. In view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the aforesaid Act is not expected to be material.

Particulars	As at March 31, 2020
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	NIL
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	NIL

#### 4. Disclosure under AS – 18: Related Party Disclosures

##### List of Related Parties and their Relationships:

DIRECTORS AND KEY MANAGERIAL PERSONNEL		
Sl. No.	Name of the Person	Designation
1	Mr. Srikanth Kodali	Managing Director
2	Dr. Chereddi Ramachandra Naidu	Executive Chairman
3	Mr.Naveen Nandigam	Independent Director
4	Mrs.Kanti Kiran Doddapaneni	Non- Executive Director
5	Mrs. Vanitha Nagulavari	Independent Director
6	Mr. Nageswara Rao Koripalli	Additional Director (Independent Director)
7	Mr.Brendon Thomas Pereira	Chief Financial Officer
8	Ms.Amreen Gulnaaz	Company Secretary

##### Transactions / Balances with Related Parties

NATURE OF TRANSACTION	Mr. SRIKANTH KODALI	Mr. KANTI KIRAN DODDAPANENI	DR. CHEREDDI RAMACHANDRA NAIDU
1. Managerial Remuneration	1,20,00,000	Nil	15,00,000
2. Loans accepted	10,77,00,000	Nil	1,10,00,000
3. Loans repaid	12,27,00,000	Nil	1,10,00,000

##### Remuneration Paid to Other Key Managerial Personnel

MR. BRENDON THOMAS PEREIRA	Ms. AMREEN GULNAAZ
12,00,000	5,40,000

##### Sitting Fees Paid to Independent / Non Executing director

MR. NAVEEN NANDIGAM	MRS. VANITHA NAGULAVARI
1,50,000	2,00,000

##### Closing Balance with Related Parties (Debit / (Credit))

Name of the Party	Amount in Rs (As at 31 <sup>st</sup> March 2020)
Mr. Srikanth Kodali	Nil

## 7. Earnings/expenditure in foreign currency:

Expenditure in Foreign currency:

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Travel Expenses	Nil	Nil
Professional Fees	Nil	Nil
Other expenses	Nil	Nil
Total	Nil	Nil

Earnings in Foreign currency

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
FOB Value of Exports	Nil	Nil
Dividend	Nil	Nil
Total	Nil	Nil

## 8. Disclosure under AS – 22: Accounting for Taxes on Income

Major components of Deferred Tax, arising on account of Timing Differences

Particulars	As at 31 <sup>st</sup> March, 2020 (in ₹)
Deferred Tax Assets on 01.04.2019	1,98,44,433
Depreciation & Amortization Assets	(22,10,628)
Deductions in respect of certain benefits under the Income Tax Act, 1961	1,63,56,309
Previous year expenses now allowed	-
Net Deferred Tax Assets as at 31.03.2020	3,39,90,113

In accordance with "Accounting Standard 22", the Company has recognized in its Profit & Loss Account a sum of ₹ (1,41,45,681)/- as Deferred Tax.

## 9. Comparatives, Disclosures and rounding off of numbers:

The previous year figures have been regrouped, reworked, rearranged and reclassified wherever necessary. Numbers/ Balances have been rounded off hence, there may be a difference to the extent of ₹ 2/- Between the numbers stated in schedules and each schedule of the financial statements.

# NOTES ON ACCOUNTS

## Note 3 - Share Capital

(Amount in ₹)

Particulars	31-03-20	31-03-19
<b>Authorised Share Capital</b>		
1,15,00,000 Equity Shares of ₹ 10/- each	115,000,000	90,000,000
(Previous year 90,00,000 Equity Shares of ₹ 10/- each)		
<b>Issued Subscribed &amp; fully Paidup Capital</b>		
1,01,44,061 Equity Shares of ₹ 10/- each of which 89,23,327 shares are issued as bonus shares	101,440,610	86,949,090
(Previous year 86,94,909 Equity Shares of ₹ 10/- each of which 74,74,175 shares are issued as bonus shares)		
<b>Total</b>	<b>101,440,610</b>	<b>86,949,090</b>

### 3.1 Rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 /- each. Each holder of equity share is having equal rights with reference to voting and dividend in proportionate to their share holding.

The Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set out below

Particulars	As at 31.03.2020		As at 31.03.2019	
	No of shares	Amount(₹)	No of shares	Amount(₹)
<b>Shares outstanding :</b>				
<b>At the beginning of the year</b>	8,694,909	86,949,090	8,694,909	86,949,090
<b>Issued during the year</b>				
For Cash		-		-
Other than Cash( Bonus Shares)	1,449,152	14,491,520		-
<b>Shares outstanding at the end of the year</b>	<b>10,144,061</b>	<b>101,440,610</b>	<b>8,694,909</b>	<b>86,949,090</b>

The details of shareholders holding more than 5% of equity shares along with no of Equity Shares held is set below

