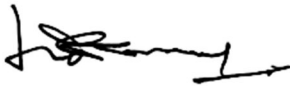


## FORM A

1.	Name of the company	Akme Star Housing Finance Limited
2.	Annual financial Statements for the Year ended	31 <sup>st</sup> March, 2016
3.	Type of Audit Observation	Un-Qualified/Un-modified Audit Report
4.	Frequency of Observation	Not Applicable



**Dr. Mohan Lal Nagda**  
Managing Director



**Mr. Ashish Jain**  
Chief Financial Officer

**For, Nyati Mundra & Co.**  
Chartered Accountants  
Firm Reg. No. 008153C



**Mrs. Rajni Gehlot**  
Audit Committee Chairperson



**CA Akash Jain**  
Partner  
Membership No. 079052

11<sup>th</sup>  
**ANNUAL REPORT**  
2015 - 2016

**AKME STAR HOUSING FINANCE LIMITED**





## **Corporate Information.....**

### **Board of Directors**

Dr. Mohan Lal Nagda - Managing Director  
 Mr. Nirmal Kumar Jain - Executive Director  
 Mr. Kalu Lal Jain - Executive Director  
 Mr. Amrit Singh Ji Rajpurohit Non-Exe.Independent Director  
 Mr. Avinash Bhatnagar - Non-Exe.Independent Director  
 Mrs. Rajni Gehlot - Non-Exe.Independent Director

### **Committees of Board of Directors**

- **Audit Committee**

Mrs. Rajni Gehlot- Chairperson  
 Mr. Avinash Bhatnagar- Member  
 Mr. Nirmal Kumar Jain- Member

- **Stakeholder's Relationship Committee**

Mr. Avinash Bhatnagar- Chairman  
 Mrs. Rajni Gehlot- Member  
 Mr. Amrit Singh Ji Rajpurohit- Member

- **Nomination and Remuneration Committee**

Mr. Avinash Bhatnagar- Chairman  
 Mrs. Rajni Gehlot- Member  
 Mr. Amrit Singh Ji Rajpurohit- Member

- **Corporate Social Responsibility Committee**

Mr. Avinash Bhatnagar- Chairman  
 Mr. Nirmal Kumar Jain- Member  
 Dr. Mohan Lal Nagda- Member

- **Risk Management Committee**

Mr. Avinash Bhatnagar- Chairman  
 Mr. Nirmal Kumar Jain- Member  
 Mrs. Rajni Gehlot- Member

### **Chief Financial Officer**

Mr. Ashish Jain

### **Company Secretary & Compliance Officer**

Mr. Paritosh Kothari

### **Registered Office & Corporate Office**

Akme Business Center (ABC), 4-5 Subcity Center  
 Savina Circle, Udaipur 313002  
 Tel: 0294-2489501  
 Email: akmestarhousing@yahoo.com

### **Secretarial Auditor**

Ronak Jhuthawat & Co.  
 1097, Gyan Nagar, Hiran Magri,  
 Sector - 4, Udaipur 313002  
 Tel: +91-9887422212  
 Email: csronakjhuthawat@gmail.com

### **Statutory Auditors**

Nyati Mundra & Co.  
 G-1, Shanti Niketan complex, 115/3,  
 Ashok Nagar, Udaipur-313001  
 Email: caakashjain@gmail.com

### **Bankers**

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

### **Registrar And Transfer Agents**

Big Share Services Private Limited  
 E2 Ansa Industrial Estate, Sakivihar Road,  
 Sakinaka, Andheri East, Mumbai 400072  
 Email: ipo@bigshareonline.com

### **Stock Exchanges**

Bombay Stock exchange (BSE)  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Mumbai- 400,001

### **Depositories**

#### **National Securities Depository Limited (NSDL)**

Trade World, 4th Floor, Kamala Mills, Compounds,  
 Senapati Bapat Marg, Lower Parel, Mumbai-400,013

#### **Central Depository Services Limited (CDSL)**

17th floor, P J Towers, Dalal Street,  
 Mumbai 400001.



## **CONTENTS:**

### **COMPANY OVERVIEW**

ASHFL Vision & Mission	3
Key Highlights	4
Loan Products	5
Brief profile of Directors	6-7
Chairman and Managing Director's Foreword	8-9

### **STATUTORY REPORTS**

Management discussion and Analysis	11-15
Board's Report	17-43
Report on corporate governance	45-59

### **FINANCIAL STATEMENTS**

Independent Auditor's Report	65-67
Financial Statements	68-84



## **OUR VISION.....**

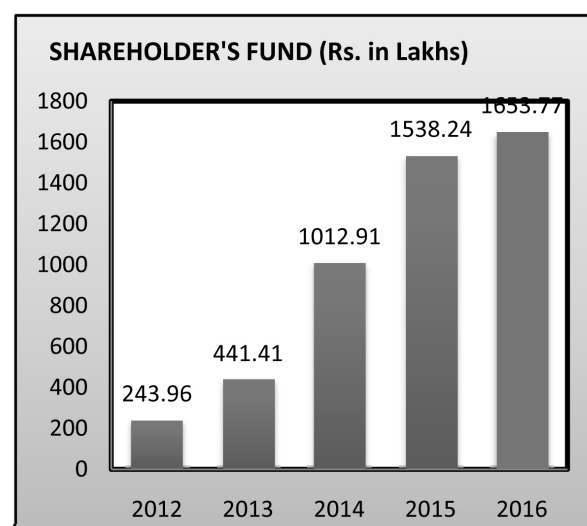
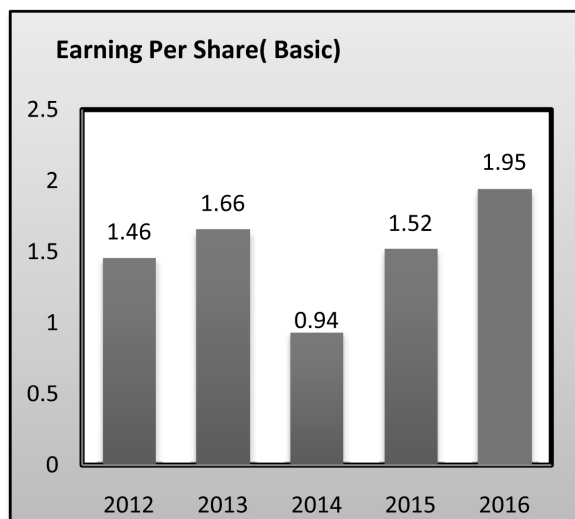
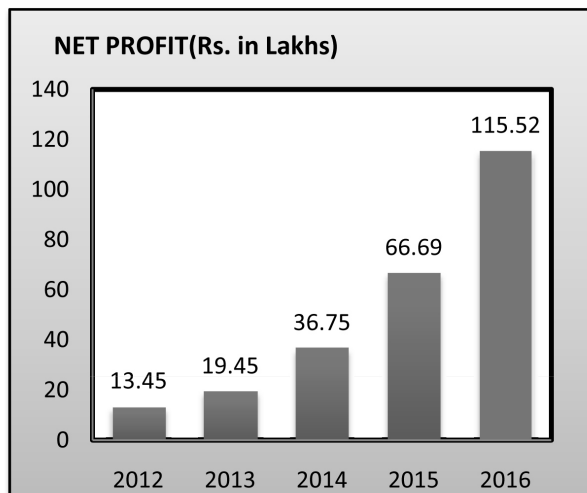
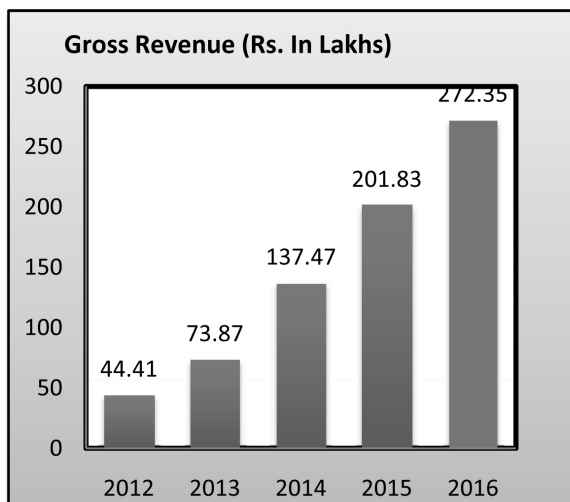
**“To provide financial  
Assistance for shelter  
With no burden”**

## **OUR MISSION.....**

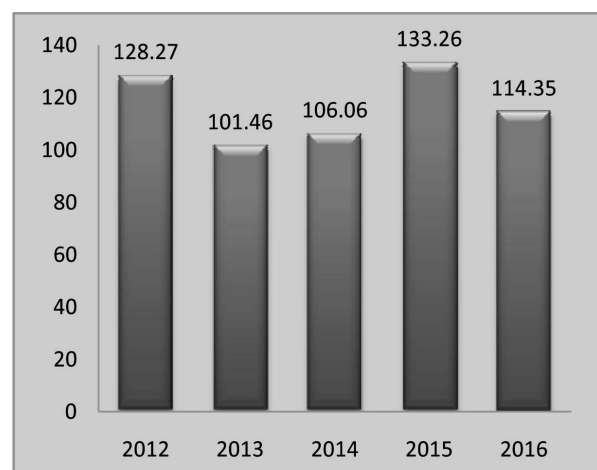
- Accelerating participation in the growth of India by providing security in form of a roof over every Indian head.
- Keeping up customer's requirements and offer customized financial solutions.
- Mobilizing resources & attention to Lower and Middle Income (LMI) segment.
- Enhancing the stakeholder's value and regulating innovations in our products, services, processes and credit policies.



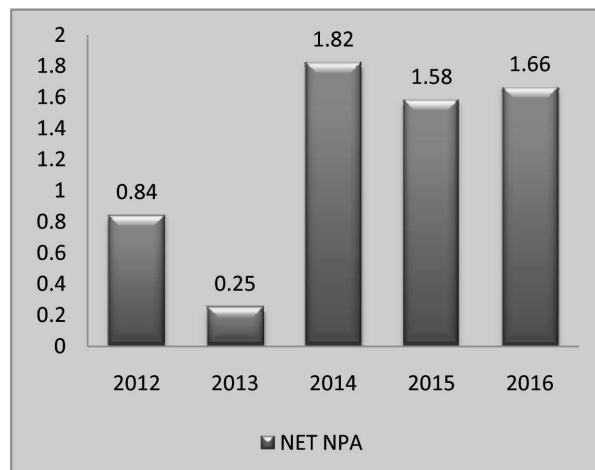
## KEY HIGHLIGHTS.....



CRAR (%)



NET NPA (%)





## **LOAN PRODUCTS.....**

### ***HOME LOAN***

- 1. Purchase of Flats/Houses*
- 2. Renovation of Existing units*
- 3. Extension of Existing units*
- 4. Purchase of Plot for construction of houses*

### ***MORTGAGE LOANS***

### ***BUILDER LOAN***

- 1. For Construction of Residential Flats*



## **Profile of Directors.....**



**DR. MOHAN LAL NAGDA**  
MANAGING DIRECTOR &  
CHAIRMAN  
DIN 00211925

**Dr. Mohan Lal Nagda**, aged 58 years, is the Promoter and Managing Director of our group to achieve new heights in business. He is a qualified Chartered Accountant with additional qualifications of CS, ICWA, MBA and Phd degree from private University on the topic "Disinvestment by Government. After a service of more than 23 years on higher managerial post in Hindustan Zinc, he had taken VRS and started active participation in the functioning of various activities of the Akme group. Under his dynamic leadership group has got the license for establishing Housing Finance Company.



**MR. NIRMAL KUMAR JAIN**  
EXECUTIVE DIRECTOR  
DIN 00240441

**Mr. Nirmal Kumar Jain**, aged 49 years, is the Promoter and Executive Director of our Company. Founder member of the Akme Group he is a first generation entrepreneur, a Chartered Accountant and Cost Accountant by qualification and visionary having more than two decades business experience. He along with other promoters of Group have started groups operation through its company M/s Akme Fintrade (India) Limited which was incorporated in the year 1996. Mr. Nirmal Kumar Jain also awarded as "Business Leader Corporate 2nd Rank by Institute of Chartered Accountants of India and the Mahaveer Yuva Sansthan Udaipur give honor as "YUVA GAURAV" in 2012

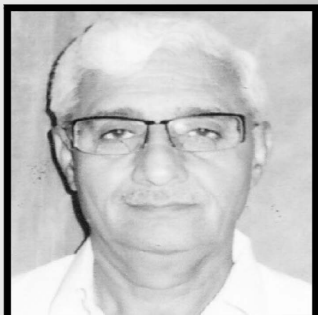


**MR. KALU LAL JAIN**  
EXECUTIVE DIRECTOR  
DIN 00451442

**Mr. Kalu Lal Jain**, aged 45 years, is the Promoter and Director of our Company. He is a highly acclaimed dignitary of the city having vast experience of real estate market since 1986. He actively looks after the housing finance division of the Company and has adequate experience of activities allied thereto



## **Profile of Directors.....**



**MR. AMRIT SINGH  
RAJPUROHIT**  
NON - EXECUTIVE  
INDEPENDENT DIRECTOR  
DIN 02173432

**Mr. Amrit Singh Rajpurohit**, aged 62 years, is the Non-Executive & Independent Director of our Company. He has a vast experience in mineral industries and development of land. He is a active social worker and is associated with various NGOs



**MRS. RAJNI GEHLOT**  
NON - EXECUTIVE  
INDEPENDENT DIRECTOR  
DIN 06627287

**Mrs. Rajni Gehlot**, aged 33 years, is the Non-Executive & Independent Director of our Company. She is a young dynamic Chartered Accountant member of ICAI having a bright knowledge of Finance and managing functioning of Company in well manner, having experience of more than 4 years. She is also the chairperson of the Audit committee of our Company.



**MR. AVINASH  
BHATNAGAR**  
NON - EXECUTIVE  
INDEPENDENT DIRECTOR  
DIN 06968417

**Mr. Avinash Bhatnagar**, aged 66 years, is the Non-Executive & Independent Director of our Company. He is a seasoned retired Senior Manager from a private Sector Bank having more than 33 years of experience in the banking industry and is a guiding force for our Housing Finance activities of the company.



## CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors and on my own behalf, I feel proud to present the 11th Annual Report for the FY 2015-16.

The Indian Government's empowering initiatives like "Digital India" and "Make in India" are designed to propel our nation to become a world-class country and your Company will keep evolving to meet the growing consumer needs across segments while cementing its dominance over the LMI customer. The Launch of "Housing –For- all by 2022" scheme in 2015 gave birth to a new evolution in Housing Finance Sector resulting in the much needed boost to real estate and housing finance industry.



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

For the last 8 years, we have helped several Indians belonging to Lower and Middle income segment to mobilize funds to buy or build their own homes. In the process, we have built strong relationships with our customers and have amassed deep customer insights. We have built the systems for delivering best-in-class customer experience and expertise for assessing credit worthiness, financial protection needs and alternate savings options.

At ASHFL, we listen to our customers' aspirations, help assess their capabilities; and devise solutions to meet their needs. This enhances their trust in our brand; and we continue to strengthen the trust our customers place in us.

High quality, mortgage backed secured lending has been the bedrock of our business. We continue to diligently focus on maintaining tight underwriting standards, asset quality, profitability in our business and effective leverage of technology. All of this has ensured that the Company maintains its healthy growth trajectory and continues to build a scalable and sustainable business.

It gives me immense pleasure to report that your Company registered a strong performance in FY 2015-16. Your Company's continuous vision of empowering the lower and middle income segment and focusing on being a trusted partner to customers has helped it stand in good stead.

During the year, your Company grew consistently, witnessing a steady increase in revenue and profits. Your Company not only offers housing loans but also mortgage loans and builder loan for construction of residential flats, indicating that your Company's relationships go beyond just financing a house.

Our Company's main aim is to maximize its shareholder's wealth which is clearly reflected in the financial statements as EPS of your company increased from 1.52 to 1.95 during the year under review.

During the year ended March 31st, 2016 the Company's total revenue increased from 201.83 Lacs to Rs. 272.35 Lacs, Profit before tax increased from Rs. 97.99 Lacs to Rs. 168.93 Lacs and Profit After Tax increased from Rs. 66.69 Lacs to Rs. 115.52 Lacs. The Net Owned Fund (NOF) of the Company as on March 31st 2016 stood at Rs.1653.78 Lacs.

We are looking at the Housing Scenario at a stage when the national economy is on the road to revival, industrial growth rate which was at a low of 1.5 percent is now a little over 5 percent. The potential for housing in this country, is by NHB estimates around 20 million houses which is huge. This means that a lot of investments can be expected in the coming years. There is also talk of foreign direct investment coming in which will add to the capabilities of the financial sector in meeting the requirements of housing. As far as availability of finance to the retail customers is concerned, there has been a tremendous improvement in the last few years. The other significant factor that has kicked up a lot of activity in the recent past, in the housing sector, is today's steadily falling interest rates of loans. The customer who is purchasing a house today has not only the options of competitively low rate of interest, but also choice of different types of loans starting from the house-purchase or house-building loans to house-improvement loans, etc.



Your Company remains committed to deliver economic empowerment to the least supported citizens of our country whilst delivering value to all stakeholders. Your Company is well poised to leverage an innovation and technology-led business model that empowers people, delivers profits and protects the integrity of financial services in our country.

**Corporate Governance :**

Your Company complies with the Corporate Governance guidelines for listed companies enunciated as per SEBI (LODR) Guidelines, 2015.

**Acknowledgements :**

The Board of Directors places on record its deepest appreciation of the valuable services and dedicated efforts rendered by the employees of Akme Star Housing Finance Limited and other stakeholders, in achieving the high performance objectives during the year 2015-16.

