



**SPA CAPITAL SERVICES  
LIMITED**

**35<sup>th</sup> Annual Report**

**2018-2019**

<b>BOARD OF DIRECTORS</b>	Mr. Sandeep Parwal - Chairman Cum Managing Director (Promoter) Mr. Mahaveer Prasad Mundhra - Whole time Director Mr. Vikas Dhingra - Independent Director Mrs. Honey Parwal - Non Executive Director (Promoter) Mr. Amit Kumar Jakhota - Independent Director Mr. Ramesh Menon - Independent Director Mr. Kamal Binani - Independent Director
<b>STATUTORY AUDITORS</b>	M/s. SNMG & Co, Chartered Accountants Delhi
<b>CHIEF FINANCIAL OFFICER (CFO)</b>	Mr. Sanjay Kumar Jain
<b>COMPANY SECRETARY</b>	Ms. Kajal Gupta
<b>BANKERS</b>	Axis Bank Limited Lakshmi Vilas Bank Limited RBL Bank Limited State Bank of India Syndicate Bank IndusInd Bank Limited
<b>REGISTERED OFFICE</b>	25, C – Block, Community Centre, Janakpuri New Delhi - 110 058
<b>REGISTRAR AND SHARE TRANSFER AGENT (RTA)</b>	<b>MAS Services Limited</b> T-34, IInd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Tel.: +91-11-26387281-83 Fax: +91-11-26387384 E-mail: <a href="mailto:info@masserv.com">info@masserv.com</a> Website: <a href="http://www.masserv.com">www.masserv.com</a> Contact Person: Mr. Sharwan Mangla
<b>LISTING</b>	Bombay Stock Exchange
<b>WEBSITE</b>	<a href="http://www.spacapital.com/CapitalServices/">http://www.spacapital.com/CapitalServices/</a>

**NOTICE**

**NOTICE** is hereby given that the 35<sup>th</sup> Annual General Meeting of the members of SPA Capital Services Limited will be held on Monday, the 30<sup>th</sup> day of September, 2019 at 25, C – Block, Community Centre, Janakpuri New Delhi - 110 058 at 11:30 AM to transact the following business:

**ORDINARY BUSINESS:**

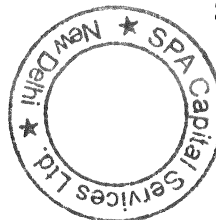
1. To receive, consider and adopt the Audited Financial Statement comprising of Balance Sheet as at March 31, 2019, the Statement of Profit and Loss Account and Cash Flow Statement for the financial year ended on that date, together with the report of the Auditors and Directors thereon.
2. To appoint a Director in place of Ms. Honey Parwal, (DIN No. 00025835) who retires by rotation and, being eligible, offers herself for re-appointment.
3. To re-appoint M/s. SNMG & Co, Chartered Accountants (ICAI Registration No. 004921N) as the statutory Auditors of the Company to hold office from the Conclusion of the 35<sup>th</sup> Annual General Meeting upto the conclusion of 40<sup>th</sup> Annual General Meeting.

The following Resolution may be passed as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provision of Section 139 of the Companies Act, 2013 and other applicable provisions, if any read with Companies (Audit and Auditors) Rules 2014, as amended from time to time or any other law for the time being in force (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit committee and the Board of Directors of the Company, M/s SNMG & Co., Chartered Accountants (ICAI Regn. No. 004921N), be and is hereby re-appointed as the Statutory Auditor of the Company, to hold office from the Conclusion of this meeting till the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company at a remuneration as may be fixed by the Board of Directors of the Company, in addition to the GST and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company.”