Name of the Share holder	As at 31.03.2020		As at 31.03.2019	
	No.of shares held	(%) of holding	No.of shares held	(%) of holding
Srikanth Kodali	7,203,693	71.01%	5,817,839	66.91%
Chereddi Ramachandra Naidu	641,200	6.32%	518,400	5.96%

## Note 4 - Reserves and Surplus

(Amount in ₹)

Balance in Statement of Profit and Loss	As at 31.03.2020	As at 31.03.2019
<b>Profit &amp; Loss Account</b>		
Opening Balance	170,436,502	84,862,995
Add: Current Year Profit	101,976,057	85,573,507
	-	-
	<b>272,412,559</b>	<b>170,436,502</b>
<b>Securities Premium</b>		
Opening Balance	90,072,022	90,072,022
Add: Addition during the Year		-
Less: Bonus Shares issued during the Year	14,491,520	
Less: Share Issue Expenses	-	-
	<b>75,580,502</b>	<b>90,072,022</b>
<b>Total</b>	<b>347,993,061</b>	<b>260,508,524</b>

**Note 5 - Long term borrowings**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>a) Loans from Banks &amp; Financial Institutions</b>		
Secured*	42,243,184	56,214,304
Unsecured**	42,413,593	332,038
<b>Total</b>	<b>84,656,777</b>	<b>56,546,342</b>

\* Secured loans includes, Vehicles loans which are secured by hypothecation of vehicles financed by respective banks and financial institutions. (For details refer Note No.23)

\* Secured loans includes loans from NSDC by hypothecation of equity shares (For details Refer Note No. 23)

\*\*The Company availed Unsecured Business Loans from banks and Non Banking Financial Institutions. (For details Refer Note No.23)

**Note 6 - Short term borrowings**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>a) Borrowings from Banks &amp; Financial Institute</b>		
Secured*	393,181,098	170,044,443
<b>b) Loans and Advances from related parties</b>		
Unsecured **	-	15,000,000
<b>Total</b>	<b>393,181,098</b>	<b>185,044,443</b>

\*Short term secured loans are Working Capital loans which are secured by hypothecation of Stocks & Receivables (present & future) of the Company, payable on demand.

\*\*The Company availed Unsecured Business Loans from Non Banking Financial Institutions. (For details Refer Note No.23)

**Note 7 - Trade Payables**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Trade payables</b>		
Creditors for Material Suppliers	28,645,080	10,071,763
Creditors for Services	2,614,573	4,919,150
Creditors for Capital Goods	5,233,446	-
Creditors for Training Projects	2,543,627	3,541,103
<b>Total</b>	<b>39,036,726</b>	<b>18,532,016</b>

**Note 8 - Other Current liabilities**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory Dues Payable	61,477,160	63,564,934
Rent Payable	129,071	-
Salaries payable	10,019,197	7,039,945
Wages payable	72,239,823	58,162,856
Expenses Payable	1,960,419	1,908,162
Current Maturities of Long term Borrowings	13,402,010	13,307,495
Advance Received for Traing Projects	12,508,656	3,881,615
Expenses Payable of Projects	735,878	1,073,904
<b>Total</b>	<b>172,472,214</b>	<b>148,938,911</b>

**Note 9 - Short term Provisions**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for tax (net)	20,110,685	4,014,684
Provision for Gratuity	19,308,512	5,771,219
<b>Total</b>	<b>39,419,197</b>	<b>9,785,903</b>

**Note 10 - Note Of Fixed Assets & Depreciation Statement For The Year Ended 31.03.2020**

(Amount in ₹)

Particulars	Gross Block			Depreciation				Net Block	
	Original cost	Additions (FY 2019-20)	Deletions	Original Cost As on 31.03.2020	Dep upto 31.03.2019	Current Year Dep (FY 2019-20)	Dep on sale of Assets	WDV As on 31.03.2019	WDV As on 31.03.2020
Mobiles	2,059,460	888,650		2,948,110	1,026,594	629,833	1,656,427	1,032,866	1,291,683
Office Equipment	9,755,299	12,581,881		22,337,180	5,670,027	4,615,337	10,285,364	4,085,272	12,051,816
Printers	192,440	456,127		648,567	140,916	100,025	240,941	51,524	407,626
Computers	5,383,004	4,828,871		10,211,875	4,386,256	2,614,719	7,000,975	996,748	3,210,900
Furnitures & Fittings	3,197,245	21,841,775		25,039,020	2,299,740	1,653,462	3,953,202	897,505	21,085,818
Inverter	735,958	85,500		821,458	662,938	43,918	706,856	73,020	114,602
Vehicles	61,321,146	1,455,775	1,217,251	61,559,670	35,934,177	8,266,727	946,547	25,386,969	18,305,313
Plant & Machinery	167,644	28,571		196,215	103,457	30,210	133,667	64,187	62,548
Live Stock	75,674	-		75,674	39,889	11,177	51,066	35,785	24,608
Land	107,698,219	3,799,994		111,498,213	-	-	-	107,698,219	111,498,213
Lease Hold Improvements	-	35,010,579		35,010,579	-	2,474,720	2,474,720	-	32,535,859
<b>Total</b>	<b>190,586,089</b>	<b>80,977,723</b>	<b>1,217,251</b>	<b>270,346,561</b>	<b>50,263,994</b>	<b>20,440,128</b>	<b>946,547</b>	<b>140,322,095</b>	<b>200,588,986</b>