I look forward to the continued support of all our stakeholders in taking your Company forward on the journey of sustainable and profitable growth.

With best wishes,

**Mohan Lal Nagda**  
Chairman & Managing Director  
DIN 00211925



**ASHFL'S**

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**



## MANAGEMENT DISCUSSION & ANALYSIS...

### INDUSTRY OVERVIEW :

The Indian Economy is on a high growth trajectory since the current government has come into power with a promising economic out. The country has embarked upon the path of steady growth owing to an improved performance on various macroeconomic parameters as well as the various reforms announced by the government. The country has manageable inflation, low current account deficit and forex reserves are at an all-time high. The government is implementing key reforms to encourage domestic entrepreneurship, bolster infrastructure creation, strengthen rural income, attract FDI and enhance the ease of doing business in India. These measures cumulatively augur well for the economy, going forward.

During the Financial Year 2015-16, the GDP grew by 7.6%, as compared to 7.2% in the previous year registering the highest percentage increase in the last five years, the economy benefited from low oil prices and relatively limited exposure to global financial turmoil. Enthused by the impressive numbers for 2015-16, as against 7.2 per cent in previous fiscal, the government expects the growth rate can go up to 8 per cent in the current fiscal on the back of good monsoon(ET).

The new government at the centre has infused optimism in the sentiments in general. The Reserve Bank of India has managed to bring down the CPI inflation to 6% from the double digit level of inflation which persisted over the previous two years. A large part of disinflation has been on account of the slump in international crude oil prices. The Union Budget has also announced initiatives to boost investment. As a result, the outlook for the GDP growth has improved.

However, the unseasonal rains and hailstorms during the last month could have adverse impact on the agriculture and CPI inflation. Hence, what remains to be seen is the pace with which the acceleration takes place without increasing the inflation.

The Reserve Bank of India, in its endeavors to boost the pace of growth, reduced repo rate twice during the year. In its recent bimonthly policy, RBI has also indicated that it will continue to be accommodative in further easing of the rates if the inflation remains within the acceptable range and transmission to lending rates.

In support of the government's program for housing; The National Housing Bank (NHB) has reduced risk weights on smaller loans to promote affordable housing. The recent budget has also offered tax concession to developers for a supply of dwelling units in the lower income segments. These measures will certainly increase the supply of affordable housing in the country

It is therefore expected that the credit growth which had declined to 9% - lowest in the decade from 14% during the previous year; is likely to improve during the new financial year. The asset quality which had deteriorated in general across the banking sector during the year under review, is expected to remain weak until economic growth gathers momentum. Even, net-interest margins are expected to follow the similar pattern after experiencing decline by the banking sector.

### MARKET SCENARIO :

The government also passed Real estate (Regulation & Development) Bill, 2016 which is expected to ease the home buying process. The bill aims to bring the much needed transparency and accountability in the real estate sector. The Union Cabinet has also approved an upgraded rural housing scheme to build one crore pucca houses over the next three years. In support of the government's program for housing; The National Housing Bank (NHB) has reduced risk weights on smaller loans to promote affordable housing. The recent budget has also offered tax concession to developers for a supply of dwelling units in the lower income segments. These measures will certainly increase the supply of affordable housing in the country.

National Housing Bank has issued Guidelines on Wilful Defaulters which requires Housing Finance Companies to report the names of Wilful Defaulters with the Credit Information Bureaus. The guidelines also provide for certain other stringent steps such as inclusion of guarantors for the purpose of the penal actions, exclusion from Directorship of other companies etc. which are likely to act as a good deterrent and should help improve the recovery of dues in the sector.

There has been no change in the status of demand in the real estate sector and inventory of unsold properties had bulged to an all time high level. As a result, most of the lenders stepped up the disbursements of loans against existing properties. The spurt in mortgage loans, at a time when the economy has been at its lowest ebb; could prove difficult while effecting recoveries. Hence the risks have increased in the housing finance market when the demand for new residential properties is very sluggish and property valuations have increased.

The market scenario has become much more discouraging and it is expected that the scenario might not change for a further period of 12 to 15 months. However, in line with the Central Government's Housing for all – 2022 program, various State Governments have taken up housing projects in the affordable segment through their agencies viz.



Municipal Corporations, Housing Boards, Development Authorities or through specialized agencies set up for the purpose.

AKME Star Housing Finance Limited (ASHFL) has been trying to minimize the risk while lending to these segments as much as possible by entering into tripartite agreements with various banks and financial agencies.

**INDIAN HOUSING FINANCE INDUSTRY :**

The Indian housing finance industry is growing fast. Mortgage lending is a strong driver of growth for both housing demand and construction of houses in the country. Consequently, the Housing Finance Companies (HFCs) have witnessed an increase in total outstanding loans with a CAGR of 26% between financial year 2009-2010 and 2014-2015. During the same period, the growth in total loans outstanding in the industry (i.e. Banks and HFCs) was 19%-20%.

**Long Term housing finance growth on a strong footing :**

Despite strong growth in outstanding housing loans in India in recent years, India's housing finance sector remains relatively underpenetrated compared to other advanced economies, as is evident by its low mortgage-to- GDP ratio, which stood at approximately 9% as on March 2015. In sharp contrast, some developed economies like Denmark have mortgage markets that are almost 100% of GDP. Similarly, the US and UK have an average of around 80% to GDP ratio.

**HOUSING FINANCE COMPANIES :**

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

**Interest Rates Scenario :**

The Reserve Bank of India has done well by setting a target for the Consumer Price Index (CPI), which was a landmark change in its monetary policy. CPI has been easing since November 2015 and has registered below par numbers. The decline in inflation and subdued commodity prices provided enough headroom for the Reserve Bank of India (RBI) to cut interest rates two times in financial year 2015-16. India's corporate and industry sector has been calling for rate cuts to ease the cost of borrowing and stimulate the economy. Home loan rates settled below 10% for general borrowers in the Financial Year 2015-16, down from over 10% in Financial Year 2014-15. A further easing of interest rates would spur housing loan demand and drive the end-user market.

**KEY GROWTH DRIVERS :**

India's housing sector has a strong growth potential in the coming decade. The growth is expected on the back of India's significant development cycle and socioeconomic transformation. Some of these growth drivers are discussed below:

1. Rising Income
2. Population Growth
3. Tax Benefits
4. Increasing urbanization
5. Housing Shortage
6. Government Initiatives

**KEY CHALLENGES :**

Some of the key challenges faced by HFCs are availability of long-term bulk finance at competitive rates, low absorption of debt market and interest rate risk associated with long term lending. Investment in technology and maintaining cost effective delivery model in customer acquisition particularly in LMI segment are other important challenges. From a demand for home loan point of view, promoting supply of affordable homes construction through appropriate Public Private Partnership is the need of the hour. The legal process for enforcement of mortgaged securities, land records and registration of documents continue to pose hurdles in rapid growth of mortgage finance industry.

**THREATS :**

Primary threat to housing finance companies arises from the economic downturn and a slowdown in employment opportunities. Infrastructural bottle necks slowing down progression of urbanisation in newer centres will be another.

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



Adverse developments in the real estate sector causing delay and default in completion of projects may cause a set-back to the new and existing loans. Likewise, growing cost of houses act as a barrier to end user affordability and demand resistance may trigger inventory build-up and overall slowdown in the housing sector. Spurt in competition, coupled with an intense fight for market share between HFCs and Commercial Banks within the same space can heighten the risk element with aggressive underwriting standards. Over reliance on takeover of loans as an easier option to build size, price war, and squeezing margins to undesirable levels are other areas of possible threats.

Housing Finance companies in India have witnessed an increase in the number of fraud cases over the last couple of years. Many HFCs are increasingly realising the extent of profit erosion due to these frauds. This is expected to pose certain challenges for HFCs and many may be forced to re-visit their business model and to invest in upgrading their systems and processes. It also calls for being adept with advanced tools to prevent as well as detect frauds by effectively using technology in process and monitoring mechanism.

## **BUSINESS & OPERATIONAL OVERVIEW OF THE COMPANY :**

### **Business Overview :**

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

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

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

### **Performance Review, 2015-16 :**

During financial year ending March 31, 2016, your Company witnessed a steady increase in profits every sequential quarter. The year gone witnessed growth in the overall performance of the company characterized by quality loan portfolio and prudent resource management. The Loan Assets under Management grew steadily, while your Company continued its focus on the asset quality.

### **Effective Business Model :**

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

### **Marketing and Branding :**

Your Company has been working relentlessly towards achieving its Vision of 'provide financial assistance for shelter with no burden through its strategic marketing and product innovation initiatives undertaken by its in-house marketing and product team.

### **Credit and Operational Strengths :**

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

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

**Effective Recovery Procedures :**

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

**RISK MANAGEMENT :**

As a lending entity, your Company is exposed to various risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk and operational risk. Your Company is conscious of these factors and places emphasis on risk management practices to ensure an appropriate balance between risks and returns. Your Company has put in place a comprehensive risk management policy and framework to identify, assess and monitor various risks. Risk management is driven by the Board with the overall responsibility assigned to the Risk Management Committee of the Board of Directors..

Your Company may face an asset-liability mismatch caused by difference in maturity profile of its assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner at a reasonable price. Your Company actively monitors its liquidity position to ensure it can meet all borrowers and lenders related funds requirement. The Asset Liability Management Committee (ALCO) comprising of senior management lays down policies and quantitative limits and appraises the Audit Committee/Board periodically on the asset-liability mismatch and liquidity issues. Your Company constantly looks to diversify sources of funding to facilitate flexibility in meeting funding requirements and minimize risk.

While lending operations are principally funded by borrowings from Banks and Financial Institutions, drawing strength from a stable short-term and long term credit ratings, your Company gains access to fund raising opportunities in the capital markets.

ASHFL has formulated a risk management framework which lays the procedure for risk assessment and mitigation.. The Risk Management Committee appraises the Audit Committee of the key risks associated with the business of the Company and the measures to mitigate them.

The Audit Committee has been periodically reviewing the risk profile of the Company and evaluating functions of the systems and processes in place for monitoring, evaluation, assessment and mitigation of risk through a systematic and effective audit programme. The observations of Audit Committee, if any, on the risk management are reported to the Board.

ASHFL manages various risks like financial risk, operational risk, marketing risk, external risk and regulatory risks associated with the mortgage business. The critical risks which can significantly impact profitability and financial strength are credit risk, interest rate risk and liquidity risk. ASHFL manages credit risk through internal credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profile.

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

ASHFL has complied with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, "Know Your Customer" (KYC) Guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues, channel partners and real estate and capital market exposures. ASHFL had no investment in excess of the limits prescribed by NHB with any one company or any single group of companies. ASHFL has not made investment in any of the promoter group companies or in the stock markets.

ASHFL's Capital Adequacy Ratio as at March 31, 2016 was 114.35% as against NHB's prescribed limit of 12%. The Capital Adequacy on account of Tier I Capital was 113.82% while the Capital Adequacy on account of the Tier II Capital was 0.53%.

**INTERNAL AUDIT AND CONTROL :**

ASHFL has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. ASHFL has documented procedures covering all financial and operating functions.

ASHFL has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.



## IT AUDIT AND SECURITY :

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

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

## CENTRAL REGISTRY :

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

## HUMAN RESOURCES :

Your Company today is a valued employer brand and has a compelling employee value proposition. With the robust talent acquisition and talent retention mechanism, your Company is geared towards attracting the best talent, retaining them and ensuring sustainable growth. The initiatives of your Company are aligned with its overall mission and strategy. Embracing new technology and progressive employee centric policies and practices have enabled your Company to strike a balance between business needs and individual aspirations. In recognition of the same,

Your Company significantly invests in professional development and providing career development opportunities for its employees. A robust training and development framework, which has a blend of classroom, on-line and on the job training, is aligned to the business needs and career path of individuals and provides talent with opportunities to help them excel in their work and be well equipped for future roles. Majority of the senior leaders have grown within the organization. The leadership competency framework enables your Company to identify potential leaders, and ensures that your Company has ready talent pool to take up next level leadership roles.

## OUTLOOK OF THE COMPANY :

The Government's initiative under "Housing For All by 2022" has heralded a new era in the housing sector. It is expected to deliver the much-needed boost to the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership. Bringing Real Estate Act is yet another significant measure which will also streamline the business practices in the sector paving way for greater customer friendly approach and resultant positive impact on demand.

Related developments which your company sees as positive to spur growth particularly for lower and middle income people – the common man as is normally referred to, will come from programmes like Make in India and Skills India which are expected to provide additional employment opportunities. A favorable monsoon predicted for the 2016 Season will be a major factor to uplift the rural economy and will see overall market sentiment turning positive with strong measures to keep inflation under check having paved positive results, the benefit of transmitting the gains in respect of interest rate is expected to gather momentum going forward. Interest rates are thus expected to maintain a south ward bias in its movement, benefiting the retail borrower category, which is the most attractive and growing market for lenders.

## CAUTIONARY STATEMENT :

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



**ASHFL'S**

**DIRECTOR'S REPORT**



## Director's Report

To  
The Members  
**Akme Star Housing Finance Limited**  
Udaipur

The Directors take pleasure in presenting the 11th Annual Report together with the audited financial statements for the year ended March 31, 2016. The Management Discussion and Analysis has also been incorporated into this report.

### KEY FINANCIALS :

The Board's Report shall be prepared based on the stand alone financial statements of the company. The Company's financial performance for the financial year ended March 31, 2016, is summarized below :-

	Rs. In Lacs	
Particular	2015-16	2014-15
<b>Gross Income</b>	<b>272.35</b>	<b>201.83</b>
<b>Less : Finance Cost</b>	<b>30.01</b>	<b>36.72</b>
<b>Overhead</b>	<b>68.77</b>	<b>65.38</b>
<b>Depreciation</b>	<b>4.64</b>	<b>1.74</b>
<b>Profit Before Tax</b>	<b>168.93</b>	<b>97.99</b>
<b>Less : Provision for taxation</b>	<b>53.40</b>	<b>31.30</b>
<b>Profit After tax</b>	<b>115.52</b>	<b>66.69</b>
<b>Balance Brought Forward from last year</b>	<b>117.35</b>	<b>70.25</b>
<b>Amount available for appropriation</b>	<b>232.87</b>	<b>136.94</b>
Appropriations		
Transferred to Statutory Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank Act, 1987	33.78	19.59
Transferred to general reserve	Nil	Nil
<b>Balance Carried over to the Balance Sheet</b>	<b>199.09</b>	<b>117.35</b>
	<b>232.87</b>	<b>136.94</b>

### Transfer to Reserves

During the year under review, your Company transferred NIL to the General Reserve during the year under review and 33.78 Lacs to the Statutory Reserve under Section 36(1) (viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank (NHB) Act, 1987 out of the amount available for appropriation and an amount of 232.87 Lacs is proposed to be retained in the Profit and Loss Account.

### HIGHLIGHTS OF PERFORMANCE

The Company has achieved a gross income and net profit of Rs. 272.35 Lacs and Rs. 115.52 Lacs during the year under review as compared to Rs. 201.83 Lacs and Rs. 66.69 Lacs in the previous year respectively.

The housing loans/other loan outstanding during the year ended 31st March, 2016 were of Rs. 1551.25 lacs as against Rs. 1232.20 lacs during the previous year.

The Net Owned Funds (NOF)/ Net worth of your Company worth Rs 1653.78 Lacs as on 31.03.2016 as against Rs 1538.25/- Lacs during the previous year.

The Earnings Per Share (EPS) is Rs. 1.95 as at March 31, 2016 as against Rs. 1.52 as at March 31, 2015.

### DIVIDEND

To look after the further expansion of business activity and inadequacy of profits your directors do not recommend any payment of dividend for the year ended 31st March, 2016.

**SHARE CAPITAL****Authorized Share Capital**

During the year under review the authorized share capital of the Company stood at ₹ 6,00,00,000 (divided into 60,00,000 Equity Shares of ₹ 10/- each). No change was made in authorized Share Capital as compared to previous Year.

**Issued and Paid-up Capital**

Your Company's Share Capital is Rs 59,345,000 (divided into 5934500 Equity shares of Rs. 10/- each) as at March 31, 2016 and no change was made in issued and Paid up capital as compared to previous year.

**EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

There are no material changes and commitments affecting financial position of the Company between 31st March and the date of Board's Report.

**DETAILS RELATING TO DEPOSITS**

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

**INVESTOR COMPLAINTS AND COMPLIANCE**

During the year under review the Company did not receive any investor complaints and that as on the date no complaints are pending.

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

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

**RESOURCE MOBILISATION**

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

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

**LOANS FROM BANKS**

As part of its liability management, your Company endeavors to diversify the sources of its resource base in order to achieve an appropriate maturity structure and minimize the weighted average cost of borrowed funds. Your Company continued to leverage on its long term relationship with banks and thus tied up fund based working capital limit amounting to 3.00 Crore as at the end of financial year.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, apart from the loans made, guarantee given or security provided by the Company in the ordinary course of business are given in the Notes to accounts forming part of the Audited Financial Statements for the year ended March 31, 2016.

**CAPITAL ADEQUACY**

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

Your Company's Capital Adequacy Ratio is at 114.35 % as at March 31, 2016, which provides an adequate cushion to withstand business risks and is above the minimum requirement of 12% stipulated by the National Housing Bank.



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

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

## **HUMAN RESOURCES AND TRAINING**

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

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

## **PARTICULARS OF EMPLOYEES**

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

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

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

### **Conservation of energy:**

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

### **Technology absorption:**

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

### **Foreign Exchange Earnings and Outgo**

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

## **INSURANCE**

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

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

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010 as prescribed by NHB and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time. The Circulars and the Notifications issued by NHB are also placed before the Audit Committee / Board at regular intervals to update Committee / Board members on the same.