Date: September 02, 2019  
Place: New Delhi

**By the Order of the Board of  
SPA Capital Services Limited**



**Kajal Gupta**  
**Company Secretary & Compliance  
Officer**

**Registered Office Address:** 25, C – Block, Community  
Centre, Janak Puri, New Delhi – 110 058  
**CIN:** L65910DL1984PLC018749  
**Website:** <http://www.spacapital.com/CapitalServices/>  
**E-mail:** [listing@spacapital.com](mailto:listing@spacapital.com)  
**Tel:** 011 – 4567 5500

**Notes:**

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which set out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY (IES), IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**  
**A person cannot act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) 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 a proxy and such person shall not act as a proxy for any other person or shareholder.**
3. A blank proxy form is being sent herewith. Members /Proxy holder must bring the attendance slip (attached herewith) duly signed, to the meeting hall and handover it at the entrance of the meeting hall. Corporate Member(s) intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Meeting.
4. The instrument appointing proxy, duly stamped, completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of Corporate Shareholders must be supported by appropriate resolution issued on behalf of the nominating companies.
5. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are sent herewith in the e-voting communication. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again. Members who have cast their vote(s) by using remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting.
6. In terms of the provisions of Section 152 of the Act, Ms. Honey Parwal, Director, retire by rotation at the Meeting. The Board of Directors of the Company commend her re-appointment. Ms. Honey Parwal and Mr. Sandeep Parwal are interested in the Ordinary Business set out at Item No. 2 of the Notice with regard to his re-appointment. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 3 of the Notice.
7. Details of Directors retiring by rotation / seeking appointment / re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
8. The Company has not declared any dividend in the past Seven (7) financial years, accordingly the disclosure requirements as set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, in relation to the transfer of unpaid or unclaimed dividend to the Investor Education and Protection Fund, are not applicable on the Company.
9. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
10. The Register of Directors & KMP and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are



interested under Section 189 of the Companies Act, 2013 would be kept open for inspection and would be made accessible to any person attending the same.

11. The Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. 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 representatives to attend and vote on their behalf at the meeting.
13. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days up to the date of Annual General Meeting i.e. September 30, 2019 between 11:00 A.M. and 1:00 P.M.
14. Members are requested to write their folio number in the attendance slip for attending meeting.
15. Pursuant to provisions of Section 101 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Notice of General Meeting and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participants. Members who have not registered their e-mail address with the Company can now register the same by sending a communication to the Company or to the RTA, M/s MAS Services Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II New Delhi - 110 020. Members holding Shares in demat form are requested to register their e-mail address with their Depository Participants only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.
16. The Notice of Annual General Meeting and Attendance Slip are being sent in electronic mode to members whose e-mail address are registered with the Company or the Depository Participants, unless the members have registered their request for the hard copy of the same. Physical copy of the Notice of Annual General Meeting and Attendance Slip are being sent to those members who have not registered their e-mail address with the Company or the Depository Participants. Further the Notice of Annual General Meeting and Attendance Slip are also being sent to all the Directors and the Auditors of the Company. The said Notice of the Meeting is also posted on the website of the Company at <http://www.spacapital.com/CapitalServices/>.
17. Members are requested to note that MAS Services Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II New Delhi - 110 020, is the Registrar and Transfer Agent (RTA) to look after the work related to shares held in physical and dematerialized form.
18. Members are requested to immediately notify to the Company or the RTA any change in their address and/or bank mandate in respect of shares held in physical form and to their Depository Participants (DPs) in respect of shares held in the dematerialized form.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
20. 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 <http://www.spacapital.com/CapitalServices/> under the section investors.
21. In accordance with the proviso to Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to

have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.

22. The Route Map of the venue of the Annual General Meeting forms part of this Notice.

### **INSTRUCTIONS FOR REMOTE E-VOTING**

Pursuant to Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as may be amended from time to time and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2 issued by Institute of Company Secretaries of India, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically. The Company has engaged the services of National Securities Depository Limited (NSDL) for the purpose of providing e-voting facility to all its Members. Please note that e-voting is an alternate mode to cast votes and is optional. A member can opt for a single mode of voting i.e through remote e – voting or voting at the Annual General Meeting. In case members cast their vote both via physical ballot paper and e-voting, then voting through e-voting shall prevail and voting done by ballot paper shall be treated as invalid.