**Note 11 Deferred Tax Asset**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Opening Balance	19,844,433	6,880,287
Add/(Less): Deferred Tax(Asset)/Liability	14,145,680	12,964,146
<b>Total</b>	<b>33,990,113</b>	<b>19,844,433</b>

**Note 12 Trade Receivables**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period exceeding 6 months from the due date	-	1,773,380
Trade receivables o/s for a period not exceeding 6 months from the due date	643,178,182	413,549,155
<b>Total</b>	<b>643,178,182</b>	<b>415,322,535</b>

**Note 13 Cash and Cash Equivalents**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
(a) Cash in hand	733,014	626,297
(b) Balances with banks		
In Current Accounts	14,576,341	13,570,938
- Fixed Deposits	1,000,000	-
- Deposits against Bank Guarantees	7,867,158	7,098,544
<b>Total</b>	<b>24,176,513</b>	<b>21,295,779</b>

**Note 14 Other Current Assets**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(a) Balances with government authorities</b>		
(i) TDS receivable	56,529,307	10,029,567
<b>(b) Deposits</b>		
(i) Rental and Other Deposits	16,413,672	6,446,333
Prepaid Expenses	4,462,078	1,336,024
TDS Recoverable On Financial Charges	207,746	265,878
Taxes paid against Income Tax Appeal A Y 2014-15	-	14,414
Other Advances	141,583	496,897
Service Tax Paid Against Appeal	-	246,034
Receivables for Training Projects	91,458,052	73,283,628
<b>Total</b>	<b>169,212,438</b>	<b>92,118,775</b>

**Note 15 Short Term Loans and Advances**

(Amount in ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Staff Advances	74,208,432	55,130,572
Advance to Supplier	4,559,219	686,403
<b>Total</b>	<b>78,767,651</b>	<b>55,816,975</b>

**Note: 16 Revenue from operations**

(Amount in ₹)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Sale of services</b>		
(a) House Keeping	949,974,035	601,721,597
(b) Security Service Charges	1,146,802,584	812,997,898
(c) Grants Received from Ministry of Rural Development and Government of India for DDU -GKY skill Projects	37,150,697	57,584,274
<b>Total</b>	<b>2,133,927,316</b>	<b>1,472,303,769</b>

**Note: 17 Other Income**

(Amount in ₹)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Interest Received	633,573	171,782
Interest on TDS Refund		-
Misc Income	95,343	25,938
Profit on Sale of Fixed Assets	107,818	269,812
<b>Total</b>	<b>836,734</b>	<b>467,532</b>

**Note: 18 Changes in Inventory**

(Amount in ₹)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Opening Stock	21,584,570	7,465,802
Purchases	51,273,096	39,697,269
Closing Stock	28,285,800	21,584,570
<b>Cost of Materials consumed</b>	<b>44,571,866</b>	<b>25,578,501</b>

**Note: 19 Employee Benefits**

(Amount in ₹)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Wages	1,540,268,218	1,037,833,626
Expenses for Ministry of Rural Development and Government of India for DDU -GKY skill Projects	37,150,697	57,584,274
Salaries	87,846,396	69,405,491
Directors Remuneration	13,500,000	10,725,000
Other Employee Benefits	174,311,758	82,796,482
<b>Total</b>	<b>1,853,077,069</b>	<b>1,258,344,873</b>

**Note: 20 Finance cost**

(Amount in ₹)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Interest on Vehicle loans	1,946,370	2,315,679
Interest on Business Loans	-	3,211,589
Interest on Bank O/D	28,334,139	17,576,584
Bank Charges	3,416,446	1,659,945
Interest on Term Loans	237,764	575,329
Bills Discounted charges	5,570,371	-
<b>Total</b>	<b>39,505,090</b>	<b>25,339,126</b>

**Note: 21 Other Expenses**

(Amount in ₹)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Advertisement Charges	904,150	853,538
Audit Fees	500,000	500,000
Internal Audit Fees	200,000	200,000
Business Promotion Expenses	4,770,623	1,946,548
Consultancy Charges	5,682,580	5,591,725
Conveyance	2,647,960	4,035,178
Electricity Charges	1,366,407	645,348
Donation	3,376,516	3,508,872
CSR Expenses	540,000	1,200,000
Bad Debts Writtenoff	3,263,792	-
Insurance	2,402,567	1,730,793
Rates and Taxes	9,998,486	4,968,956
Office Maintenance	4,257,894	3,145,155
Postage and Telegram	169,584	180,400
Printing and Stationery	2,986,783	2,158,438
Rent Paid	13,385,006	4,166,689
Internet Charges	489,130	411,894
Telephone Charges	2,269,353	1,586,928
Travelling Expenses	2,285,414	4,028,068
Computer Maintenance	248,309	174,777
Vehicle Maintenance	3,928,000	5,587,733
NSDC Expenditure	6,122,408	7,577,737
Kennels (Dog Training Exp)	1,448,558	1,240,408
<b>Total</b>	<b>73,243,520</b>	<b>55,439,185</b>

**Note: 22 Obligations towards operating leases**

The company has entered into operating lease arrangements for its premises at various locations.