## **RISK MANAGEMENT**

As a housing finance company, your Company is exposed to various risks that are inherent in the lending business. The primary risks include credit risk, market risk, liquidity risk, legal risks, interest rate risk, compliance risk and operational risk. Your Company has invested in people, processes and technology to mitigate risks posed by internal and external environment. Your Company places emphasis on risk management measures to ensure an appropriate balance between risk and return. The Board also on regular intervals is updated on the risk management systems, processes and minimization procedures of the Company.

Pursuant to the requirement of the SEBI (LODR) Guideline, 2015, the Company has constituted a Business Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. During the year, the Board reviewed the risks associated with the business of the Company, its root causes and the efficacy of the measures taken to mitigate the same. The procedures are adopted to assess the risks and their mitigation mechanisms.



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

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

#### **CODES AND POLICIES & COMPLIANCES THEREUNDER**

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

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

#### **KNOW YOUR CUSTOMER & ANTI MONEY LAUNDERING MEASURE POLICY**

Your Company has a Board approved Know Your Customer & Anti Money Laundering Measure Policy (KYC & AML Policy) in place and adheres to the said Policy. The said Policy is in line with the National Housing Bank guidelines. The Company has also adhered to the compliance requirement in terms of the said policy relating to the monitoring and reporting of cash / suspicious transactions. The Company furnishes to Financial Intelligence Unit (FIU), India, in the electronic medium, information of all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency and suspicious transactions whether or not made in cash, in terms of the said Policy.

#### **FAIR PRACTICE CODE**

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

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

#### **POLICY ON DISCLOSURE OF MATERIAL EVENTS AND INFORMATION**

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

#### **CODE OF CONDUCT FOR BOARD MEMBERS AND THE SENIOR MANAGEMENT**

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

#### **CODE FOR PREVENTION OF INSIDER TRADING PRACTICES**

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

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

#### **CODE OF BUSINESS ETHICS (COBE)**

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



### WHISTLE BLOWER POLICY

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

### SEXUAL HARASSMENT POLICY

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

### COMPREHENSIVE RISK MANAGEMENT POLICY

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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

However Company has adopting CSR Policy and constituted CSR Committee on voluntary basis.

### REMUNERATION POLICY

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

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

### VIGIL MECHANISM

Fraud free and corruption free work culture has been core to the Company. on view of the potential risk of fraud and corruption due to rapid growth and geographical spread of operations, the company has put an even greater emphasis to address this risk.

The Audit Committee of the Company is also looking for prevent the fraud under the Vigil mechanism for the Company.

### RELATED PARTY TRANSACTIONS POLICY

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

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

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

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

**LISTING OF SHARES OF THE COMPANY**

Your Company's equity shares continue to remain listed on BSE Limited. As per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which came in effect from December 1, 2015, a shortened version of the Uniform Listing Agreement was signed by the Company with BSE Limited. Your Company has paid the listing fees as payable to the BSE Limited for the financial year 2016-17 on time.

**DIRECTORS AND KEY MANAGERIAL PERSONAL****Appointment of Independent Directors**

The Board appointed all the existing Independent Directors viz. Mr. Amrit Singh Rajpurohit and Mrs. Rajni Gehlot as Independent Director under Section 149 of the Companies Act 2013 for a term of Five Years from the 9th Annual general Meeting.

The Shareholder approves their appointment in Annual General Meeting held on 10th September 2014.

The Board appointed existing Independent Directors viz. Mr. Avinash Bhatnagar as Independent Director under Section 149 of the Companies Act 2013 for a term of Five Years from the 10th Annual general Meeting.

The Shareholder approved their appointment in Annual General Meeting held on 08th August, 2015

All Independent Directors have given declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013 and the provisions of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**Declaration from Independent directors on Annual basis:**

The Company has received necessary declaration from each Independent Director of the Company Under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence as laid down in Section 149(6).

**Retirement of Director by rotation**

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

**Stock Option**

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

**BOARD EVALUATION****PERFORMANCE EVALUATION**

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

**MEETINGS**

Your Company holds at least four Board meetings in a year, one in each quarter, inter-alia, to review the financial results of the Company. The Company also holds additional Board Meetings to address its specific requirements, as and when



required. All the decisions and urgent matters approved by way of circular resolutions are placed and numbered and noted at the subsequent Board meeting. Annual calendar of meetings of the Board are finalized well before the beginning of the financial year after seeking concurrence of all the Directors.

During the financial year 2015-16, six (6) Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. The details of the Board composition, its meetings held during the year along with the attendance of the respective Directors thereat are set out in the Corporate Governance Report forming part of this Annual Report.

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. The Independent Directors of the Company met once during the year on March 15th, 2016 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and access the quality, quantity and timeliness of flow of information between the company management and the Board.

### BOARD COMMITTEES

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

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

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

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

### RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc., that may have potential conflict with the interest of company at large. Transactions entered with related parties, as defined under the Companies Act, 2013 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2015-16 were mainly in the ordinary course of business and on an arm's length basis.

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

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

The Company has been following directions, guidelines, circulars issued by SEBI, BSE, MCA, NHB etc. from time to time relating to listed companies and that the regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are now applicable to the listed companies w.e.f. December, 2015

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has appointed a Chartered Accountant as an Internal Auditor of the Company, who reports to the Audit Committee and to the Board of Directors of the Company. The Internal Auditor conducts comprehensive audit of functional areas and operations of the Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

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

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

**SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Ronak Jhuthawat Proprietress of M/s Ronak Jhuthawat & Co., Practicing Company Secretaries, Udaipur, to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016, is annexed as "Annexure - III" to this report. The said report, does not contain any qualification, reservation or adverse remark, however, contains certain observations of the Secretarial Auditor which are self explanatory, and thus do not call for any further comments.

**AUDITORS****Statutory Auditors**

M/s. Nyati Mundra & Co. (FRN 008153C) Chartered Accountants, the Statutory Auditors have not offered themselves to continue as Statutory Auditors of the Company in view of their pre-occupation with other work. The Board places on record its appreciation for the services rendered by them during their tenure with the Company.

Based on the recommendation of the Audit Committee, the Board of Directors, have appointed M/s. H.R. Jain & Co. (FRN 000262C) as the Statutory Auditors of the Company, subject to the approval by the Members of the Company in the Company's ensuing annual general meeting. M/s. H.R. Jain & Co. shall hold office for the first term of five years, from the conclusion of the 11th Annual General Meeting until the conclusion of the 16th Annual General Meeting of the Company (subject to ratification of their appointment by the Members at every subsequent Annual General Meeting). The proposal for their appointment as Statutory Auditors of the Company is included in the Notice of the ensuing annual general meeting for approval of the Members of the Company. M/s. H.R. Jain & Co. has furnished written consent and a confirmation to the effect that they are not disqualified to be appointed as the Statutory Auditors of the Company in terms of the provisions of Companies Act, 2013 and Rules framed thereunder. In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

**Notes to Accounts and Auditors Report**

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

**QUALIFICATIONS IN AUDIT REPORTS:**

There are no qualifications, reservations or adverse remarks or disclaimer made—

- (a) By the statutory auditor in his report; and
- (b) By the company secretary in practice in his secretarial audit report;

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) that in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that such accounting policies as mentioned in Note of the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual financial statements have been prepared on a going concern basis;
- v) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.



## REPORT ON CORPORATE GOVERNANCE

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

The Report on Corporate Governance also includes certain disclosures that are required, as per Companies Act, 2013. The certificate by the Statutory Auditors confirming Compliance with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as 'Annexure V' to this report. The said certificate for financial year 2015-16 does not contain any qualification, reservation or adverse remark.

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

## EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2016, in the prescribed form MGT 9, forms part of this report and is annexed as "Annexure IV".

## ENHANCING SHAREHOLDERS VALUE

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

## ACKNOWLEDGEMENTS

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

## CAUTIONARY STATEMENT

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

### Registered office

AKME Business Center (ABC),  
4-5 Subcity Center Savina Circle  
Udaipur-313002

Date : 30.08.2016

For, and on behalf of the Board

Mohan Lal Nagda  
(Managing Director)  
DIN 00211925

Nirmal Kumar Jain  
(Director)  
DIN 00240441



**ANNEXURE-I**

**ASHFL'S**

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



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

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

### **Objective:**

The Objective of the Policy is to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Criteria for selection and Appointment of Executive and Non Executive Directors
- Remuneration to Directors and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### **Appointment of Managerial Personnel, Director, KMP and Senior Management:**

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

### **CRITERIA OF “SELECTION OF NON-EXECUTIVE DIRECTOR”:**

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

### **Remuneration of Managerial Personnel, KMP and Senior Management:**

- The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, will be determined by the Committee and recommended to the Board for approval. The Remuneration/Compensation/Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.
- Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy. The Fixed pay shall include monthly remuneration, employer's contribution to Provident



Fund, contribution to pension fund, pension schemes, etc. as decided from time to time. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

- Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any official liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

**Remuneration to Non-Executive / Independent Directors:****➤ Remuneration / Profit Linked Commission:**

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

**➤ Sitting Fees:**

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

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

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

**Stock Options:**

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

**Policy on Board diversity:**

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

**Monitoring, Evaluation and Removal:****➤ Evaluation:**

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

**➤ Removal:**

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

**Minutes of Committee Meeting:**

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

**Amendment to the Policy:**

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

**Disclosure:**

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



**ANNEXURE-II**

**ASHFL'S**

**FORM NO.AOC.2**

**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) date(s) of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

NAME OF RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF CONTRACTS	TERM/ DURATION OF CONTRACTS	OUTSTANDING VALUE (31.03.2016)	DATE OF APPROVAL BY BOARD/ MEMBER	AMOUNT AS ADVANCES/ SECURITY DEPOSIT
MOHAN LAL NAGDA	MANGING DIRECTOR	REMUNERATION	5 YEARS	NIL	08.08.2015	-
NIRMAL KUMAR JAIN	DIRECTOR	REMUNERATION	-	NIL	-	-
ASHISH JAIN	CFO/ RELATIVE OF KMP	REMUNERATION	5 YEARS	NIL	15.09.2014	-
MANJU JAIN	WIFE OF KMP	REMUNERATION	-	NIL	-	-



**ANNEXURE-III**

**ASHFL'S**

**SECRETARIAL AUDIT REPORT**



**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**

(For the period ended 31.03.2016)

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

To,  
The Members  
Akme Star Housing Finance Limited  
Akme Business Centre (ABC)  
4-5 Subcity Centre Savina Udaipur 313002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Akme Star Housing Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period 01.04.2015 to 31.03.2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Akme Star Housing Finance Limited ("The Company") for the period ended on 31.03.2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 2015);
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; The Company has not issued any shares during the year under review
  - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - The Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - The Company has not issued any debt securities which were listed during the year under review;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- The Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 -The Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review; and



- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 –The Company has not bought back or propose to buy-back any of its securities during the year under review.
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015).
  - (ii) The Listing Agreement entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).
6. During the period under review, the Company has complied with provisions of the Act, Rules, applicable Regulations, Guidelines, Standards, etc. mentioned above.
7. The Company is into business of providing housing and non –housing loans as per prescribed guidelines of NHB. Accordingly in view of management following act applicable to the company :
- A.. The Housing Finance Companies (NHB) Directions, 2010.
8. I further report that:
- A.. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - B. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
  - C. All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.
9. I further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), I am of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
10. I further report that during the review period no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. above have taken place.

**Place : Udaipur**  
**Date: 31.07.2016**

**For Ronak Jhuthawat & Co.**

**Ronak Jhuthawat**  
**Company Secretaries**  
**M. NO 32924 CP No 12094**

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



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**“ANNEXURE A”**

To,  
The Members  
Akme Star Housing Finance Limited  
Akme Business Centre (ABC)  
4-5 Subcity Centre Savina Udaipur 313002

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

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

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

**Ronak Jhuthawat  
Proprietor  
ACS : 32924  
CP : 12094**

**Place : Udaipur  
Date : 31.07.2016**



**ANNEXURE-IV**

**ASHFL'S**

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**



**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the Financial year ended on 31st March 2016

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

**I. REGISTRATION AND OTHER DETAILS**

a.	CIN	L45201RJ2005PLC020463
b.	Registration Date	17/03/2005
c.	Name of the Company	AKME Star Housing Finance Limited
d.	Category/Sub-Category of the Company	Company Limited by Shares, Indian Company
e.	Address of the Registered Office and Contact Details-	AKME Business Center, 4-5 Sub city Center, Savina Circle, Udaipur Raj 313002. 0294-2489501
f.	Whether Listed Company Yes/ No	Yes
g.	Name, Address and Contact Details of Registrar and Transfer Agent, if any-	
	Name	Big Share Services Private Limited
	Address	E 2 Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri East, Mumbai 400072
	Contact Details	022 40430200

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Carrying out activities of housing finance companies (Housing Loan & Non-Housing Loans)	65922	100.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
	NIL				


**VI. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2521560	-	2521560	42.49	2521560	-	2521560	42.49	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	512500	-	512500	8.64	512500	-	512500	8.64	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (1):-</b>	<b>3034060</b>	<b>-</b>	<b>3034060</b>	<b>51.13</b>	<b>3034060</b>	<b>-</b>	<b>3034060</b>	<b>51.13</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (2):-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total Share holding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>3034060</b>		<b>3034060</b>	<b>51.13</b>	<b>3034060</b>		<b>3034060</b>	<b>51.13</b>	<b>0</b>
<b>B. Public Share holding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Market maker	80000	0	80000	1.35	56000	-	56000	0.94	-0.41
<b>Sub-Total (B)(1):-</b>	<b>80000</b>	<b>0</b>	<b>80000</b>	<b>1.35</b>	<b>56000</b>	<b>0</b>	<b>56000</b>	<b>0.94</b>	<b>-0.41</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	184740	-	184740	3.11	208740	-	208740	3.52	0.40
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-



## (i) Category-wise Share Holding (Contd....)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	1298500	64400	1362900	22.97	1102500	64400	1166900	19.66	-3.31
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	735440	537360	1272800	21.45	971440	489360	1460800	24.62	3.17
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Clearing members	-	-	-	-	-	-	-	-	-
ii) Directors & Relatives (other than Promoters)	-	-	-	-	-	-	-	-	-
iii) Non-Resident Indians	-	-	-	0	8000	0	8000	0.13	0.13
iv) Trust	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	<b>2218680</b>	<b>601760</b>	<b>2820440</b>	<b>47.53</b>	<b>2290680</b>	<b>553760</b>	<b>2844440</b>	<b>47.93</b>	<b>0.40</b>
<b>Total Public shareholding (B)= (B)(1)+(B)(2)</b>	<b>2298680</b>	<b>601760</b>	<b>2900440</b>	<b>48.88</b>	<b>2346680</b>	<b>553760</b>	<b>2900440</b>	<b>48.87</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5332740</b>	<b>601760</b>	<b>5934500</b>	<b>100.00</b>	<b>5380740</b>	<b>553760</b>	<b>5934500</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2015)			Shareholding at the end of the year (as on 31st March 2016)			% change in shareholding during the Yr.
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Nirmal Kumar Jain	427000	7.19	-	427000	7.19	-	0.00
2	Mohan Lal Nagda	351300	5.92	-	351300	5.92	-	0
3	Kalu Lal Jain	316700	5.33	-	316700	5.33	-	0
4	Abhilasha Jain	163000	2.75	-	163000	2.75	-	0
5	Anil Kumar Jain	221040	3.72	-	221040	3.72	-	0
	<b>Total</b>	<b>1479040</b>	<b>24.91</b>		<b>1479040</b>	<b>24.91</b>		



## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the year (2016)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	1479040	24.91%	1479040	24.91%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc.)	No change		No change	
	At the end of the year (or on the date of separation, if separated during the year)	1479040	24.91%	1479040	24.91%

## (iv) TOP TEN NON PROMOTERS MOVEMENT

Sr. No.	NAME	No. of Shares at the beginning /End of the year	Date	Increase/ Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
1	ANCHOR METAL PRIVATE LIMITED	176,740	31-Mar-15	0	Transfer	176,740	2.98
		176,740	31-Mar-16	0	Transfer	176,740	2.98
2	PANNA LAL JAIN	105,540	31-Mar-15	0	Transfer	105,540	1.78
		105,540	31-Mar-16	0	Transfer	105,540	1.78
3	ASHOK KUMAR JAIN	83,400	31-Mar-15	0	Transfer	83,400	1.41
		83,400	31-Mar-16	0	Transfer	83,400	1.41
4	RAMESH KUMAR JAIN	83,000	31-Mar-15	0	Transfer	83,000	1.40
		83,000	31-Mar-16	0	Transfer	83,000	1.40
5	CHOICE EQUITY BROKING PRIVATE LIMITED	80,000	31-Mar-15	0	Transfer	80,000	1.35
			10-Apr-15	12000	Purchase	92,000	1.55
			17-Apr-15	-12000	Sell	80,000	1.35
			24-Apr-15	12000	Purchase	92,000	1.55
			8-May-15	4000	Purchase	96,000	1.62
			15-May-15	-4000	Sell	92,000	1.55
			29-May-15	-4000	Sell	88,000	1.48
			5-Jun-15	-16000	Sell	72,000	1.21
			19-Jun-15	12000	Purchase	84,000	1.42
			26-Jun-15	12000	Purchase	96,000	1.62
			30-Jun-15	-40000	Sell	56,000	0.94
			3-Jul-15	20000	Purchase	76,000	1.28
			10-Jul-15	-4000	Sell	72,000	1.21
			17-Jul-15	-12000	Sell	60,000	1.01
			24-Jul-15	-8000	Sell	52,000	0.88
			31-Jul-15	-4000	Sell	48,000	0.81
			7-Aug-15	4000	Purchase	52,000	0.88