The e-voting period shall commence on September 25, 2019 at 09:00 A.M. and will end at 05:00 p.m. on September 29, 2019. The remote e-voting module shall be disabled by NSDL at 05:00 P.M. on the end date of the voting period.

**The stepwise procedure and instructions for e-voting is given hereunder for easy reference:**

- I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):
  - (a) Open e-mail and open PDF file viz."SPAe-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
  - (b) Type the URL: <https://www.evoting.nsdl.com/>.
  - (c) Click on Shareholder-Login.
  - (d) Put user ID and password as initial password noted in step (i) above. Click Login.
  - (e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (g) Select "EVEN" of "SPA Capital Services Limited".
  - (h) Now you are ready for remote e-voting as Cast Vote page opens.
  - (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (j) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (k) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (l) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [csmanish.asa@gmail.com](mailto:csmanish.asa@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- II. In case of Members receiving Physical copy of Notice of Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)
- a. Initial password is provided in the box mentioned in the Attendance Slip.
  - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above to cast vote.
- A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. September 23, 2019.
- E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 23, 2019, can obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@masserv.com](mailto:info@masserv.com) RTA MAS Services Limited. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.1800-222-990.
- F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. September 23, 2019 only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
- H. Mr. Anand Parkash Sharma, M/s. Anand Sharma & Associates, Company Secretary in Practice (COP No - 20141), having its office at 114, Pocket-5, Sector-2, Rohini, Delhi-110085 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- I. 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.
- J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 24 hours of the conclusion of the AGM, a consolidated 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 result of the voting forthwith.
- K. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e. <http://www.spacapital.com/CapitalServices/> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Ltd., where the shares of the Company are listed.

L. In case of any grievances related to the E-voting the following officials can be contacted:

**Name:** Ms. Pallavi Mahatre

**Designation:** Manager

**Address:** National Securities Depository Limited  
Trade World – A Wing, Kamala Mills Compound  
Lower Parel, Mumbai - 400013

**E-mail Id:** [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Phone No.:** 1800-222-990

**“NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING”**

Date: September 02, 2019

Place: New Delhi

By the Order of the Board of  
SPA Capital Services Limited



A handwritten signature in black ink, appearing to read "Kajal Gupta".

Kajal Gupta  
Company Secretary & Compliance  
Officer

**Registered Office Address:** 25, C – Block, Community  
Centre, Janak Puri, New Delhi – 110 058

**CIN:** L65910DL1984PLC018749

**Website:** <http://www.spacapital.com/CapitalServices/>

**E-mail:** [listing@spacapital.com](mailto:listing@spacapital.com)

**Tel:** 011 – 4567 5500

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013  
("THE ACT")**

**ITEM No. 03:**

**RE-APPOINTMENT OF STATUTORY AUDITORS:**

The Shareholders of the Company had at their Extra Ordinary General Meeting held on April 24, 2019, approved the appointment of M/s SNMG & Co., Chartered Accountants (ICAI Regn. No. 004921N), to fill the casual vacancy caused by the resignation of M/s O. P. Mishra & Company, Chartered Accountants (ICAI Firm Registration No. 011873N) and to hold the office of the Statutory Auditors of the Company from the conclusion of the Extra Ordinary General meeting until the conclusion of the ensuing Annual General Meeting of the Company.

Since the tenure of M/s. SNMG & Co., Chartered Accountants (Regn. No. 004921N) will get conclude at the forthcoming Annual General Meeting, the Board of Directors of the Company has at their meeting held on September 02, 2019 recommended to re-appoint the M/s SNMG & Co., Chartered Accountants (ICAI Regn. No. 004921N) as the Statutory Auditors of the Company as recommended by the Audit Committee.