(Amount in ₹)

Particulars	FY 2019-20
Future minimum lease payments	
not later than one year	14,092,500
later than one year and not later than five years	53,952,454
later than five years	-
The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is on account of lock-in period and notice period in some of the lease agreements entered by the company for operating of offices:	
On account of Lock-in Period	5 years /3 years
On account of Notice Period	0

### Note :23

#### 23.a Note: Working Capital Loan / Term Loan/ Vehicle Loans:

##### **Working Capital Loan from HDFC Bank:**

##### **Rate of Interest:**

**Over Draft from HDFC Bank:** Interest at the rate of 8.15%

##### **Margin:**

25% receivables not older than 90 days

##### **Primary Security:**

1. Hypothecation of stock of Raw Material, Consumables, Work in Progress, Finished Goods & Assignment of receivables. 2. Fixed Deposit Towards BG @ 25%

##### **Collateral Security:**

- a) Hypothecation of Villa No.120, House 15-31-IFF/120, In S.y No 1009 situated at Indu Fortune fields, Phase-XIII, KPHB Colony, Kukatpally, Hyderabad-500072, having Market value of ₹ 4.61 Crores, Standing in the name of Mr. Srikanth Kodali.
- a) Hypothecation of Land in S.Y.51, situated at Nagaram Revenue Village, Maheswaram Mandal, Rangareddy Dist. -500083

Terms of Repayment:

Working Capital Loans repayable on demand.

#### 23.b Indusind Bank

**Cash Credit from INDUSIND Bank Limited:** Interest at the rate of Floating rate of CD-Six months -CC/DD+5.50%

##### **Interest :**

Interest @ 9.75%

##### **Margin:**

40% receivables not older than 90 days

##### **Primary Security:**

Hypothecation of Book Debts and Inventory.

##### **Collateral Security:**

- a) Residential Land and Building situated at Villa Bearing 231, Survey No:1009, Indu Fortune Fields, Kukatpally, Near Sujana forum Mall, Sft 3415 and having Market value of Rs 675.71 lakhs. In the name of Mr. Bollepalli Venu and Mrs. Manita Bollepalli
- a) Flat No: 11204, 12<sup>th</sup> Floor, Walnut Block, Indu Fortune Fields, Balanagar, Sft 1865 and having Market value of Rs 137.78 lakhs. In the name of Mr. Bollepalli Venu and Mrs. Manita Bollepalli

##### **Personal Guarantee:**

1. Mr. Srikanth Kodali 2. Doddapaneni Kanti Kiran 3. Venu Bollepalli 4. Bollepalli Manita

##### **Terms of Repayment:**

Working Capital Loans repayable on demand.

#### 23.c SBI Global Factors Limited

**SBI Global Factors Limited Bank:** Interest at the rate of 11.75%

##### **Margin:**

10% of the Receivables

##### **Primary Security:**

Receivables

**Personal Guarantee:**

1. Mr. Srikanth Kodali
2. Doddapaneni Kanti Kiran

**Terms of Repayment:**

Working Capital Loans repayable on demand.

**23.B Term Loan NSDC:**

**Moratorium & Reapayment Schedule:** Principal Moratorium Period : 3 years from the date of first reimbursement, no Interest Moratorium Repayment Period: 10Years (Including Moratorium Period) from date of first disbursement

**Repayment:** In 28 Quarterly Installments Starting from Q1 of 4<sup>th</sup> Year

**Rate of Interest :** 6% Per Annum

**Security:**

1. First charge on assets on the project,
  2. First charge on Cash flow of the Project,
  3. Charge on IP of the project till the loan is repaid
  4. Pledge of 51% of equity shares of the Project implementing company by Mr.Srikanth Kodali
- Additional Collateral: Personal Guarantee provided by both the promoters Mr.Srikanth Kodali and Mr.Radha Krishna Pinnamaneni

**23.C Vehicle Loans from Banks:****Rate of Interest:**

1. HDFC Jaguar Vehicle Loan:@ 9.86% Per Annum
2. HDFC Porche vehicle Loan:@ 9.36% Per Annum
3. Canara bank Tavera Vehicle Loan: @ 10.20% Per Annum
4. Canara bank audi Car Loan: @ 8.90 % Per Annum
5. HDFC Volvo vehicle Loan:@ 8.85% Per Annum
6. HDFC TATA Sumo vehicle Loan:@ 9.25% Per Annum
7. Cholamandalam investment and Finance Co Ltd @ 11.50% Per Annum

**Security:**

Vehicles loans are secured by hypothecation of vehicles financed by respective banks.