Sr. No.	NAME	No. of Shares at the beginning /End of the year	Date	Increase/ Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
			28-Aug-15	12000	Purchase	64,000	1.08
			18-Sep-15	-8000	Sell	56,000	0.94
			9-Oct-15	4000	Purchase	60,000	1.01
			16-Oct-15	4000	Purchase	64,000	1.08
			23-Oct-15	8000	Purchase	72,000	1.21
			30-Oct-15	4000	Purchase	76,000	1.28
			27-Nov-15	-4000	Sell	72,000	1.21
			11-Dec-15	4000	Purchase	76,000	1.28
			18-Dec-15	20000	Purchase	96,000	1.62
			25-Dec-15	4000	Purchase	100,000	1.69
			31-Dec-15	-12000	Sell	88,000	1.48
			15-Jan-16	36000	Purchase	124,000	2.09
			22-Jan-16	8000	Purchase	132,000	2.22
			29-Jan-16	4000	Purchase	136,000	2.29
			12-Feb-16	-48000	Sell	88,000	1.48
			26-Feb-16	-16000	Sell	72,000	1.21
			4-Mar-16	4000	Purchase	76,000	1.28
			18-Mar-16	4000	Purchase	80,000	1.35
			31-Mar-16	-24000	Sell	56,000	0.94
		56,000	31-Mar-16	0	Transfer	56,000	0.94
6	PANKAJ PANDEKAR	0	31-Mar-15		Transfer	0	0.00
			24-Jul-15	7442	Purchase	7,442	0.13
			31-Jul-15	8000	Purchase	15,442	0.26
			8-Aug-15	8558	Purchase	24,000	0.40
			18-Sep-15	3667	Purchase	27,667	0.47
			9-Oct-15	333	Purchase	28,000	0.47
			15-Jan-16	14228	Purchase	42,228	0.71
			22-Jan-16	5903	Purchase	48,131	0.81
			29-Jan-16	3342	Purchase	51,473	0.87
			12-Feb-16	8527	Purchase	60,000	1.01
		60,000	31-Mar-16	0	Transfer	60,000	1.01
7	NARENDRA KUMAR PAMECHA	58,380	31-Mar-15	0	Transfer	58,380	0.98
		58,380	31-Mar-16	0	Transfer	58,380	0.98
8	BANSILAL CHAMPALALJI JAIN	48,000	31-Mar-15	0	Transfer	48,000	0.07
			24-Apr-15	4000	Inter-transfer	52,000	0.88
		52,000	31-Mar-16	0	Transfer	52,000	0.88
9	PAVAN KUMAR JAIN	51,800	31-Mar-15	0	Transfer	51,800	0.87
		51,800	31-Mar-16	0	Transfer	51,800	0.87
11	MONIKA JAIN	45,400	31-Mar-15	0	Transfer	45,400	0.77
		45,400	31-Mar-16	0	Transfer	45,400	0.77



## (v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Date of Change	Increase/ Decrease	Reason	Cumulative shareholding during the year (as on 31st March 2016)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
	<b>Directors</b>							
1	Nirmal Kumar Jain	427000	7.19	-	-	-	427000	7.19
2	Mohan Lal Nagda	351300	5.92	-	-	-	351300	5.92
3	Kalu Lal Jain	316700	5.33	-	-	-	316700	5.33
4	Amrit Singh Rajpurohit	24000	0.40	-	-	-	24000	0.40
5	Avinash Bhatnagar	13340	0.22	-	-	-	13340	0.22
6	Rajni Gehlot	6700	0.11	-	-	-	6700	0.11
	<b>KMP's</b>							
7	Paritosh Kothari	Nil	Nil	Nil Holding During the year			Nil	Nil
8	Ashish Jain	Nil	Nil	Nil Holding During the year			Nil	Nil

## (vi) INDEBTEDNESS :

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

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	272.65	Nil	Nil	272.65
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>272.65</b>	<b>Nil</b>	<b>Nil</b>	<b>272.65</b>
Change in indebtedness during the financial year		Nil	Nil	
● Addition	Nil	Nil	Nil	Nil
● Reduction	146.06	Nil	Nil	146.06
<b>Net Change</b>	<b>-146.06</b>	<b>Nil</b>	<b>Nil</b>	<b>-146.06</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	126.59	Nil	Nil	126.59
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>126.59</b>	<b>Nil</b>	<b>Nil</b>	<b>126.59</b>


**XI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Director and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WT/Manager/Director						Total Amount
		Mohan Lal Nagda	Nirmal Kumar Jain					
1	Gross Salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	600000	720000					1320000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-					
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961	-	-					
2	Stock Option	-	-					
3	Sweat Equity	-	-					
4	Commission - as % of profit - others, specify	- -	- -					
5	Others, please specify (SITTING FEES)	15000	15000					30000
6.	Bonus	-	60000					60000
	<b>Total (A)</b>	<b>615000</b>	<b>795000</b>					<b>1410000</b>
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013 ("Act") the remuneration payable to the Managing Directors shall not exceed 5% of the net profit of the Company as calculated as per the Act. Company has Complied with the Act and the remuneration approved accorded by the members of the Company.						

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
3	<b>Independent Directors</b>	<b>Rajni Gehlot</b>	<b>Avinash Bhatnagar</b>	<b>Amrit Singh Rajpurohit</b>				
	● Fee for attending Board Committee Meetings	15000	12500	10000				37500
	● Commission							
	● Others, please specify							
	<b>Total (1)</b>	<b>15000</b>	<b>12500</b>	<b>10000</b>				<b>37500</b>
4	<b>Executive Directors</b>	Kalu Lal						
		Jain						
	● Fee for attending Board Committee Meetings	12500						12500
	● Commission							
	● Others, please specify							
	<b>Total (2)</b>	<b>12500</b>						<b>12500</b>
	<b>Total (B)=(1+2)</b>							<b>50000</b>
	<b>Total Managerial Remuneration</b>							<b>14,60,000</b>
	Overall Ceiling as per the Act	The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.						

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	154225	180000	334225
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of Salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify(sitting fees)	-			
	<b>Total</b>	-	<b>154225</b>	<b>180000</b>	<b>334225</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES AS ON 31.03.2016:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					



**ASHFL'S**

**CORPORATE GOVERNANCE REPORT**



## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016.

Corporate Governance is, essentially, a philosophy. It encompasses not only the regulatory and legal requirements, but also the voluntary practices developed by the company to protect the best interests of all stakeholders. The heart of good corporate governance is transparency, disclosure, accountability and integrity which are indispensable to have effective corporate discipline. It goes beyond rules and regulations that the Government can put in place. It is about ethics and the values which drive companies in the conduct of their business.

Investors worldwide are looking for new areas and avenues to invest their funds but the emphasis is on safety of their funds rather than high returns. These investors value companies which show commitment to customer satisfaction; companies which nurture long-term stakeholder value. In the ultimate analysis, strong governance is, therefore, indispensable for the development of a resilient and vibrant capital market. It is an important instrument for investor protection.

Corporate Governance involves a set of relationships amongst the Company's management, its Board of Directors, its members, its auditors and other stakeholders. These relationships involve various rules and incentives; provide the structure through which the objectives of the Company are set, and the means of attaining these objectives as well as monitoring the performances.

Companies around the world are realizing that better corporate governance adds considerable value to their operational performance

- It improves strategic thinking at the top by inducting independent directors who bring a wealth of experience and a host of new ideas
- It rationalizes the management and monitoring of risk that a firm faces globally
- It limits the liability of top management and directors, by carefully articulating the decision-making process
- It assures the integrity of financial reports
- It has long term reputational effects among key stakeholders, both internally and externally

Thus, the key aspects of good corporate governance include corporate transparency and fairness in operations.

### CORPORATE GOVERNANCE AT ASHFL

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

### BOARD OF DIRECTORS

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

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

The board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources, regulatory compliance, safeguard interest of shareholders and reporting to shareholders.



The Board of your Company continuously strives to strengthen the accountability mechanism, ensures value creation for its members and accountability of the organization towards its stakeholders and regulatory authorities.

The Board monitors and approves the major financial and business strategies and policies of the Company. It reviews the operational and financial performance of the Company. The Board sets up performance objectives and monitors its implementation and ensures proper delegation of appropriate authority to the Senior Executives of the Company for effective management of operations. The Board also oversees the mechanism of financial control, internal control and risk management and ensures that the processes are in place with regard to the compliance with the applicable laws.

The Board while performing its fiduciary duties recognizes its responsibilities towards its members and other stakeholders to uphold the highest standards in all matters concerning the Company and for the purpose empowers responsible officials to implement its broad policies and guidelines. The Company's business is conducted by its employees under the directions of the Chairman & Managing Director, Presidents and overall supervision of the Board.

### **INDEPENDENT DIRECTORS**

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

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

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

### **Separate Meeting of the Independent Directors**

During the year, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a separate meeting of the independent directors of the Company was held on March 15th, 2016 without the attendance of non-independent directors and members of the management. All 3 independent directors were present at the meeting, wherein they had inter alia; reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

### **Composition of the Board**

The Board of the Company represents an optimum combination of Executive and Non-Executive Directors as well as Independent Directors, who possess varied professional knowledge and experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

The Board of your company is headed by the Executive Director (designated as Chairman and Managing Director)

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

The Board of Directors comprises of Six [6] members of which Two [2] is an Executive Director, One [1] is Managing Director & Three [3] Independent & Non-Executive Director including one woman director. The Company is in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013, , with regard to composition of Board of Directors. None of the Director on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director.

**Composition of the Board as on March 31, 2016**

NAME OF DIRECTORS	CATEGORY OF DIRECTORS	DIN	NO. OF EQUITY SHARES HELD IN THE COMPANY
Dr. Mohan Lal Nagda	Promoter/ Managing Director (Chairman of the Board)	00211925	351300
Mr. Nirmal Kumar Jain	Promoter &	00240441	427000
Mr. Kalu Lal Jain	Executive Director	00451442	316700
Mr. Amrit Singh Rajpurohit	Non Executive	02173432	24000
Mrs. Rajni Gehlot	&	06627287	6700
Mr. Avinash Bhatnagar	Independent Directors	06968417	13340

**Directors' Profile**

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

The details of the Directors, as at March 31, 2016, including the details of their board directorship reckoned in line with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, committee membership (including ASHFL) and their shareholding in the Company, are given below:

**Directorships and Membership of the Directors in other Companies/Committees**

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

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

Name of the Director & DIN	*Number of Directorships	*Member/Chairperson of the Committee	
		Member	Chairman
Nirmal Kumar Jain - DIN 00240441	5	3	2
Mohan Lal Nagda - DIN 00211925	3	1	0
Kalu Lal Jain - DIN 00451442	4	0	0
Rajni Gehlot - DIN 06627287	1	3	1
Amrit Singh Rajpurohit - DIN 02173432	2	1	0
Avinash Bhatnagar - DIN 06968417	1	1	1

\* Inclusive of directorships held in Private Limited Companies.

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

**EVALUATION OF DIRECTORS AND BOARD**

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

**BOARD MEETINGS**

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



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

#### Minutes of various committees of the Board

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

During the financial year 2015-16, 06 Board Meetings were held on 13.05.2015, 11.07.2015, 12.08.2015, 07.11.2015, 01.02.2016 & 18.03.2016 respectively. The details of the attendance of the Directors at the Board Meeting, Sitting fees paid and attendance at the Annual General Meeting held during the year 2015-16 are as follows:

#### ATTENDANCE OF DIRECTORS

S. No.	Name of the Director	Board of Meetings		Sitting fees Paid	Whether attended last AGM held on. 08.08.2015 (Y/N)
		No of Meeting Held	No of Meeting attended		
1	Nirmal Kumar Jain	6	6	15000	Yes
2	Mohan Lal Nagda	6	6	15000	Yes
3	Kalu Lal Jain	6	5	12500	No
4	Rajni Gehlot	6	6	15000	Yes
5	Amrit Singh Rajpurohit	6	4	10000	No
6	Avinash Bhatnagar	6	5	12500	Yes

#### COMMITTEES OF THE BOARD

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

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



## A. Audit Committee

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Committee is governed in line with the regulatory requirements mandated by the provisions of Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015. Some of the important functions performed by the Committee are:

The Chairman of the Audit Committee was present at the last (10th) Annual General Meeting of the Company

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

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

To review the functioning of the Whistle Blower mechanism, in case the same is exist.



- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee.

#### **Powers of the Audit Committee:**

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

The Company holds minimum four pre-scheduled Audit Committee meetings annually, one in each quarter and the maximum time gap between two audit Committee meeting is not more than One Hundred Twenty days. The composition of the Audit Committee as at March 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

NAME OF MEMBERS	CATEGORY	Attendance at the Board Meetings held on			
		09.05.2015	11.08.2015	20.11.2015	15.03.2016
Rajni Gehlot	Independent	YES	YES	YES	YES
Avinash Bhatnagar	Independent	YES	YES	YES	YES
Nirmal Kumar Jain	Executive	YES	YES	YES	YES

- Rajni Gehlot is the Chairperson of the Audit Committee.

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

#### **Self Assessment by the Audit Committee**

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

#### **B. Stakeholders' Relationship Committee**

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

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

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;



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

The composition of the Stakeholders' Relationship Committee as at March 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

NAME OF MEMBERS	CATEGORY	Attendance at the Stakeholders' Relationship Committee Meetings held on				
		22.05.2015	30.07.2015	21.11.2015	29.02.2016	28.03.2016
Rajni Gehlot	Independent and Non executive	YES	YES	-	YES	YES
Avinash Bhatnagar	Independent and Non executive	YES	YES	YES	YES	YES
Amrit Singh Rajpurohit	Independent and Non executive	-	YES	YES	YES	-

- Mr. Avinash Bhatnagar is the Chairman of the Committee
- No sitting fees paid to member of the Stakeholders' Relationship Committee.

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

### C. Nomination and Remuneration Committee

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

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

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

In compliance with Section 178 of the Companies Act, 2013, and SME Listing Agreement the Board has constituted the "Nomination and Remuneration Committee".



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

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

Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company. In compliance with the provisions of Section 178 of the Companies Act, 2013 and as per SEBI (LODR) Regulations, 2015.

The composition of the Nomination and Remuneration Committee as at March 31, 2016 and the details of Members participation at the Meetings of the Committee are as under:

NAME OF MEMBERS	CATEGORY	Attendance at the Nomination and Remuneration Committee Meetings held on			
		13.05.2015	29.08.2015	05.12.2015	26.03.2016
Rajni Gehlot	Independent & Non Executive	Yes	Yes	-	Yes
Avinash Bhatnagar	Independent & Non Executive	Yes	Yes	Yes	Yes
Amrit Singh Rajpurohit	Independent & Non Executive	-	Yes	Yes	-

**\*Mr. Avinash Bhatnagar is the Chairman of Nomination and remuneration committee**

#### **Remuneration, commission and other payments to the Directors :**

##### **Executive Managing Director**

The key terms and conditions of Mr. Mohan Lal Nagda upon reappointment as the Chairman and Managing Director of the Company for a term of five years, as set out in the agreement entered with the Company are listed below:

**Salary :** Salary payable to Mr. Mohan Lal Nagda, Chairman & Managing Director is Rs.50,000 per month. (Inclusive of Dearness Allowance and other Allowances)

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

Provided however, that the remuneration payable to Mr. Mohan Lal Nagda shall not exceed the limits specified in the agreement dated August 08, 2015 entered with the Company and the limits prescribed under Schedule XIII of the Companies Act, including any amendment, modification, variation or re-enactment thereof. Also, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Mohan Lal Nagda, the remuneration payable to him by way of salary, allowances, commission, perquisites and other benefits shall not without the approval of the Central Government (if required) exceed the limits prescribed under Schedule XIII of the Companies Act, including any amendment, modification, variation or re-enactment thereof. The present remuneration structure of the Executive Director consists of fixed salary, and other perquisites.

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

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

**Non-Executive & Independent Directors :**

The Non-Executive Directors of the Company do not have any pecuniary relationship except as mentioned herein. The Non-Executive Directors are paid sitting fees and other expenses incurred for attending the Board / Committee meetings. The Company pays sitting fees of Rs.2500 per meeting to the Non-Executive Directors for attending meetings of the Board.