M/s SNMG & Co., Chartered Accountants (Regn. No. 004921N) have given their consent to be re-appointed as the Statutory Auditors of the Company along with a confirmation that, their re-appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Further the disclosures as required under Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 are as follows:

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Proposed fees payable to the Statutory Auditor(s)	The remuneration of the Statutory Auditors shall be as fixed by the Board of Directors of the Company in consultation with them, which shall not be less than fixed earlier at Rs. 2,50,000/- per annum.
2.	Terms of Appointment	The new auditors would hold office for a period of five financial years from April 01, 2019 till March 31, 2024 i.e. from the conclusion of 35 <sup>th</sup> Annual General Meeting till the conclusion of the 40 <sup>th</sup> Annual General Meeting.
3.	In case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;	Not Applicable
4.	Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.	The Audit Committee and the Board of Directors of the Company have recommended for the appointment of M/s SNMG & Co., Chartered Accountants (Regn. No. 004921N), F-378, Sarita Vihar, New

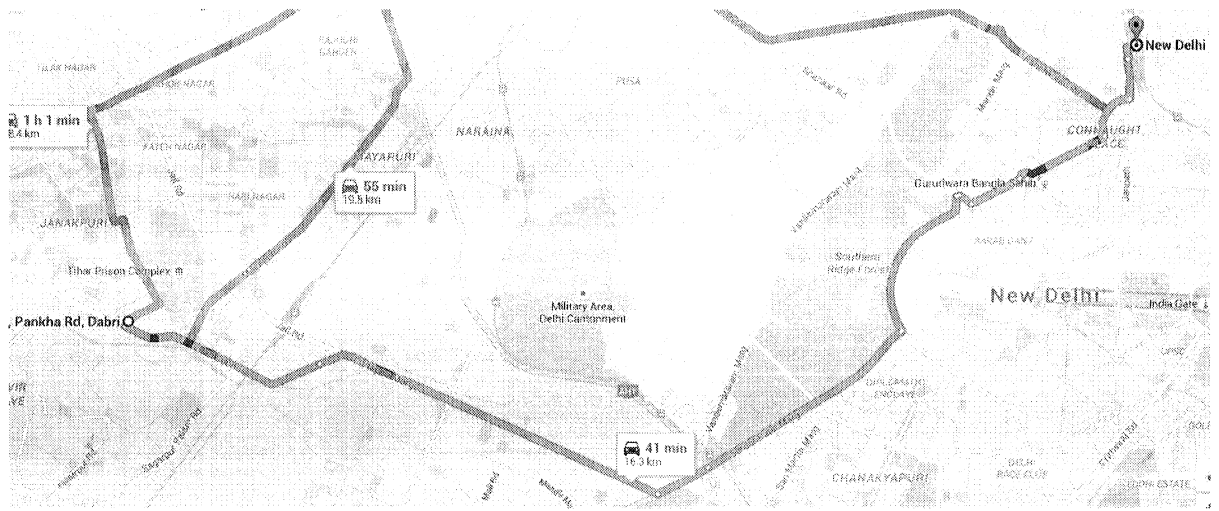
		Delhi-110076 as the Statutory Auditor of the Company as it is reputed Chartered Accountancy firm rendering Comprehensive Professional services and are subjected to peer review as are required as per Regulation 33 of LODR , 2015.
--	--	--

None of the Directors/Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in this resolution.

Accordingly, the resolution set out at Item No. 3 of the Notice for the re-appointment of M/s SNMG & Co., Chartered Accountants (Regn. No. 004921N) is placed before the members for approval by way of an Ordinary Resolution.

The Board recommends the Resolution as set out at item No. 3 for approval of the members.