**Terms of Repayment:****1. HDFC Jaguar Vehicle Loan:@ 9.86% Per Annum**

This Loan is repayable in 60 monthly installments of ₹ 2,20,550/- each commencing from July, 2015  
Status as on 31.03.2020 : Balance No. of Installments -3

**2. HDFC Porche vehicle Loan:@ 9.36% Per Annum**

This Loan is repayable in 60 monthly installments of ₹ 280,910/- each commencing from July, 2016  
Status as on 31.03.2020 : Balance No. of Installments -15

**3. Canara bank Tavera Vehicle Loan: @ 10.20% Per Annum**

This Loan is repayable in 84 monthly installments of ₹ 15,034/- each commencing from Jan, 2016  
Status as on 31.03.2020 : Balance No. of Installments - 32

**4. Canara bank audi Car Loan: @ 8.90 % Per Annum**

This Loan is repayable in 60 monthly installments of ₹ 1,63,608/- each commencing from September, 2017  
Status as on 31.03.2020 : Balance No. of Installments -29

**5. HDFC Volvo vehicle Loan:@ 8.85% Per Annum**

This Loan is repayable in 60 monthly installments of ₹ 1,76,816/- each commencing from November, 2018  
Status as on 31.03.2020 : Balance No. of Installments -43

**6 HDFC TATA Sumo vehicle Loan:@ 9.25% Per Annum**

This Loan is repayable in 36 monthly installments of ₹ 27,691/- each commencing from December, 2018

Status as on 31.03.2020 : Balance No. of Installments -20

**7 Cholamandalam Investment and Finance Co Ltd**

**Rate of Interest :** @ 11.50% Per Annum

**Security :** Secured Loan

**Terms of Repayment :**

This Loan is repayable in 24 monthly installments of ₹ 40,002/- each commencing from July, 2018

Status as on 31.03.2020 : Balance No. of Installments -3

**D Unsecured Business Loans from Banks & Financial Institutions:**

**From Banks:**

**1 HDFC Bank Limited**

**Rate of Interest :** @ 9.75% Per Annum

**Security :** WC TERM LOANS

**Terms of Repayment :**

This Loan is repayable in 84 monthly installments of ₹ 8,23,615/- each commencing from November, 2019

Status as on 31.03.2020 : Balance No. of Installments -79

**2 Standard Chartered Bank Limited**

**Rate of Interest :** @16.50% Per Annum

**Security :** Unsecured Loan

**Terms of Repayment :**

This Loan is repayable in 36 monthly installments of ₹ 88,511/- each commencing from August, 2017

Status as on 31.03.2020 : Balance No. of Installments -4

As per our report of even date

**NSVR and Associates LLP**

Chartered Accountants

Fr No.008801S/S200060

On Behalf of the Board

**KAPSTON FACILITIES MANAGEMENT LIMITED**

Sd/-

**R. Srinivasu**

Partner

M.No:224033

Sd/-

**Srikanth Kodali**

Managing Director

DIN:02464623

Sd/-

**Kanti Kiran Doddapaneni**

Director

DIN 07420023

Date: June 15,2020

Place: Hyderabad

Sd/-

**Brendon Thomas Pereira**

Chief Financial officer

Sd/-

**Amreen Gulnaaz**

Company Secretary

M.No ACS47889



# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting (AGM) of the shareholders of the Company will be held on Wednesday, September 30, 2020, at 11.30 a.m. at the Corporate office of the Company situated at Plot No 75, Kavuri Hills, Madhapur, Hyderabad, Telangana-500034, to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2020 together with the reports of the board of directors ('the Board') and auditors thereon.
2. To appoint a Director in place of Dr. Cherreddi Ramachandra Naidu (DIN: 02096757), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

## Special Business:

3. To consider and if thought fit to pass with or without modification(s), the following resolution as **an ordinary resolution**:

"RESOLVED THAT pursuant to the provisions of sections 149,150,152 and any other applicable provisions of the Companies Act,2013("the Act") and the Companies (Appointment and Qualification of Directors) Rules,2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulations 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 (Listing Regulations"), Mr. Nageswara Rao Koripalli (DIN 08734786), who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 29, 2020 in terms of Section 161(1) of the Act and whose term of office expires at the Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing his appointment to the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not

subject to retirement by rotation, for a term from April 29,2020 to April 28,2025."

By order of the Board

Sd/-

**Amreen Gulnaaz**

Company Secretary

M.No A47889

**Place: Hyderabad**

**Date: August 14,2020**

## Registered Office

Kapston Facilities Management Limited

Plot No.287,MIG-2, IX Phase KPHB,

Kukatpally, Hyderabad- 500072.