The compensation paid / payable by the Company to the Non-Executive Directors as at March 31, 2016 is as given below:

Name of Non Executive & Independent Director	Sitting fees
Rajni Gehlot	15000
Avinash Bhatnagar	12500
Amrit Singh Rajpurohit	10000

**D. Corporate Social Responsibility (CSR) Committee :**

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. To provide guidance on various CSR activities are undertaken by the Company and to monitor its progress. The composition of the Corporate Social Responsibility Committee as at March 31, 2016 and the details of Members' participation at the Meetings of the Committee are as under:

NAME OF MEMBERS	CATEGORY	Attendance at the CSR Meetings held on	
		25.05.2015	05.03.2016
Avinash Bhatnagar	Independent Director	Yes	Yes
Nirmal Kumar Jain	Executive Director	Yes	Yes
Mohan Lal Nagda	Executive Director	Yes	Yes

- Mr. Avinash Bhatnagar is the Chairman of the Committee

**E. Risk Management Committee**

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

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

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

The composition of the Risk Management Committee as at March 31, 2016 and the details of Members' participation at the Meetings of the Committee are as under:

NAME OF MEMBERS	CATEGORY	Attendance at the Risk Management Committee Meetings held on			
		12.05.2015	25.08.2015	28.11.2015	25.03.2016
Avinash Bhatnagar	Independent & Non Executive	Yes	Yes	Yes	Yes
Rajni Gehlot	Independent & Non Executive	Yes	Yes	-	Yes
Nirmal Kumar Jain	Executive	Yes	-	Yes	Yes

- Mr. Avinash Bhatnagar is the Chairman of the Committee

**GENERAL BODY MEETINGS**

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

FINANCIAL YEAR	LOCATION	MEETING DATE & TIME	SPECIAL RESOLUTION PASSED AT THE AGM
2014-15	Hotel Gorbandh 138-138A, Inside Udaipole, Udaipur-313001 (Raj)	08.08.2015 AT 02.30 P.M.	Revision in Remuneration of Mr. Mohan Lal Nagda (DIN 00211925) Managing Director & Chairman of the Company. Appointment of Mr. Avinash Bhatnagar as from Additional Independent Director to Independent Director for a term of 5 years
2013-14	Akme Business Center Savina Subcity Centre Udaipur	10.09.2014 AT 1.30 PM	Increase in Authorized Share Capital Alteration Of Articles Of Association Approval For Borrowing Powers Approval For Inter Corporate Loans Approval For Initial Public Offer (IPO) Issue Of Bonus Shares
2012-13	Akme Business Center Savina, Subcity Centre Udaipur	15.07.2013 AT 11.30 AM	Re appointment of managing Director and Increase in the remuneration Further issue of Share Capital

\*No Extra ordinary General meeting held during the Financial Year 2015-16.

**SHAREHOLDERS RELATION:**

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

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

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing agreement with the stock exchanges and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. In every Annual Report, the Company has been requesting the shareholders holding shares both in physical / demat form to register / update their e-mail addresses to the Company/depository participants. Accordingly, the annual report for 2015-16, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants.

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

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



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

The Company has complied with all the requirements with the regulations as prescribed by SEBI during the Financial Year 01.04.2015-31.03.2016

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

During the year 2015 -16, the Company has complied with all mandatory requirements in conformity with SEBI (LODR) guidelines, 2015 has been detailed hereunder:

➤ **Chairman of the Board**

The Chairman of the Board is the Executive Director of the Company. The Board of the Company is an appropriate mix of Executive / Non-Executive and Independent Directors that have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration. As at March 31, 2016, the Board consists of Six (6) Directors, out of which Three [3] directors are independent, meeting the criteria for independence under the SEBI (LODR), Guidelines, 2015 and provisions of Companies Act, 2013.

➤ **Nomination and Remuneration Committee**

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

➤ **Shareholder's Rights**

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

➤ **Audit Qualification**

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

➤ **Training of Board Members**

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

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

At present there is mechanism for performance evaluation of Non-Executive Directors of the Company.

**D. Other Disclosure**

**1. Reconciliation of Share Capital Audit as Companies**

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

**2. Risk Management**

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

**3. Code for Prevention of Insider Trading Practices**

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

The said code of conduct has been posted on the website of the Company i.e [www.akmestarthousing.com](http://www.akmestarthousing.com). The said code is in line with the provisions of the Companies Act, 2013. In accordance with the said Code, the Company closes its trading window for designated employees and directors from time to time. As per



policy, trading window closes for a period of 7 (seven) days prior to the date of Board Meeting and reopens after 24 hours from the conclusion of Board Meeting, in which the respective half yearly / yearly financial results are approved.

#### 4. Code of conduct for the Board of Directors & Senior Management Personnel

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

#### 5. Secretarial Audit

M/s. Ronak Jhuthawat & Co, a Practicing Company Secretary, Udaipur, was appointed, to conduct Secretarial Audit of the Company for the financial year ended March 31, 2016. The Secretarial Audit Report addressed to the Members of the Company is attached to this Annual Report. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 2013 and the Rules made under that Act to the extent applicable, Depositories Act, 1996, and the Regulations and Bye-laws framed under that Act, Equity Listing Agreement with Stock Exchanges, Securities Contract (Regulation) Act, 1956 and all the Regulations of SEBI, as applicable to the Company including The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, and Guidelines issued by National Housing Bank.

#### 6. Auditors Certificate on Corporate Governance

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

#### 7. Certification of Financial Reporting and Internal Controls / (CEO/CFO certificate)

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

#### 8. Means Of Communication

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

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

#### General Shareholders Information :

11th Annual General Meeting:

1.	Day & Date	SATURDAY 24TH SEPTEMBER, 2016
2.	Time	12.30 PM
3.	Venue	Kaya Valley Resort, National Highway 8, Behind Kaya Jain Temple, Udaipur-Raj.
4.	Financial Reporting Calendar :	Financial Year April to March
5.	Dates of Book Closure	17.09.2016 to 24.09.2016
6.	Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejebhoy Towers, Dalal Street, Fort, Mumbai 400 001 Stock Code – 539017
7.	ISIN Number for NSDL & CDSL	INE526R01010
8.	Corporate Identification Number (CIN)	L45201RJ2005PLC020463


**9. Shareholding Pattern of the Company as at March 31, 2016:-**

Category		No of Shares	% of Shareholding
<b>A.</b>	<b>Shareholding of Promoter and Promoter Group</b>		
	<b>1. Indian</b>		
	(i) Individuals/ Hindu Undivided Family	2521560	42.49
	(ii) Bodies Corporate	512500	8.64
	<b>Total A</b>	<b>3034060</b>	<b>51.13</b>
	<b>2. Foreign</b>	<b>NIL</b>	<b>NIL</b>
<b>B.</b>	<b>Public Shareholding</b>		
	1. Market Maker	56000	0.94
	2. Individual	2635700	44.41
	3. Body Corporate	208740	3.52
	<b>Total B</b>	<b>2900440</b>	<b>48.87</b>
	<b>Total A+B</b>	<b>5934500</b>	<b>100.00</b>

**10. Distribution of Shareholding as at March 31, 2016:-**

SHAREHOLDING NOMINAL RS.	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARE AMOUNT RS.	PERCENTAGE OF TOTAL
20001 30000	1	0.2959	30000	0.0506
30001 40000	201	59.4675	8033400	13.5368
50001 100000	55	16.2722	4238600	7.1423
100001 500000	57	16.8639	11480200	19.3448
500001 1000000	10	2.9586	7050200	11.8800
1000001 5000000	14	4.1420	28512600	48.0455
<b>Total :</b>	<b>338</b>		<b>59345000</b>	<b>100.0000</b>

**11. Address for Correspondence :**
**Registrar and Transfer Agents**

Big Share Services Private Limited  
E2 Ansa Industrial Estate  
Sakivihar Road, Sakinaka, Andheri East  
Mumbai 400072  
Tel 022-40430200  
Email: ipo@bigshareonline.com

**ASHFL Secretarial Department**

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

**12. Separate section for investor information on Company's website**

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

**Designated Exclusive email-id**

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

**13. Share Transfer System**

All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and



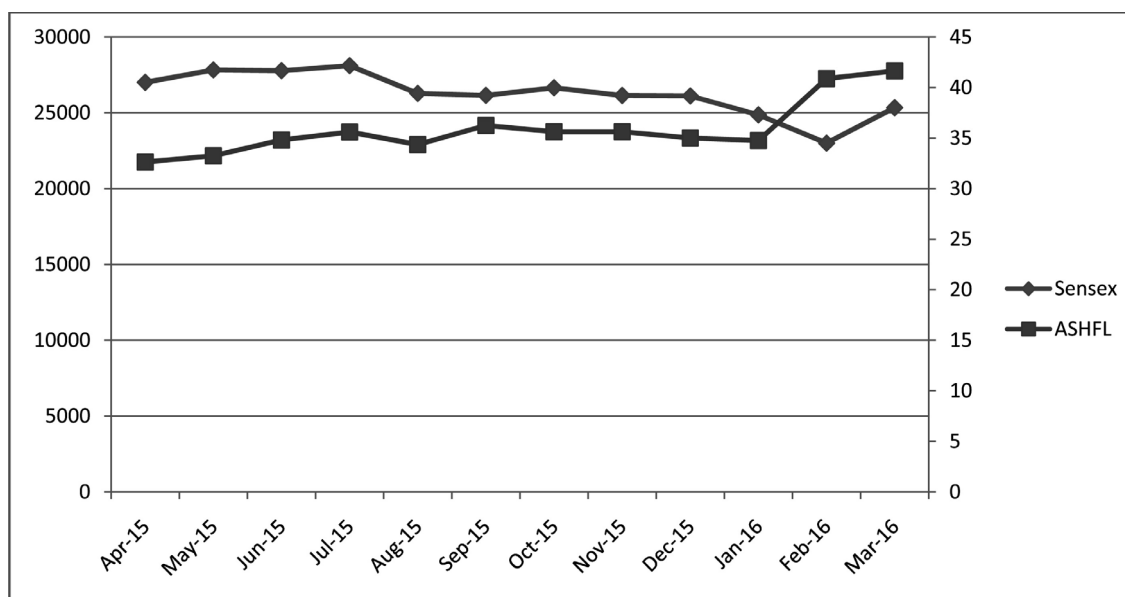
rematerialisation are processed periodically by the Registrar and Share Transfer Agents, and the same are approved by Stakeholder Relationship Committee periodically depending on the volume of transfers. In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants. Share Certificates are dispatched back / credited to the respective Depository Accounts of the allottees within the time prescribed under the Listing Agreement / SEBI Guidelines. The Committee meets as and when required to approve share transfer received in physical form. The Company obtains from a Company Secretary in practice, certificate of compliance with the share transfer formalities as required under SEBI (LODR) Guidelines, 2015

#### 14. Dematerialization of Shares and Liquidity

The Company's equity shares are in the list of compulsory dematerialization settlement by all investors. As at March 31, 2016, 90.67% of the share capital of the Company representing 5380740 equity shares were held in dematerialized form and the balance 9.33% representing 553760 equity shares were held in physical form by the shareholders.

#### 15. Market Information

MONTH	HIGH	LOW	SENSEX AVERAGE	MONTHLY CLOSING	ASHFL AVERAGE
Apr-15	29094.61	26897.54	27996.075	27011	32.625
May-15	28071.16	26423.99	27247.575	27828	33.25
Jun-15	27968.75	26307.07	27137.91	27781	34.8
Jul-15	28578.33	27416.39	27997.36	28115	35.6
Aug-15	28417.59	25298.42	26858.005	26283	34.35
Sep-15	26471.82	24833.54	25652.68	26155	36.25
Oct-15	27618.14	26168.71	26893.425	26657	35.625
Nov-15	26824.3	25451.42	26137.86	26146	35.625
Dec-15	26256.42	24867.73	25562.075	26118	35
Jan-16	26197.27	23839.76	25018.515	24871	34.75
Feb-16	25002.32	22494.61	23748.465	23002	40.875
Mar-16	25479.62	23133.18	24306.4	25342	41.65





## 16. Other Useful Information for Shareholders

### 1. Electronic filing of compliances on BSE

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

### 2. SEBI Complaints Redress System (SCORES)

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

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

### 3. Shares held in Electronic Form

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

### 4. Shares held in Physical Form

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

### 5. Service of documents through electronic mode

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

### 6. Financial year:

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

### 7. Outstanding GDRs / ADRs / warrants:

The Company does not have any GDRs / ADRs / Warrants or any convertible instruments.

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

I, hereby, confirm and declare that in terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and Senior Management Personnel of the Company have affirmed compliance with the "Code of Conduct for the Board of Directors and the Senior Management Personnel", for the financial year 2015-16.

**Mohan Lal Nagda**

Chairman & Managing Director  
(DIN-00211925)

Place : Udaipur

Date : 30.08.2016



**ANNEXURE-V**

**ASHFL'S**

**CORPORATE GOVERNANCE CERTIFICATE**



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

To  
The Members,  
**AKME Star Housing Finance Limited**

We have examined the compliance of conditions of Corporate Governance by AKME Star Housing Finance Limited, for the year ended on March 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchanges.

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

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

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

**Place: Udaipur**  
**Dated: 16.05.2016**

**For Nyati Mundra & Co**  
**Chartered Accountants**  
**(Firm Registration No. 008153C)**

**CA Akash Jain**  
**Partner**  
**Membership No.: 079052**



**ANNEXURE-VI**

**ASHFL'S**

**CERTIFICATE OF MD & CFO OF THE BOARD**



## Annexure - VI

**CERTIFICATION BY MANAGING DIRECTOR (MD) &  
CHIEF FINANCIAL OFFICER (CFO) TO THE BOARD**

To,  
The Board of Directors  
AKME Star Housing Finance Limited

1. We have reviewed financial statements and the cash flow statement of AKME Star Housing Finance Limited for the year ended 31st March, 2016 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) that there are no significant changes in internal control over financial reporting during the year;
  - (ii) that there are no significant changes in accounting policies during the year; and
  - (iii) that there are no instances of significant fraud of which we have become aware

**Ashish Jain**  
Chief Financial Officer

**Mohan Lal Nagda**  
Chairman & Managing Director  
DIN 00211925

Date : 16.05.2016  
Place : Udaipur



ASHFL'S

# INDEPENDENT AUDIT REPORT



**TO  
THE MEMBERS,  
M/S AKME STAR HOUSING FINANCE LIMITED**

We have audited the accompanying standalone financial statements of **AKME STAR HOUSING FINANCE LIMITED**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of 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

**Auditor's Responsibility :**

Our responsibility is to express an opinion on these standalone 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 audit report under the provisions of the Act and the rules made thereunder.

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 financial control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b. In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements :**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable



2. As required by section 143(3) of the Act, we report that:
- 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;
  - 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;
  - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
  - On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - The Company does not have any pending litigations which would impact its financial position
    - The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
    - There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

**For NYATI MUNDRA & CO.**  
**Chartered Accountant**  
**ICAI FRN: 08153C**

**AKASH JAIN**  
**Partner**  
**M. No. 079052**

**Place : Udaipur**  
**Dated : 16.05.2016**

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**ANNEXURE TO THE AUDITORS REPORT**  
**(Referred to in paragraph 7 of our Report of even date)**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - All these fixed assets have been physically verified by the management at reasonable intervals and there is a regular program for such verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - The title deeds of the Immovable properties are held in the name of the company.
- 2) The company does not hold any inventory due to the nature of its business of housing finance.
- 3a) As per the information and records made available, the company has granted Unsecured Loans to three companies listed in the register maintained under section 189 of the Companies Act, 2013. The maximum amount involved during the year was Rs. 509.07 Lac and the year-end balance of loan to such parties was NIL (Previous Year – NIL.).



- 3b) As per the information and records made available, the rate of interest and other terms and conditions on which loans granted by the company, secured or unsecured, are not, prima facie, prejudicial to the interest of the company.
- 3c) No amount is overdue in relation to these advances against any principal or interest.
- 4) Company has not provided/made any loans, investments, guarantees and securities under the provisions of section 185 and 186 of the companies act 2013.
- 5) The company has not accepted deposits from the public and hence the provisions of section 73 to 76 and any other relevant provisions of the companies act or any other directives of RBI are not applicable to the Company.
- 6) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 148 of the Companies Act, 2013 for any of the product or services of the Company.
- 7a) The company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and any other statutory dues, to the extent applicable to the Company.

According to the information and explanations given to us, no undisputed dues of income tax, service tax were in arrears as at 31st March, 2016 for a period of more than six months from the date they become payable.

- 7b) There are no dues of Income Tax or Service Tax which have been deposited on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- 9) Company has applied the money raised by way of Initial Public Offer and terms loans for the purpose for which those are raised.
- 10) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- 11) 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 of the companies act.
- 12) The provisions of the Clause 3(xii) of the CARO 2016 are not applicable to the company.
- 13) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the companies act 2013 where applicable and the details, required by the applicable accounting standards, have been disclosed in the financial statements.
- 14) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- 15) According to the information and explanations given to us, the unit has not entered into any non-cash transactions with directors or persons connected with the company.
- 16) The company is governed by NHB act hence provision of the clause 3 (xvi) of the CARO 2016 are not applicable to the company.