CIN : L15400TG2009PLC062658

Email: cs@kapstonfm.com

Website:www.kapstonfm.com

Contact Details : +91 96 4050 4050

## Notes

1. A shareholder entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on poll on behalf of him and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Corporate Office of the Company, duly completed and signed, not less than 48 hours before the commencement of meeting. A person can act as proxy on behalf of shareholders not exceeding fifty (50) in number and holding in aggregate not more than 10% of the total share capital of the company.
2. In terms of the provisions of section 152 of the Companies Act,2013, Dr. Cherreddi Ramachandra Naidu, Executive Chairman (DIN: 02096757), retire by rotation at the AGM. Nomination and Remuneration Committee and the Board of Directors of the Company commend his re-appointment.  
Details of Dr. Cherreddi Ramachandra Naidu, Executive Chairman (DIN: 02096757) retiring by rotation/ seeking re-appointment at the ensuing meeting are provided in the "Annexure" to the Notice.
3. Corporate shareholders intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the AGM.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. The register of directors and key managerial personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, and the register of contracts or arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The cutoff date for dispatch of Annual Reports to shareholders is September 04, 2020.

#### **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE**

7. In compliance with the MCA circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent through electronic mode to those Members whose email address are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.kapstonfm.com](http://www.kapstonfm.com), website of the Stock Exchange, i.e on National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).  
For receiving all communication (including Annual Report) from the Company electronically members are requested to register/update their email addresses with the relevant Depository Participant.
8. Pursuant to section 108 of the Companies Act, 2013, read with rules 20 of the Companies (Management and Administration) Rules, 2014 and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer voting by electronic means to the members to cast their votes electronically on all resolutions set forth in this notice. The detailed instructions for e-voting are given separately.
9. Shareholders/proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM.
10. Shareholders are requested to intimate, immediately, any change in their address or bank

mandates to their depository participants with whom they are maintaining their demat accounts.

11. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts.
12. Pursuant to section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH-13 to the Registrar and Transfer Agent of the Company. Further, members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH- 14, to the Registrar and Transfer Agent of the Company.
13. All documents referred to in the accompanying notice will be available for inspection at the corporate office of the company during business hours on all working days up to the date of declaration of the result of the 12<sup>th</sup> AGM of the Company.
14. In case of joint holders attending the AGM, the shareholder whose name appears as the first holder in the order of name appears as per the Register of Members of the Company will be entitled to vote.
15. Route map to the venue of the AGM is published elsewhere in the Annual Report.

By order of the Board  
**For Kapston Facilities Management Limited**

Sd/-  
**Amreen Gulnaaz**  
Company Secretary  
M.No A47889

**Place: Hyderabad**  
**Date: August 14, 2020**

#### **Registered Office**

Kapston Facilities Management Limited  
Plot No.287,MIG-2, IX Phase KPHB,  
Kukatpally, Hyderabad- 500072.  
CIN : L15400TG2009PLC062658  
Email : [cs@kapstonfm.com](mailto:cs@kapstonfm.com)  
Website : [www.kapstonfm.com](http://www.kapstonfm.com)  
Contact Details : +91 96 4050 4050

## Guidelines for Electronic Voting

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide e-voting facility to the shareholders to cast their vote on all resolutions set forth in the notice convening the 12<sup>th</sup> Annual General Meeting (AGM) to be held on Wednesday, September 30, 2020 at 11.30 a.m. The Company has engaged the services of Central Depository Service Limited (CDSL) to provide the e-voting facility.

The Members whose names appear in the Register of Members/List of Beneficial Owners as on September 23, 2020 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Sunday, September 27, 2020 at 9.00 a.m and will end on Tuesday, September 29, 2020 at 5.00 p.m. During this period, shareholders of the Company, as on the cutoff date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date and time mentioned above.

The Company has appointed Mr. D S Rao, Practicing Company Secretary, Hyderabad, to act as the Scrutinizer, to scrutinize the electronic voting process and poll at the Annual General Meeting (AGM) in fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

The shareholders who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again.

The facility for voting through ballot paper will be made available at the AGM venue and the shareholders attending the AGM, who have not cast their vote by remote e-voting will be able to exercise their right at the AGM venue through ballot paper. Shareholders who have not cast their vote electronically, by remote e-voting, may only cast their vote at the AGM through ballot paper.

At the AGM, at the end of discussion on the resolutions on which voting is to be held, the Chairman, with the assistance of the scrutinizer, will order voting through ballot paper for all those shareholders who are present at the AGM but have not cast their votes electronically using the remote e-voting facility.

## PROCEDURE FOR E-VOTING:

Instructions for members for voting electronically are as under:

- A.** In case of members receiving e-mail (for members whose e-mail addresses are registered with the Company/Registrars)
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on Shareholders.
  - Now Enter your User ID
    - For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Next enter the Image Verification as displayed and Click on Login.
  - Shareholders holding shares in dematerialized form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - If you are a first-time user follow the steps given below:

<b>PAN*</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department. * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digits of the folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramanathan with sequence number 1 then enter RA00000001 in the PAN field.
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<b>Dividend Bank Details or Date of Birth</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order to login <ul style="list-style-type: none"><li>In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).</li></ul>
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- (vii) After entering these details appropriately, click on "SUBMIT" tab.

- (viii) Members will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) Click on the EVSN for the relevant **"Kapston Facilities Management Limited"** on which you choose to vote.
- (x) On the voting page, you will see "Resolution Description" and against the same the option "Yes/No" for voting. Select the option Yes or No as desired. The option Yes implies that you assent to the resolution and option No implies that you dissent to the resolution.
- (xi) Click on the "Resolution file link" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "Submit". A confirmation box will be displayed. If you wish to confirm your vote, click on "Ok", else to change your vote, click on "Cancel" and accordingly modify your vote.
- (xiii) Once you "Confirm" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Members can also cast their vote using CDSL's mobile app "m-Voting" available for Android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the board resolution and power of attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same
- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### General Instructions:

- i. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on September 23, 2020.
- ii. The Scrutinizer, after scrutinising the votes cast at the meeting through ballot papers during AGM and after taking into consideration the e-voting will, not later than 48 hours from the conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.kapstonfm.com](http://www.kapstonfm.com) and on the website of Stock Exchange (NSE).
- iii. The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM.

### **ADDITIONAL FACILITY TO THE SHAREHOLDERS TO PARTICIPATE THROUGH ELECTRONIC PLATFORM**

Considering the present COVID-19 pandemic, the Company is pleased to provide additional platform by enabling shareholders to participate through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") in the Annual General Meeting. The shareholders who wish to participate in the Annual General Meeting through electronic platform shall send the request by email to the Company Secretary of the Company at [cs@kapstonfm.com](mailto:cs@kapstonfm.com).

The Company Secretary will share the Zoom login details and password, please note the said participation will not be counted for the purpose of quorum.

The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned prescribed, Members who wish to participate through VC/OAVM can send their queries by email to the Company Secretary at [cs@kapstonfm.com](mailto:cs@kapstonfm.com) before September 28, 2020, the said queries will be considered and the Chairman will reply the same at the Annual General Meeting.

### **EXPLANATORY STATEMENT IN ACCORDANCE WITH SECTION 102 OF THE COMPANIES ACT, 2013**

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

#### **Item 3:**

In accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 ("the Act"), Mr. Nageswara Rao Koripalli (DIN 08734786) who was co-opted as an Additional Director (Independent) w.e.f April 29, 2020 and who holds office as such up to the date of this Annual General Meeting is proposed to be appointed as an Independent Director subject to the approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. Nageswara Rao Koripalli, be appointed as an Independent Director on the Board of the Company.

The Company has received a notice in writing from a member under Section 160 of the Companies Act proposing the candidature of Mr. Nageswara Rao Koripalli (DIN 08734786) for the office of Director of the Company. Mr. Nageswara Rao Koripalli has consented to act as a

Director and given a declaration stating that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act and that he meets the criteria of independence as prescribed under both sub-section (6) of Section 149 of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In the opinion of the Board, Mr. Nageswara Rao Koripalli (DIN 08734786) fulfills the condition of his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Nageswara Rao Koripalli (DIN 08734786) is independent of the management and possesses appropriated skills, experience, and knowledge.

#### **Brief Profile :**

Mr. Nageswara Rao Koripalli (DIN 08734786) is a retired Indian Revenue Service Officer with an overall experience of 32 years in administration of Indian Income Tax Laws and allied Laws in various capacities. His last posting was, the Principal Director of Income Tax (Investigation), Hyderabad, in the Income Tax Department, having jurisdiction over the State of Telangana & Andhra Pradesh.

He holds a Masters' degree in Science from Andhra University and holds LLB (Law) degree. He joined Indian Revenue Service (IRS)- Income Tax Department in the year 1986 and retired in the year 2018. He also worked as a Special Director in the Directorate of Enforcement on deputation. By virtue of his work experience in government of India, he has knowledge and exposure in matters of accountancy, audit and corporate governance of large companies governed under the (Indian) Companies Act. He has fair knowledge of various Laws of the country especially in Foreign Exchange Regulation Act (FERA), Foreign Exchange Management Act (FEMA), The Prevention of Money Laundering Act (PMLA), Prohibition of Benami Properties Act & The Black Money Act.

As per the provisions of section 149 and 152 of the Companies Act, 2013 consent of the members by way of ordinary resolution is required for the said appointment. the relevant details of Mr. Nageswara Rao Koripalli (DIN 08734786) as required under the provisions of regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this notice.

Copy of draft letter of appointment of Mr. Nageswara Rao Koripalli (DIN 08734786) setting out the terms and conditions of appointment is available for inspection by the members at the corporate office of the Company.



Except Mr. Nageswara Rao Koripalli (DIN 08734786), none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

Mr. Nageswara Rao Koripalli (DIN 08734786) holds directorship only in “Kapston Facilities Management Limited”. The Board recommends the resolution set forth in Item No.3 for approval of the members.