**For NYATI MUNDRA & CO.**  
Chartered Accountant  
ICAI FRN: 08153C

**AKASH JAIN**  
Partner  
M. No. 079052

**Place : Udaipur**  
**Dated : 16.05.2016**

**BALANCE SHEET AS AT 31st MARCH , 2016**

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
<b>A. EQUITIES AND LIABILITIES :</b>			
<b>1 SHAREHOLDERS FUND:</b>			
a Share Capital	2	59,345,000.00	59,345,000.00
b Reserves & Surplus	3	106,032,547.00	94,479,898.00
		<b>165,377,547.00</b>	<b>153,824,898.00</b>
<b>2 Share Application Money Pending for Allotment</b>		-	-
<b>3 NON CURRENT LIABILITIES</b>			
a Long Term Borrowings	4	1,002,752.00	-
b Deferred Tax Liability		166,830.00	52,738.00
c Long Term Provisions	5	1,431,510.00	1,192,940.00
<b>Total Non Current Liabilities</b>		<b>2,601,092.00</b>	<b>1,245,678.00</b>
<b>4 CURRENT LIABILITIES</b>			
a Short Term Borrowings	6	11,655,967.00	27,265,505.00
b Other Current liabilities	7	84,700.00	398,326.00
c Short Term provisions	8	1,636,106.00	1,180,814.00
<b>Total Current Liabilities</b>		<b>13,376,773.00</b>	<b>28,844,645.00</b>
<b>Total</b>		<b>181,355,412.00</b>	<b>183,915,221.00</b>
<b>B. ASSETS :</b>			
<b>1 NON CURRENT ASSETS</b>			
a Fixed Assets	9	4,614,451.00	443,083.00
b Deferred Tax Assets (net)		-	-
c Long Term Portion of Loans	10	54,347,188.00	34,174,038.00
d Long Term Loans & Advances	11	3,000,000.00	3,000,000.00
<b>Total of Non Current Assets</b>		<b>61,961,639.00</b>	<b>37,617,121.00</b>
<b>2 CURRENT ASSETS</b>			
a Current Investments	12	8,800,100.00	8,800,100.00
b Short term portion of Loans	13	100,777,526.00	89,046,137.00
c Trade Receivables	14	1,261,303.00	720,482.00
d Cash & Cash Equivalents	15	780,510.00	40,244,687.00
e Short-Term Loans & Advances	16	7,680,000.00	7,392,360.00
f Other Current Assets	17	94,334.00	94,334.00
<b>Total of Current Assets</b>		<b>119,393,773.00</b>	<b>146,298,100.00</b>
<b>Total</b>		<b>181,355,412.00</b>	<b>183,915,221.00</b>
<b>Notes forming part of the Financial Statements</b>	1-40		

As per our separate report of even date annexed

For Nyati Mundra & Co.  
Chartered Accountants  
ICAI FRN-08153C

CA Akash Jain  
Partner  
Membership no. 079052

Place : Udaipur  
Date : 16.05.2016

For AKME STAR HOUSING FINANCE LTD.

sd/-  
Dr. M.L. Nagda  
Mg. Director  
DIN 00211925

sd/-  
Rajni Gehlot  
Director  
DIN 06627287

sd/-  
Ashish Jain  
Chief Financial Officer

sd/-  
Paritosh Kothari  
Company Secretary



## Statement of Profit and loss for the Period Ended 31st March, 2016

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
<b>INCOME :</b>			
Revenue from operations	18	25,686,382.00	19,008,685.00
Other Income	19	1,549,264.00	1,174,518.00
<b>Total of Revenue</b>		<b>27,235,646.00</b>	<b>20,183,203.00</b>
<b>EXPENDITURE :</b>			
Interest & Finance Charges	20	3,001,545.00	3,671,594.00
Employees Remuneration & Benefits	21	3,740,471.00	3,253,000.00
Adminstration & other Expenses	22	2,898,014.00	2,755,324.00
Depreciation and Amortization Expenses	9	464,845.00	174,565.00
Provision for Contingencies	23	238,570.00	529,027.00
<b>Total Expenditure</b>		<b>10,343,445.00</b>	<b>10,383,510.00</b>
<b>Profit before Exceptional Items and Tax</b>		<b>16,892,201.00</b>	<b>9,799,693.00</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>16,892,201.00</b>	<b>9,799,693.00</b>
Provision for taxation		5,225,460.00	3,045,394.00
Deferred tax Liability (Asset)		114,092.00	84,671.00
<b>PROFIT FOR THE YEAR</b>		<b>11,552,649.00</b>	<b>6,669,628.00</b>
<b>Earning per Equity Shares</b>			
- Basic	29	1.95	1.52
- Diluted	29	1.95	1.52
Significant Accounting Policies and Notes to Account	1-40		

As per our separate report of even date annexed

**For Nyati Mundra & Co.**  
Chartered Accountants  
ICAI FRN-08153C

**CA Akash Jain**  
Partner  
Membership no. 079052

Place : Udaipur  
Date : 16.05.2016

**For AKME STAR HOUSING FINANCE LTD.**

sd/-  
**Dr. M.L. Nagda**  
Mg. Director  
DIN 00211925

sd/-  
**Rajni Gehlot**  
Director  
DIN 06627287

sd/-  
**Ashish Jain**  
Cheif Financial Officer

sd/-  
**Paritosh Kothari**  
Company Secretary


**CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH 31ST 2016**

(Amount in Rs)

Particulars	For the Year ended 31 March, 2016	For the year ended 31 March, 2015
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	16,892,201	9,799,693
<b>Adjustments for:</b>		
Depreciation and amortisation	464,845	174,565
Provision for Contingencies	238,570	529,027
Interest Received	(1,395,633)	(1,054,518)
Dividend income	-	-
<b>Operating Profit before Working capital changes</b>	<b>16,199,983</b>	<b>9,448,767</b>
<b>Adjusted for:</b>		
Decrease/(Increase) in Trade receivables	(540,821)	(372,961)
Decrease/(Increase) in Long Term Loans & Advances (other than Housing & other loans)	-	-
Decrease/(Increase) Short-term loans and advances (other than Housing & other loans)	(287,640)	12,841,467
Decrease/(Increase) Short-term Housing loans to Borrowers	(11,731,389)	(25,307,491)
Decrease/(Increase) Long- term Housing loans to Borrowers	(20,173,150)	(8,353,894)
Decrease/(Increase) in Other current assets	-	197,270
Increase/(Decrease) in Other current liabilities	141,666	819,800
	<b>(16,391,351)</b>	<b>(10,727,042)</b>
<b>Cash Generated from Operations</b>		
Taxes paid	5,225,460	3,045,394
<b>Net Cash Generated from Operations (A)</b>	<b>(21,616,811)</b>	<b>(13,772,436)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed assets	(4,636,213)	(397,700)
(Purchase)/Proceeds of Investments	-	-
Interest Received	1,395,633	1,054,518
<b>Net cash Inflow from investing activities (B)</b>	<b>(3,240,580)</b>	<b>656,818</b>
<b>C. Cash flow from financing activities</b>		
Shares Issued during the year	-	16,000,000
Security Premium on shares issued (Net of Share issue Expenses)	-	29,864,103
Share Application Money Received/(Paid)	-	-
Long Term Loans Recived/( Repaid)	1,002,752	(19,604)
Short Term Loans Received/(Paid) from Bank/Institutions & Others	(15,609,538)	(736,926)
Finance cost	-	-
<b>Net cash from financing activities (C)</b>	<b>(14,606,786)</b>	<b>45,107,573</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(39,464,177)</b>	<b>31,991,955</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>40,244,687</b>	<b>8,252,732</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>780,510</b>	<b>40,244,687</b>



## Notes forming part of the financial statement for the year ended 31st March 2016.

### 1. SIGNIFICANT ACCOUNTING POLICIES: -

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

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

#### 1.2 Interest on Housing Loan :

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

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

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

#### 1.4. Revenue Recognition:

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

#### 1.5. Provision for Contingencies:

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

#### 1.6. Fixed Assets:

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

#### 1.7. Special Reserve:

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

#### 1.8 Prepaid Expenses:

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

#### 1.9. Income Tax:

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

#### 1.10 Housing and Other Loans:

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

#### 1.11 Earnings Per Share:

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

**Notes to the Accounts :**

Particulars	As at March, 31 2016	As at March, 31 2015
<b>Note 2: Share Capital :</b>		
<b>Authorised Share Capital</b>	60,000,000.00	60,000,000.00
60,00,000 Equity Shares @ 10 Each (prev. Year 60,00,000 Equity Shares)		
<b>Issued, Subscribed, Called Up &amp; Paid Up Share Capital</b>		
5934500 Equity Shares @ 10 Each ( Prev. Year 5934500 Equity Shares @ 10 Each)	59,345,000.00	59,345,000.00
<b>Total</b>	<b>59,345,000.00</b>	<b>59,345,000.00</b>

**Note 3: Reserves & Surplus :**

<b>Share premium</b>		
Op Balance	78,694,103.00	70,502,500.00
Add: Addition during the Year	-	32,000,000.00
Less: Utilised for Allotment of Bonus Shares	-	21,672,500.00
Less: Utilised against Share Issue expenses	-	2,135,897.00
<b>Share Premium Closing Balance</b>	<b>78,694,103.00</b>	<b>78,694,103.00</b>

**Special Statutory Reserve U/s 29C of NHB Act, 1987  
including reserve under Income Tax Act U/s 36(1)(viii)**

Balance as per last Balance Sheet	4,050,149.60	2,090,211.00
Add: Transferred from Statement Profit & Loss Account	3,378,440.00	1,959,938.60
<b>Special Reserve Closing Balance</b>	<b>7,428,589.60</b>	<b>4,050,149.60</b>

**Surplus in Statement of Profit and Loss**

Balance as per last Balance Sheet	11,735,645.40	7,025,956.00
Add: Profit Available for Appropriation	11,552,649.00	6,669,628.00
Less: Transferred to Special Reserve	3,378,440.00	1,959,938.60
Closing Surplus Balance of profit & Loss	19,909,854.40	11,735,645.40
<b>Total of Reserve &amp; Surplus</b>	<b>106,032,547.00</b>	<b>94,479,898.00</b>

**Note 4 : Long Term Borrowings :**

<b>Secured</b>		
Bank of Baroda Car Loan	1,002,752.00	-
<b>Total Secured Long Term Borrowing</b>	<b>1,002,752.00</b>	-
<b>Total Long Term Liabilities</b>	<b>1,002,752.00</b>	-

**Note 5: Long Term Provisions :****Provision for Contingencies**

Provision ag. Advances as per NHB guidelines

- on Standard Assets	770,976.00	563,082.00
- on Non Performing Assets	660,534.00	629,858.00
<b>Total Long Term Provisions</b>	<b>1,431,510.00</b>	<b>1,192,940.00</b>

**Notes to the Accounts :**

Particulars	As at March, 31 2016	As at March, 31 2015
<b>Note 6 : Short Term Borrowings :</b>		
<b>Secured :</b>		
Bank of Baroda CC limit	11,513,627.00	27,236,623.00
Bank of India Car Loan	-	28,882.00
Bank of Baroda Car Loan	142,340.00	-
<b>Total Secured Short Term Borrowing</b>	<b>11,655,967.00</b>	<b>27,265,505.00</b>
<b>Unsecured</b>		
Inter Corporate Deposit	-	-
<b>Total Unsecured Short Term Borrowing</b>	<b>-</b>	<b>-</b>
<b>Total Short Term Borrowings</b>	<b>11,655,967.00</b>	<b>27,265,505.00</b>

**Note 7: Other Current Liabilities :**

Other Creditors	83,340.00	160,365.00
Service Tax payable	-	21,639.00
TDS Payable	1,360.00	216,322.00
<b>Total Other Current Liabilities</b>	<b>84,700.00</b>	<b>398,326.00</b>

**Note 8: Short Term Provisions :**

For Taxation (Net of Advance Tax and TDS of Current Year)	1,575,410.00	1,131,038.00
For Expenses	60,696.00	49,776.00
<b>Total Short Term Provisions</b>	<b>1,636,106.00</b>	<b>1,180,814.00</b>

**Note 9: Fixed Assets :**

Particulars	Useful life as per Co Act 2013	Rate of Depreciation	GROSS BLOCK				DEPRECIATION			NET BLOCK	
			1.4. 2015	Addition Adjust-ment	Deduction Adjust-ment	31.03. 2016	1.4. 2015	For the Period	31.03. 2016	31.03. 2016	31.3. 2015
<b>Tangible Assest</b>											
Car	8 Years	31.23%	734,654.00	-	734,654.00	-	583,396.00	11,389.00			151,258
New Car	8 Years	31.23%	-	1,492,012.00	-	1,492,012.00	-	354,892.02	354,892.02	1,137,119.98	-
HP Laptop	3 Years	63.16%	36,800.00	-	-	36,800.00	19,932.00	10,653.83	30,585.83	6,214.17	16,868.00
Computers & printer	3 Years	63.16%	80,000.00	-	-	80,000.00	29,763.00	31,729.69	61,492.69	18,507.31	50,237.00
Land			-	3,284,070.00	-	3,284,070.00	-	-	-	3,284,070.00	-
<b>Subtotal</b>			<b>851,454.00</b>	<b>4,776,082.00</b>	<b>734,654.00</b>	<b>4,892,882.00</b>	<b>633,091.00</b>	<b>408,664.54</b>	<b>446,970.54</b>	<b>4,445,911.46</b>	<b>218,363.00</b>
<b>Intangible Assets</b>											
Software	5 Years	20%	280,900.00	-	-	280,900.00	56,180.00	56,180.00	112,360.00	168,540.00	224,720.00
<b>Subtotal</b>			<b>280,900.00</b>	<b>-</b>	<b>-</b>	<b>280,900.00</b>	<b>56,180.00</b>	<b>56,180.00</b>	<b>112,360.00</b>	<b>168,540.00</b>	<b>224,720.00</b>
<b>TOTAL</b>			<b>1,132,354.00</b>	<b>4,776,082.00</b>	<b>734,654.00</b>	<b>5,173,782.00</b>	<b>689,271.00</b>	<b>464,844.54</b>	<b>559,330.54</b>	<b>4,614,451.46</b>	<b>443,083.00</b>

**Notes to the Accounts :**

Particulars	Amount (Rs.) 31-03-2016	Amount (Rs.) 31-03-2015
<b><u>Note 10: Long term Portion of Loans :</u></b>		
Standard	51,108,559.00	31,599,165.00
Sub-Standard	2,539,669.00	1,600,363.00
Doubtful Assets	698,960.00	974,510.00
Loss Assets	-	-
<b>Total</b>	<b>54,347,188.00</b>	<b>34,174,038.00</b>
<b><u>Note 11: Other Long Term Loans &amp; Advances</u></b>		
Advance for Office (Security Deposit)	3,000,000.00	3,000,000.00
<b>Total</b>	<b>3,000,000.00</b>	<b>3,000,000.00</b>
<b><u>Note 12: Current Investments :</u></b>		
Investments-Shares of Akme Fintrade (I) Ltd	4,000,100.00	4,000,100.00
Investments-Shares of Akme Fincon Ltd	4,800,000.00	4,800,000.00
<b>Total</b>	<b>8,800,100.00</b>	<b>8,800,100.00</b>
<b><u>Note 13: Short term portion of Loans :</u></b>		
Standard	100,777,526.00	89,046,137.00
Sub-Standard	-	-
Doubtful Assets	-	-
Loss Assets	-	-
<b>Total</b>	<b>100,777,526.00</b>	<b>89,046,137.00</b>
<b><u>Note 14: Trade Receivables :</u></b>		
Interest Receivables on Housing Loans	1,261,303.00	720,482.00
Interest Receivable on Other Loans	-	-
<b>Total</b>	<b>1,261,303.00</b>	<b>720,482.00</b>
<b><u>Note 15: CASH &amp; BANK BALANCES :</u></b>		
Cash in Hand	780,416.00	244,687.00
Balance with Scheduled Bank (BOB)	-	40,000,000.00
Balance with Bank of India	94.00	-
<b>Total</b>	<b>780,510.00</b>	<b>40,244,687.00</b>
<b><u>Note 16: Other Short Term Loans &amp; Advances :</u></b>		
Security Deposit with BSE	480,000.00	480,000.00
Prepaid Expenses	-	112,360.00
Advance against Property	7,200,000.00	6,800,000.00
<b>Total</b>	<b>7,680,000.00</b>	<b>7,392,360.00</b>
<b><u>Note 17: OTHER CURRENT ASSETS :</u></b>		
TDS Receivable old	-	-
I. Tax Refund old	94,334.00	94,334.00
<b>Total</b>	<b>94,334.00</b>	<b>94,334.00</b>

**Notes to the Accounts :**

Particulars	Amount 31-3-2016	Amount 31-3-2015
<b><u>Note 18: Revenue from Operations :</u></b>		
Interest on Housing and property Loans	17,249,748.00	14,130,631.00
Interest on Other Loans	8,436,634.00	4,878,054.00
<b>Total</b>	<b>25,686,382.00</b>	<b>19,008,685.00</b>
<b><u>Note 19: Other Income :</u></b>		
Other Interest Income	1,395,633.00	1,054,518.00
Bad Debts Recovered	93,500.00	120,000.00
Other Income	60,131.00	-
<b>Total</b>	<b>1,549,264.00</b>	<b>1,174,518.00</b>
<b><u>Note 20: Interest &amp; Financial Charges :</u></b>		
Bank Interest	2,704,126.00	3,360,445.00
Interest Others	93,596.00	105,569.00
Bank charges	81,085.00	205,580.00
Interest on Income Tax U/s 234	122,738.00	-
<b>Total</b>	<b>3,001,545.00</b>	<b>3,671,594.00</b>
<b><u>Note 21: Employee Remuneration &amp; Benefits :</u></b>		
Salary to Staff	2,253,600.00	1,947,000.00
Bonus	159,700.00	346,000.00
Director's Salary	1,320,000.00	960,000.00
PF & ESI Contribution	7,171.00	-
<b>Total</b>	<b>3,740,471.00</b>	<b>3,253,000.00</b>
<b><u>Note 22: Administrative &amp; Other Expenses :</u></b>		
Audit Fees	33,877.00	39,326.00
Travelling Expenses	114,437.00	93,353.00
Conveyance	63,295.00	50,280.00
Electricity Exp	88,942.00	72,628.00
Professional fee	387,892.00	205,259.00
Office Exp.	110,225.00	88,291.00
Printing & Stationery	72,317.00	60,536.00
Office Rent Exp.	6,000.00	6,000.00
T.A. and D.A.	191,249.00	196,810.00
Postage and courier	3,135.00	1,880.00
Advertising Exp.	11,490.00	-
ROC Filling Fees	24,854.00	246,800.00
Stamp & Franking Charges	114,437.00	153,548.00
Director's Sitting Fee	162,923.00	182,585.00

**Notes to the Accounts :**

Particulars	Amount 31-3-2016	Amount 31-3-2015
Insurance Expenses	155,367.00	11,445.00
Telephone Expenses	110,899.00	83,154.00
Repair & Maintenance Expenses	97,620.00	87,690.00
Misc expenses	56,440.00	151,324.00
Listing expenses	28,090.00	544,900.00
Penalty & Fine	1,300.00	-
Donation	20,000.00	-
Bad Debts Written off	1,043,225.00	479,515.00
<b>Total</b>	<b>2,898,014.00</b>	<b>2,755,324.00</b>

**Note 23: Provisions for Contingencies :**

Provision on Standard Assets	201,170.00	211,217.00
Provision on Sub-Standard Assets	37,400.00	317,810.00
<b>Total</b>	<b>238,570.00</b>	<b>529,027.00</b>

**24. SHARE CAPITAL :**

24.1 The company has, at present, one class of issued, subscribed and paid up share referred to as equity share having a par value of Rs 10/- each. Each holder of equity share is entitled to one vote per share.