**Annexure to the explanatory statement pursuant to Regulation 36 of the Listing Regulations and Secretarial Standard-2 issued by The Institute of Company Secretaries of India, information about the directors who is seeking re-appointment/appointment**

**Item No.2& 3**

A	Name	Dr. Chereddi Ramachandra Naidu	Mr. Nageswara Rao Koripalli
	Directors Identification Number	02096757	08734786
B	Brief Resume		
	i) Age (Date of Birth)	70 Years (01-02-1950)	62 years (06-02-1958)
	ii) Qualification	Retd. IPS MA in Sociology and a Doctorate in Commerce & Management.	Retd. IRS He holds a Masters’ degree in Science from Andhra University and holds LLB (Law) degree.
	iii) Experience (including expertise in specific functional area/Brief Resume)	He joined the Police Services as a Deputy Superintendent of Police in the year 1977 and retired in the year 2007 as Inspector General of Police. He is acting as Director of the Company since 2018.	He joined Indian Revenue Service (IRS)- Income Tax Department in the year 1986 and retired in the year 2018. He also worked as a Special Director in the Directorate of Enforcement on deputation. By virtue of his work experience in government of India, he has knowledge and exposure in matters of accountancy, audit and corporate governance of large companies governed under the (Indian) Companies Act.
	iv) Date of initial appointment on the Board of the Company	22.02.2018	29.04.2020
C	Nature of expertise in specific functional Areas	His expertise spans across the areas of human resource management, Industrial relations, strategy and project management.	He is an expert in Tax matters, accountancy, audit and corporate governance.
D	Names of other companies in which he is acting as Director	CAP Workforce Development Institute Private Limited.*	NIL (He is director only in Kapston Facilities Management Limited)
E	Name(s) of companies in which committee Membership(s)/ Chairperson held as on date	NIL	NIL
F	Shareholding in the Company	6,41,200 Equity Shares	4200 Equity Shares
G	Relationships between other Directors Inter-se	No relationship with other directors.	No relationship with other directors.

\* Company whose status is “Strike off” as per Ministry of Corporate Affairs data those companies are not considered while taking in consideration “Names of other companies in which the existing director is acting as Director”





## ROAD MAP TO AGM VENUE FROM JUBILEE HILLS CHECK POST, HYDERABAD



## Kapston Facilities Management Limited

CIN: L15400TG2009PLC062658

Registered office: Plot No.287, MIG-2, IX Phase KPHB, Kukatpally, Hyderabad, Telangana-500072.

Corporate office: Plot No.75, Kavuri Hills, Madhapur, Hyderabad-500034.

E-mail :cs@kapstonfm.com Website : www.kapstonfm.com

Contact No : +91 96 4050 4050

### Form No.MGT-11

#### Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014

<b>CIN</b>	<b>L15400TG2009PLC062658</b>
<b>Name of the Company</b>	<b>Kapston Facilities Management Limited</b>
<b>Registered Office</b>	<b>Plot No.287, MIG-2, IX Phase KPHB, Kukatpally, Hyderabad, Telangana-500072.</b>
<b>Name of the Member(s)</b>	
<b>Registered Address</b>	
<b>E-mail Id</b>	
<b>Folio No./Client ID</b>	<b>DP ID</b>

I / We, holding \_\_\_\_\_ shares of Kapston Facilities Management Limited, hereby appoint

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ falling him/her
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ falling him/her
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ falling him/her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 12<sup>th</sup> AGM of the company to be held on Wednesday, 30<sup>th</sup> September, 2020 at 11.30 a.m at the venue of AGM i.e Corporate office: Plot No.75,Kavuri Hills, Madhapur, Hyderabad-500034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Vote (optional see note2) (please mention no of shares	
		For	Against
	<b>Ordinary Business</b>		
<b>1</b>	<b>To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2020 together with the reports of the board of directors ('the Board') and auditors thereon.</b>		
<b>2</b>	<b>To appoint a Director in place of Dr. Cherreddi Ramachandra Naidu (DIN: 02096757), who retires by rotation and being eligible, offers himself for re-appointment as a Director .</b>		
	<b>Special Business</b>		
<b>3</b>	<b>To appoint Mr. Nageswara Rao Koripalli (DIN 08734786) as Independent Director of the Company.</b>		

Affix  
Revenue  
Stamp

Signed this ..... day of ..... 2020

Signature of the shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

**Note:**

1. This form in order to be effective should be duly completed and deposited at the Corporate Office of the company not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.





## **Kapston Facilities Management Limited**

CIN: L15400TG2009PLC062658

Registered office: Plot No.287, MIG-2, IX Phase KPHB, Kukatpally, Hyderabad, Telangana-500072.

Corporate office: Plot No 75, Kavuri Hills, Madhapur, Hyderabad-500034

E-mail :cs@kapstonfm.com Website : www.kapstonfm.com