24.2 Company has not increased/ decreased its Authorised Share Capital during the year.

24.3 Reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:

Particulars	31.03.2016		31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares outstanding at beginning of the year	59,34,500	593,45,000	21,67,250	216,72,500
Add: Shares issued during the year	-	-	1600000	16000000
Add: Bonus Shares allotted during the year	-	-	21,67,250	216,72,500
Equity shares outstanding at year end	59,34,500	593,45,000	59,34,500	593,45,000

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

Particulars	31.03.2016		31.03.2015	
	No. of Shares	% Holding	No. of Shares	Amount
Nirmal Kumar Jain	427000	7.19%	427000	7.19%
KaluLal Jain	316700	5.33%	316700	5.33%
Dr. Mohan LalNagda	351300	5.92%	351300	5.92%

**25.Reserves& Surplus**

25.1The Company has transferred a sum of Rs. 33.78lacs (Rs. 19.60lacs) during the year in the Special Reserve out of its profits in terms of Section 29C of the National Housing Bank Act, 1987. This amount includes the transfer of a sum of Rs. 6.93lacs(Rs. 4.44lacs) in the reserve created under Section 36(1) (viii) of the Income Tax Act, 1961. Breakup of transfer of funds in both the reserves are as under:-



Particulars	Amount(Rs.) 31.03.2016	Amount(Rs.) 31.03.2015
<b>Balance at the beginning of the Year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	2469597	953780
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	1580553	1136431
<b>c) Total</b>	<b>4050150</b>	<b>2090211</b>
<b>Addition / Appropriation/ Withdrawal during the year</b>		
Add:		
a) Amount Transferred u/s 29C of the NHB act, 1987	2685680	1515817
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	692760	444122
Less :		
a) Amount appropriated from statutory Reserve u/s 29C of the NHB Act, 1987	Nil	Nil
b) Amount Withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision under section 29C of the NHB Act, 1987	Nil	Nil
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	5155277	2469597
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	2273313	1580553
<b>c) Total</b>	<b>7428590</b>	<b>4050150</b>

**26.** Short Term provisions- Provision for Taxation includes Rs. 52.25lacs (Rs. 30.45 lacs) as Tax provision for current year.

## **27. Housing Finance**

27.1 As certified by the management, loans given by the company are secured by Equitable Mortgage/Registered Mortgage of the property and assets financed and/or assignment of Life Insurance Policies and /or personal Guarantees and are considered appropriate and good.

27.2 The Non-Performing Assets (NPA) as on March 31st 2016, consisting of principal loans outstanding where payments of EMI were in arrears for 90 days or more amounted to Rs. 32,38,629/- (Rs. 25,74,873/-). As per prudential norms prescribed by the NHB, the company is required to carry a contingency provision of Rs. 14,31,510/- (Rs. 11,92,940/-) in respect of Standard and Non Performing Housing loans assets. The company has made during the year, Provision of Rs. 2,38,570/- (Rs. 5,29,027/-) thereby total provisioning of Rs14,31,510/- (Rs 11,92,940/-) for contingencies against the requirement of Rs. 14,31,510/- of total provision. Company has sufficient provision as per the requirements of the guidelines on prudential norms issued by the National Housing Bank (NHB).

## **28. The amount of outstanding Loans provision made by the company as per the guidelines by the NHB-**

28.1 Details of the Company Outstanding Loans and provisions thereon as on 31.03.2016 are as under:

### **A) As per Paragraph 28 of NHB directions 2010-**

**Provision for Standard/ Sub Standard/ Doubtful and Loss Assets as per NHB Directions (paragraph 28) as on 31-03-2016**



No.	Particulars	Amount in Rs.		Amount in Rs.	Amount in Rs.
I.	Standard Assets	Amount O/s as on 31-03-2016	% of Provision Required as per norms	Amount of Provision required as on date 31-03-2016 as per norms	Amount of Actual Provision as on 31-03-2016
Ia	Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	2%	Nil	Nil
Ib	Standard Assets In respect of house loans to Individuals	48672951.89	0.40%	194692	194692
Ic	Standard Assets in respect of Mortgage Loans to individuals	10993740.61	0.40%	43975	43975
Id	Standard Assets In respect of CRE-RH i.e to builders for residential houses	42449440	0.75%	318371	318371
Ie	Standard Assets in respect of all other commercial real estate (CRE)	2476262	1.00%	24763	24763
If	standard Assets in respect of all other non housing loan then above	47293688	0.40%	189175	189175
<b>A</b>	<b>Sub total Standard assets i.e.Ia to If Advances</b>	<b>151886085.50</b>		<b>770976</b>	<b>770976</b>
<b>II</b>	<b>Sub Standard Assets</b>				
Ila	Sub-Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil
Ilb	Sub-Standard Assets In respect of house loans to Individuals	1118728	15%	167809	167809
Ilc	Sub-Standard Assets in respect of Mortgage Loans to individuals	1420940	15%	213141	213141
Ild	Sub-Standard Assets In respect of CRE-RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
Ile	Sub-Standard Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
Ilf	Sub- standard Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
<b>B</b>	<b>Sub total - Sub standard assets Ila to Ilf</b>	<b>2539668</b>		<b>380950</b>	<b>380950</b>
<b>III</b>	<b>Doubtful Assets</b>				
IIla	Doubtful Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil
IIlb	Doubtful Assets In respect of house loans to Individuals				
	up to one year duration	Nil	25%	Nil	Nil
	More then one year up to three year	698960	40%	279584	279584
	More then three year	Nil	100%	Nil	Nil



No.	Particulars	Amount in Rs.		Amount in Rs.	Amount in Rs.
IIlc	Doubtful Assets in respect of Mortgage Loans to individuals More then one year - less then three year	Nil	40%	Nil	Nil
IIId	Doubtful Assets In respect of CRE-RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
IIle	Doubtful Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
IIIf	Doubtful Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
<b>C</b>	<b>Sub total - Doubtful assets III a to III f</b>	<b>698960</b>		<b>279584</b>	<b>279584</b>
<b>IVd</b>	<b>Loss Assets</b>	<b>Nil</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>
<b>D</b>	<b>Grand Total of Gross Advances (A+B+C+D)</b>	<b>155124713.50</b>		<b>1431510</b>	<b>1431510</b>

**B) As per paragraph 29 of NHB Directions 2010-**

**Provision of Loans & Advances (Housing & Non Housing) as on 31-03-2016 as per Paragraph 29 of NHB Directions 2010**

	Category of Loan	Out Standing as on 31-03-2016	% of Provision Required as per norms	Amount of Provision Required as per norms	Actual Provision Made as per books
<b>1</b>	<b>Housing Loan</b>				<b>Amount In Rs.</b>
	1. Standard Assets				
	(i) Individual	48672951.89	0.40%	194692	194692
	(ii) To Builder CRE-RH	42449440	0.75%	318371	318371
	(iii) To Builder CRE	2476265	1.00%	24763	24763
	2. Sub Standard Assets	1118728	15.00%	167809	167809
	3. Doubtful Assets	698960	40.00%	279584	279584
	4. Loss Assets	0	100%	0	0
	<b>Total House Loans</b>	<b>95416344.89</b>		<b>985219</b>	<b>985219</b>
	<b>Non Housing Loans</b>				
<b>2</b>	<b>Mortgage Loans</b>				
	1. Standard Assets	10993740.61	0.40%	43975	43975
	2. Sub Standard Assets	1420940	15.00%	213141	213141
	3. Doubtful Assets	0	40.00%	0	0
	4. Loss Assets	0	100%	0	0
	<b>Total Mortgage Loans</b>	<b>12414680.61</b>		<b>257116</b>	<b>257116</b>
<b>3</b>	<b>Other Short Term Loans &amp; Advance</b>				
	1. Standard Assets	47293688	0.40%	189175	189175
	2. Sub Standard Assets	0	15.00%	0	0
	3. Doubtful Assets	0	40.00%	0	0
	4. Loss Assets	0	100%	0	0
	<b>Total Short Terms Loans</b>	<b>47293688</b>		<b>189175</b>	<b>189175</b>
	<b>Grand Total Gross Advnace</b>	<b>155124713.50</b>		<b>1431510</b>	<b>1431510</b>



28.2 Details of the Company Outstanding Loans and provisions thereon as on **31.03.2015** are as under:

**A) As per Paragraph 28 of NHB Directions 2010-**

**Provision for Standard/ Sub Standard/ Doubtful and Loss Assets as per NHB Directions (paragraph 28) as on 31-03-2015**

No.	Particulars	Amount in Rs.		Amount in Rs.	Amount in Rs.
I.	Standard Assets	Amount O/s as on 31-03-2016	% of Provision Required as per norms	Amount of Provision required as on date 31-03-2015 as per norms	Amount of Actual Provision as on 31-03-2015
la	Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	2%	Nil	Nil
lb	Standard Assets In respect of house loans to Individuals	43421400	0.40%	173686	173686
lc	Standard Assets in respect of Mortgage Loans to individuals	14373022	0.40%	57492	57492
ld	Standard Assets In respect of CRE-RH i.e to builders for residential houses	23000000	0.75%	172500	172500
le	Standard Assets in respect of all other commercial real estate (CRE)	0	Nil	0	0
lf	standard Assets in respect of all other non housing loan then above	39850879	0.40%	159404	159404
<b>A</b>	<b>Sub total Standard assets i.e la to lf Advances</b>	<b>120645302</b>		<b>563082</b>	<b>563082</b>
<b>II</b>	<b>Sub Standard Assets</b>				
IIa	Sub-Standard Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil
IIb	Sub-Standard Assets In respect of house loans to Individuals	1600363	15%	240054	240054
IIc	Sub-Standard Assets in respect of Mortgage Loans to individuals	Nil	Nil	Nil	Nil
IId	Sub-Standard Assets In respect of CRE-RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
Ile	Sub-Standard Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
IIf	Sub- standard Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
<b>B</b>	<b>Sub total - Sub standard assets IIa to IIf</b>	<b>1600363</b>		<b>240054</b>	<b>240054</b>
<b>III</b>	<b>Doubtful Assets</b>				
IIIa	Doubtful Assets in respect of Housing Loans at TEASER/ Special rate i.e. Housing loans at comparative lower rate of interest in the first few year after which rates are reset at higher rates	Nil	Nil	Nil	Nil



No.	Particulars	Amount in Rs.		Amount in Rs.	Amount in Rs.
IIlb	Doubtful Assets In respect of house loans to Individuals				
	up to one year duration	Nil	25%	Nil	Nil
	More then one year up to three year	492559	40%	197024	197024
	More then three year	Nil	100%	Nil	Nil
IIlc	Doubtful Assets in respect of Mortgage Loans to individuals More then one year - less then three year	481951	40%	192780	192780
IIId	Doubtful Assets In respect of CRE-RH i.e to builders for residential houses	Nil	Nil	Nil	Nil
IIle	Doubtful Assets in respect of all other commercial real estate (CRE)	Nil	Nil	Nil	Nil
IIIf	Doubtful Assets in respect of all other non housing loan then above	Nil	Nil	Nil	Nil
<b>C</b>	<b>Sub total - Doubtful assets IIIa to IIIf</b>	<b>974510</b>		<b>389804</b>	<b>389804</b>
<b>IVD</b>	<b>Loss Assets</b>	<b>Nil</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>
<b>D</b>	<b>Grand Total of Gross Advances (A+B+C+D)</b>	<b>123220175</b>		<b>1192940</b>	<b>1192940</b>

**B) As per Paragraph 29 of NHB Directions 2010-**

**Provision of Loans & Advances (Housing & Non Housing) as on 31-03-2015 as per Paragraph 29 of NHB Directions 2010**

	Category of Loan	Out Standing as on 31-03-2015	% of Provision Required as per norms	Amount of Provision Required as per norms	Actual Provision Made as per books
<b>1</b>	<b>Housing Loan</b>				<b>Amount In Rs.</b>
	1. Standard Assets				
	(i) Individual	43421400.53	0.40%	173686	173686
	(ii) To Builder CRE-RH	23000000	0.75%	172500	172500
	2. Sub Standard Assets	1600363	15.00%	240054	240054
	3. Doubtful Assets	492559	40.00%	197024	197024
	4. Loss Assets	0	100%	0	0
	<b>Total House Loans</b>	<b>68514322.53</b>		<b>783264</b>	<b>783264</b>
	<b>Non Housing Loans</b>				
<b>2</b>	<b>Mortgage Loans</b>				
	1. Standard Assets	14373022.68	0.40%	57492	57492
	2. Sub Standard Assets	0	15.00%	0	0
	3. Doubtful Assets	481951	40.00%	192780	192780
	4. Loss Assets	0	100%	0	0
	<b>Total Mortgage Loans</b>	<b>14854973.68</b>		<b>250272</b>	<b>250272</b>
<b>3</b>	<b>Other Short Term Loans &amp; Advance</b>				
	1. Standard Assets	39850879	0.40%	159404	159404
	2. Sub Standard Assets	0	15.00%	0	0
	3. Doubtful Assets	0	40.00%	0	0
	4. Loss Assets	0	100%	0	0
	<b>Total Short Terms Loans</b>	<b>39850879</b>		<b>159404</b>	<b>159404</b>
	<b>Grand Total Gross Advnace</b>	<b>123220175.2</b>		<b>1192940</b>	<b>1192940</b>



- 28.3 The Company has written off 6 loans during the year ended 31.03.2016 amounting to Rs 10,43,225/-. The figure for the loans written off during the FY 2014-15 was Rs. 4,79,515/-.
- 28.4 In terms of the requirement of the National Housing Bank (NHB) Directions 2010, further amended vide Circular no. NHB.HFC.Dir.3/CMD/2011 dtd August 5th 2011, the company has met the said requirements as under by providing Provisions for contingencies @ 0.40% on all standard assets in respect of all loans.
29. As per Accounting standard (AS-20) "Earnings per Share" is calculated for the Year as on 31.03.2016 is Rs. 1.95. EPS for the previous year as on 31.03.2015 was Rs.1.52.
30. As per Accounting standard (AS-18) on "Related Party Disclosures" details of transactions with related parties as defined therein are as given below:
- 30.1 List of related parties with whom transactions have taken place during the year and their nature of relationship is as follows :

**Key Managerial personals :**

- Nirmal Jain
- Dr.M.L.Nagda

**Relative of Key Managerial Personals :**

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

**30.2 Transactions by Company during the year with related parties (in lacs)**

Details of Transactions	Associate Companies	Key Managerial Personals
<b>Expenses</b>		
Directors Remuneration		13.20
Bonus to Directors		0.60
Salary and bonus to relative of Director		7.20

**30.3 Details of Major transaction during the year with the above related parties : (Rs. In Lacs)**

Details of Transactions	Associate Companies	Key Managerial personnel's
<b>Expenditure</b>		
<b>Remuneration</b>		
- Nirmal Jain		7.20
- Dr.M.L.Nagda		6.00
<b>Bonus</b>		
- Nirmal Jain		0.60
<b>Salary and bonus to Relative of Director</b>		7.20

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

**I. Capital to Risk Assets Ratio (CRAR) :**

Particulars	Year ended 31.03.2016	Year ended 31.3.2015
CRAR %	114.35%	133.26%
CRAR - Tier I capital (%)	113.82%	132.24%
CRAR - Tier II Capital (%)	0.53%	1.03%



## II. Exposure to Real Estate Sector

Category	Year ended 31.03.2016	Year ended 31.03.2015
<b>a) Direct Exposure</b>		
(i) Residential Mortgages – (Loan above Rs. 15.00 lacs)	62.82	105.67
Lending fully secured by Mortgages on Residential property that is or will be occupied by borrower or that is rented; (Individual Housing Loans upto Rs. 15.00 lacs may be shown separately)	442.08	349.47
(ii) Commercial Real Estate		
Lending secured by Mortgages on commercial real estates (Office buildings, Retail Space, Multi-purpose commercial Premises, Multi-family residential buildings, Multi-tenanted commercial premises, Industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non-fund based (NFB) limits.	449.26	230.00
(iii) Investment in Mortgage backed Securities (MBS) and other securitized exposures		
a. Residential	124.15	148.55
b. Commercial Real Estate	0.00	0.00
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and housing finance companies (HFC's)	0.00	0.00
<b>Total (a) + (b)</b>	<b>1078.31</b>	<b>833.69</b>

## III. Asset Liability Management 31-03-2016.

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

(Rs in Lacs)

	1day to 30-31 days (One month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from banks	0.21	0.21	0.21	0.63	116.40	5.04	3.89	-	-	-	126.59
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	25.00	25.00	25.00	75.00	622.94	600.00	178.31	-	-	-	1551.25
Investments	-	-	-	-	-	-	-	88.00	-	-	88.00

33. NHB, has not levied any penalty under HFC (NHB) Directions, 2010 on the company.

34. In the Current year the company has paid advance amount of Rs. 4.00 lacs for the acquisition of land and office building. So the total Amount outstanding under Advance against property is of Rs72.00 lacs and is being carried forward.

### 35. Provident Fund and ESIC.

In the current year, the company has taken registration under the relevant act, and company has paid all the statutory dues on due date.

**36. Investments in shares of Other companies:**

No. Particulars	Amount (Rs.) 31-03-2016	Amount (Rs.) 31-03-2015
<b>1 Akme Fintrade (India) Ltd</b>		
Opening Balance	4000100	4000100
Purchased during the year	NIL	NIL
Sold during the year	NIL	NIL
Closing Balance	4000100	4000100
<b>2 Akme Fincon Ltd</b>		
Opening Balance	4800000	4800000
Purchased during the year	Nil	Nil
Sold during the year	Nil	Nil
Closing Balance	4800000	4800000

**37. Deferred Tax :** The components of Deferred Tax assets and Liabilities as on 31.03.2016 and 31.03.2015 are as follows :-

Particulars	31.03.2016	31.03.2015
<b>Opening Balance (Deferred Tax Asset)</b>	<b>52,738.00</b>	<b>(31,933.00)</b>
<b>Deferred Tax Assets:</b>		
Provision for Non Performing Assets	(72,884.00)	(3,68,618.00)
Difference Between WDV of fixed Assets and as per Co. Act, 2013 and Income tax Act, 1961	-	-
<b>Gross deferred Tax Asset (A)</b>	<b>(20,146.00)</b>	<b>(3,68,618.00)</b>
<b>Deferred Tax Liabilities:</b>		
Difference Between WDV of fixed Assets and as per Co. Act, 2013 and Income tax Act, 1961	(27,087.00)	8,034.00
Deduction Claimed u/s 36(1)(viii)	2,14,063.00	4,45,255.00
<b>Gross Deferred Tax Liabilities (B)</b>	<b>1,86,976.00</b>	<b>4,53,289.00</b>
<b>Net Deferred Tax (Asset)/ Liability</b>	<b>1,66,830.00</b>	<b>52,738.00</b>
<b>Amount debited/ (Credited) in Profit and Loss account</b>	<b>1,14,092.00</b>	<b>84,671.00</b>

**38.** There are no Micro, Small and Medium Enterprises (MSME) to whom the Company owes dues, which are outstanding for more than 45 days as at 31-03-2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**39.** Figures of the previous year have been regrouped, rearranged and reclassified wherever necessary.

**40.** Figures in brackets represent previous full year's figures i.e figures for Financial Year 2014-15.

In terms of our report of even date

**For Nyati Mundra & Co.**  
Chartered Accountants  
ICAI FRN-08153C

**CA Akash Jain**  
Partner  
Membership no. 079052

Place : Udaipur  
Date : 16.05.2016

**For AKME STAR HOUSING FINANCE LTD.**

sd/-  
**Dr. M.L. Nagda**  
Mg. Director  
DIN 00211925

sd/-  
**Rajni Gehlot**  
Director  
DIN 06627287

sd/-  
**Ashish Jain**  
Chief Financial Officer

sd/-  
**Paritosh Kothari**  
Company Secretary



## **AKME STAR HOUSING FINANCE LIMITED**

**CIN : L45201RJ2005PLC020463**

**Registered office : AKME Business Center (ABC), 4-5 Subcity Center,  
Savina Circle, Opp. Krish Upaz Mandi, Udaipur, Raj 313002.**

**Website : www.akmestarthousing.com, E mail : akmestarthousing@yahoo.com**

**Contact No 0294-2489501**

### **NOTICE OF THE 11th ANNUAL GENERAL MEETING**

**Notice is hereby given that 11th Annual General Meeting of the members of the AKME Star Housing Finance Limited will be held on, Saturday 24th September 2016 at 12.30 P.M. at Kaya Valley Resort, National Highway 8, behind Kaya Jain temple, Udaipur (Raj) to transact the following business.**

#### **ORDINARY BUSINESS**

- 1.** To receive consider and adopt Audited Financial Statements of the company for the financial year ended on 31st March 2016 and the reports of the Board of Directors and Auditors thereon.
- 2.** To appoint a Director in place of Mr. Nirmal Kumar Jain (DIN:00240441) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

#### **3. Appointment of Statutory Auditors**

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 139, 142, 143(8) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions if any, M/s HR JAIN & Co. Chartered Accountants, (Firm Registration No: 000262C), be and is hereby appointed as Statutory Auditors of the Company in place of M/s. Nyati Mundra & Co., Chartered Accountants, (Firm Registration No: 08153C), who have not offered themselves to continue as the Statutory Auditors of the Company; to hold office for the first term of five years, from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2021 of the Company (subject to ratification of the appointment by the Members at every subsequent Annual General Meeting), at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Statutory Auditors and approved by the Board of Directors of the Company.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution.”

#### **Registered office :**

AKME Business Center (ABC),  
4-5 Subcity Center, Savina Circle,  
Opp. Krish Upaz Mandi,  
Udaipur, Raj 313002.

**Date : 30.08.2016**

**By order of the Board**

**Paritosh Kothari**  
**(Company Secretary)**

## Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company duly certified copy of the relevant Board resolution authorizing such a representative to attend and vote on their behalf at the meeting.
4. Relevant documents referred to in the accompanying Notice shall be open for inspection by the members at the Registered Office of the Company during normal business hours (between 11.00 A.M. to 5.00 P.M.) on all working days up to and including the date of the Annual General Meeting.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th September 2016 to 24th September 2016 (both days inclusive).
7. In furtherance of the Go Green Initiative of the Government, electronic copy of the Annual Report for 2015-16 is being sent to all the members whose email addresses are registered with the Company/Depository Participants. Physical copy of the Annual Report for 2015-16 may be sent on request by any Member.
8. Electronic copy of the Notice of the 11th Annual General Meeting (AGM) of the Company, inter alia, indicating the process and manner of remote e-voting along with Admission Slip and Proxy Form is being sent to all the Members whose email addresses are registered with the Company/Depository Participants. Members may note that the Notice of the 11th AGM and the Annual Report for 2015-16 will also be available on the Company's website- [www.akmeststarhousing.com](http://www.akmeststarhousing.com).
9. Members who have not registered their email addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.
10. Even after registering for e-communication, members are entitled to receive such communication / documents in physical form, upon making a request for the same, by post, free of cost. For any communication/ information, the members may also send requests to the Company at e-mail id: [akmeststarhousing@yahoo.com](mailto:akmeststarhousing@yahoo.com).
11. Members/Proxy are requested to bring their Annual Report along with attendance slips duly completed and signed, mentioning therein the details of their DP id and Client id or Folio Number to the AGM.
12. In case, of joint holders attending the AGM, only such joint holder who is higher in order of names will be entitled to vote.
13. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website at URL - [www.akmeststarhousing.com](http://www.akmeststarhousing.com) Members who hold shares singly in Dematerialised form are advised to make a nomination through their Depository Participant.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Share Transfer Agents, for consolidation into single folio.
15. Non – Resident Indian Members are requested to inform Registrar and Share Transfer Agents, immediately of:
  - a. Change in their residential status on return in India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**16.** Members who wish to seek any information on the financial statements of the Company or have any query(ies) relating thereto may write to the Company at [akmestarthousing@yahoo.com](mailto:akmestarthousing@yahoo.com) or to the Company Secretary at the Corporate Office of the Company, at an early date to enable the management to keep the information ready.

**17. The Place of Annual General meeting falls under territory of Udaipur Jurisdiction.**

**18. Voting through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (LODR) Regulation, 2015 including any statutory modification and / or re-enactment there of, the Company is pleased to provide members, facility to exercise their right to vote at the 11th Annual General Meeting by electronic means and the business may be transacted through remote e-voting services provided by Central Depository Services (India) Limited (CDSL).

**A. Remote E-Voting is optional.**

✓ **The instructions for shareholders voting electronically are as under:**

The voting period begins on Wednesday 21st September, 2016 at 10.00 A.M. and ends on Friday 23rd September, 2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday 16th September, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

**The shareholders should follow process as given under:**

1. log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on Shareholders.
3. Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
4. Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat 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.
7. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If 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 (iv).</p>

8. After entering these details appropriately, click on "SUBMIT" tab.
9. Members holding shares in physical form will then directly reach the Company selection screen.
10. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
11. 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 remote e-voting through CDSL platform.
- 12. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
13. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
14. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
15. 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.
16. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
17. After selecting the resolution you have decided to vote on, click on "SUBMIT".
18. 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.
19. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
20. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
21. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

✓ **Note for Non – Individual Shareholders and Custodians**

1. 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.
2. 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).
3. 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.
4. The list of accounts 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.
5. 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.
6. 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).

**B. Voting at the Annual General Meeting:**

1. Pursuant to the provisions of Rule 20 of Companies (Management and Administration) Rules 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, the Company is also offering the facility for voting by way of ballot paper at the AGM.

2. The Members attending the AGM, who are entitled to vote, but have not cast their vote by remote e-voting shall be able to exercise their voting rights at the AGM through ballot paper. A member may attend the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to cast their vote again at the AGM.
  3. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the Remote e-voting facility.
  4. The voting rights of Members shall be in proportion to the shares held by them on the paid up equity share capital of the Company as on cut-off date being, Friday 16th September, 2016. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
19. The Company has appointed Shri Ronak Jhuthawat (ACS 32924) Proprietor of M/s Ronak Jhuthawat & Co., Practicing Company Secretaries, Udaipur as Scrutinizer for conducting the e-voting process (both Remote E-voting and voting process at the AGM) in a fair and transparent manner.
  20. The Scrutinizer shall immediately, after the conclusion of voting at AGM, will first count the votes cast at the AGM, thereafter unblock the votes cast through Remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutinizer shall, submit a scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the results of the voting forthwith, within 48 hours of conclusion of the Annual General Meeting.
  21. The results as declared by the Chairman or a person authorized by him in writing along with the Scrutinizer's Report shall be immediately placed on the website of the Company i.e. [www.akmestarthousing.com](http://www.akmestarthousing.com) and CDSL after the declaration of results. The results shall also be simultaneously communicated to BSE Limited
  22. The resolutions listed in the Notice of the Eleventh AGM shall be deemed to be passed on the date of the AGM, subject to the receipt of the requisite number of votes in favour of the respective resolutions.

**Registered office :**

AKME Business Center (ABC),  
4-5 Subcity Center, Savina Circle,  
Opp. Krish Upaz Mandi,  
Udaipur, Raj 313002.

**Date : 30.08.2016**

**By order of the Board**

**Paritosh Kothari**  
**(Company Secretary)**

## ANNEXURE TO ITEM NOS. 2 OF THE NOTICE

**Details of Directors seeking appointment and / or re-appointment  
at the ensuing Annual General Meeting.**

No.	Name of the Director	Mr. Nirmal Kumar Jain
1	Date of Birth	19.05.1967
2	Age	49 Years
3	Date of Appointment	21.03.2005
4	Permanent Account Number (PAN)	ADJPJ1116G
5	Director Identification Number (DIN)	00240441
6	Expertise in specific functional areas	More than two decades expertise in finance and accounts sector
7	No. of equity shares held in the Company (as on 31st March 2016)	427000
8	Qualifications	CA, ICWA
9	Membership/Chairmanship of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee).	Akme Fincon Limited Akme Fintrade (India) Limited
10	Relationships, if any, between Directors inter se	NIL



## AKME STAR HOUSING FINANCE LIMITED

CIN : L45201RJ2005PLC020463

Registered office : AKME Business Center (ABC), 4-5 Subcity Center,  
Savina Circle, Opp. Krish Upaz Mandi, Udaipur, Raj 313002.

Website : [www.akmestarthousing.com](http://www.akmestarthousing.com), E mail : [akmestarthousing@yahoo.com](mailto:akmestarthousing@yahoo.com)

Contact No 0294-2489501

**11th Annual General Meeting on Saturday 24th September 2016**

### **ADMISSION SLIP**

Folio No or DP ID / Client ID	
No of Share Held	

I hereby record my presence at the 11th Annual General Meeting of the Company being held at **Kaya Vally Resort, National Highway 8, Behind Kaya Jain Temple Udaipur Raj 313801.**

Name of the Member (in block letters)	
Name of the Proxy-holder/ Authorized Representative attending the Meeting *(in block letters)	

**Signature of the Member/Proxy/  
Authorized Representative \***

**Notes:**

1. A member/proxy/authorized representative wishing to attend the Meeting must complete this Admission Slip before coming to Meeting and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form at the Company's Registered Office at least 48 hours before the Meeting.



## AKME STAR HOUSING FINANCE LIMITED

CIN : L45201RJ2005PLC020463

Registered office : AKME Business Center (ABC), 4-5 Subcity Center,  
Savina Circle, Opp. Krish Upaz Mandi, Udaipur, Raj 313002.

Website : [www.akmeststarhousing.com](http://www.akmeststarhousing.com), E mail : [akmeststarhousing@yahoo.com](mailto:akmeststarhousing@yahoo.com)

Contact No 0294-2489501

### 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]

Name of the member(s)	
Registered Address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being member(s) of ..... Shares of the above named hereby appoint:

1.	Name	
2.	Address	
3.	E-mail Id	
4.	Signature	
		Or failing him
1.	Name	
2.	Address	
3.	E-mail Id	
4.	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of the Company, to be held on Saturday 24th September 2016 at 12.30 PM at Kaya Vally resort, National Highway 8, Behind Jain temple Udaipur (Raj) and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Particulars	For	Against
01	Considering and adoption of the Financial Statements and the reports of the Directors and Auditors thereon.		
02	Re-appointment of Mr Nirmal Kumar Jain who retires by rotation.		
03	Appointment of Auditors and fixing their remuneration.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ of 2016.

Signature of the Member: \_\_\_\_\_

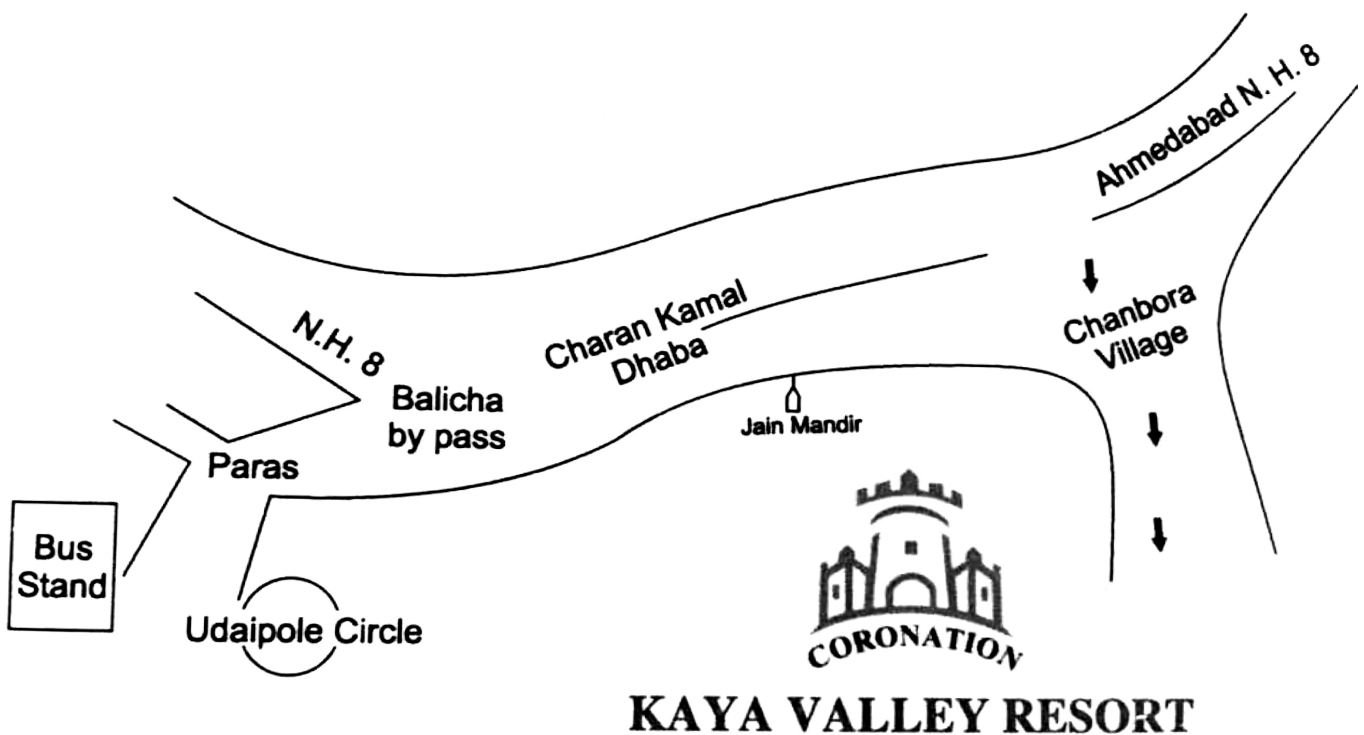
Signature of the Proxy holder/s: \_\_\_\_\_

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company addressed to the "Company Secretary", not later than 48 hours before the commencement of the AGM.
2. A person can act as proxy on behalf of Members up to and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

*\* it is optional to put a (v) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.*

## ROUTE MAP FOR THE VENUE OF THE AGM

Kaya Valley Resort,  
National Highway 8,  
Behind Kaya Jain Temple,  
Udaipur (Raj).



**NOTE :-** PICK AND DROP FACILITY WILL BE AVAILABLE FROM THE REGISTERED OFFICE OF THE COMPANY i.e. Akme Business Center, 4-5 Subcity Center, Savina Circle, Opp Krishi Mandi, Udaipur 313002.

**Contact : Paritosh Kothari - 09799740741**