<b>Details of the Directors retiring by rotation/seeking appointment/re-appointment at the 35<sup>th</sup> Annual General Meeting</b> {In pursuance of Secretarial Standard on General Meetings (SS-2) & Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015}	
<b>Name of Director</b>	<b>Ms. Honey Parwal (DIN: 00025835)</b>
i) Date of Birth/Age	18/06/1970 (49 years)
ii) Qualifications	B. Sc (Hons)
iii) Experience (including expertise in specific functional area) / Brief Resume	21 Years (Ms. Honey Parwal is having rich experience of over two decades, in the field of Human resource, Administration and Management) <a href="http://www.spacapital.com/CapitalServices/BoardOfDirectors.aspx">http://www.spacapital.com/CapitalServices/BoardOfDirectors.aspx</a>
iv) Terms and Conditions of Re-appointment	Non – Executive Women Director
v) Details of Remuneration sought to be paid	Nil
vi) Last Remuneration drawn	Nil
vii) Date of first appointment on the Board	25/09/2017
viii) No. of shares held in the Company	1,75,000
ix) Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Wife of Mr. Sandeep Parwal, Chairman Cum Managing Director of the Company
x) No. of Board Meetings attended/held during Financial Year 2018-19	3/6
xi) Directorships held in other companies	<ul style="list-style-type: none"> <li>• Bhoopati Trading Private Limited</li> <li>• Bluemoon Financial Services Private Limited</li> <li>• Parth Infracon Private Limited</li> <li>• Simplex Construction Private Limited</li> <li>• Vijay Shree Builders Private Limited</li> <li>• Wintech Marketing Private Limited</li> <li>• Spa Capital Advisors Limited</li> </ul>
xii) Chairman/Member of the Committee of the Board of Directors as on March 31, 2019 - Committee position held in other companies	
a. Audit Committee	-
b. Stakeholders' Relationship Committee	-
c. Other Committees	-





**SPA CAPITAL SERVICES LIMITED**

Sr. No.....

**ATTENDANCE SLIP**

35<sup>th</sup> Annual General Meeting of SPA Capital Services Limited held on Monday, the 30<sup>th</sup> day of September, 2019 at 25, C – Block, Community Centre, Janakpuri New Delhi - 110 058 at 11:30 AM

NAME (IN BLOCK LETTERS)	
ADDRESS	
REGISTERED FOLIO NO. / DP ID & CLIENT ID*	
SHAREHOLDER / PROXY/ AUTHORISED REPRESENTATIVE	
MOBILE NO. E-MAIL ID	

I/We hereby record my/our presence at the 35<sup>th</sup> Annual General Meeting of the Company held on Monday, the 30<sup>th</sup> day of September, 2019 at 25, C – Block, Community Centre, Janakpuri New Delhi - 110 058 at 11:30 AM.

\_\_\_\_\_  
Signature of Shareholder / Proxy / Authorised Representative

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

-----  
**ELECTRONIC VOTING PARTICULARS**

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD / PIN	NO.OFSHARE(S)
«EVEN»	«USER»	«PASS»	«HOL»

**NOTES:**

1. You are requested to sign and hand over the Attendance Slip at the entrance.
2. \*Applicable for Investor(s) holding share(s) in demat form.
3. Each equity share of the Company carries one vote.

**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]

CIN: **L65910DL1984PLC018749**  
Name of the Company: **SPA CAPITAL SERVICES LIMITED**  
Registered Office: **25, C – Block, Second floor, Community Centre, Janak Puri, New  
Delhi – 110 058**

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

I/We, being the member(s) of the above named company, hereby appoint

1. Name: .....Address: .....  
E-mail Id: .....Signature: ....., or failing him
2. Name: .....Address: .....  
E-mail Id: .....Signature: ....., or failing him
3. Name: .....Address: .....  
E-mail Id: .....Signature: ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company, to be held Monday, the 30<sup>th</sup> day of September, 2019 at 25, C – Block, Community Centre, Janakpuri New Delhi - 110 058 at 11:30 AM and at any adjournment thereof in respect of such resolutions/items of Agenda as are indicated below:

S. No.	Resolution	For	Against
	<b>ORDINARY BUSINESS</b>		
1.	To receive, consider and adopt the Audited Financial Statement comprising of Balance Sheet as at March 31, 2019, the Statement of Profit and Loss Account and Cash Flow Statement for the financial year ended on that date, together with the report of the Auditors and Directors thereon.		
2.	To appoint a Director in place of Ms. Honey Parwal, (DIN No. 00025835) who retires by rotation and, being eligible, offers herself for re-appointment.		
3.	To re-appoint M/s. SNMG & Co, Chartered Accountants (ICAI Registration No. 004921N) as the statutory Auditors of the		

	Company to hold office from the Conclusion of the 35 <sup>th</sup> Annual General Meeting upto the conclusion of 40 <sup>th</sup> Annual General Meeting.		
--	---	--	--

Signed this..... day of ....., 2019.

Affix Revenue  
Stamp of Re. 1  
Signature

**Signature of Shareholder**

**Signature of Proxy holder(s)**

**Notes:**

1. This form should be signed across the stamp as per specimen signature registered with the Company.
2. **The Proxy, to be effective, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
3. **A proxy need not be a member of the Company.**
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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.
5. Please put a '√' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

**\*Applicable for Investors holding shares in demat form.**

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting herewith their 35<sup>th</sup> Annual Report of SPA Capital Services Limited (the "Company") on the business and operations of the company together with the Audited Financial Statements of the Company for the year ended on 31st March, 2019.

### FINANCIAL HIGHLIGHTS

Key highlights of financial performance for SPA Capital Services Limited for the financial year 2018-19 are tabulated below:

	(Rs. in lakhs)	
Particulars	March 31, 2019	March 31, 2018
Sales	5036.39	2652.44
Brokerage Income	3989.90	5025.05
Income from Advisory Services / Management Fees	554.27	760.86
Interest and Dividend Income	269.95	215.60
Profit from Trading in Derivatives	-	-
Other Income	3.74	9.26
<b>Total income</b>	<b>9854.25</b>	<b>8663.21</b>
Expenditure before Depreciation, Tax and Exceptional items	9709.48	8404.23
Profit before Depreciation, Tax and Exceptional items	144.77	258.98
Less: Depreciation	45.92	50.32
Less: Exceptional Items	6.92	0.11
Less: Prior Period Items	0.59	-
<b>Profit before Tax</b>	<b>91.34</b>	<b>208.55</b>
Less: Provision for Tax	43.02	69.70
Profit After Tax	48.32	138.85
Less: Short/(Excess) provision for earlier years	2.88	4.07
Profit/(Loss) for the period	45.44	134.78
Earnings per Share (Equity Shares of face value Rs.10/- each)		
- Basic	1.48	6.71
- Diluted	1.48	6.71

### ECONOMIC OVERVIEW

We are very much optimistic about the Industry scenario in India. The Investment in Mutual Funds through various SIPs and other route is on all time high. There is a big opportunity for mutual fund distributors when an average investor still requiring guidance through the complicated maze of investments. AUM of the MF industry in India grew by 11.4% in FY18-19 to INR 23.80 Lakh Crore, of which equity AUM constituted 43% and grew by 17.8% from a year earlier. The growth in Equity AUM can be attributed primarily to healthy net new flows of INR 1.18 Lakh Crore during the year. Debt AUM fell by 8.7% as the industry saw net outflows of INR 1.24 Lakh Crore due to uncertain

interest rate environment and a challenging credit cycle. Liquid AUM stands at INR 4.36 Lakh Crore, a growth of 30% backed by net inflows of INR 0.76 Lakh Crore. ETFs, FOFs and Arbitrage Funds now add up to INR 1.93 Lakh Crore.

Individual investors' contribution to the total AUM now stands at 55% versus 51% a year earlier. Monthly flows from SIPs were INR 8,055 Crore in March 2019, a growth of 13.1% from the same month of the previous year. The industry processed 2.62 Crore SIP transactions during March, 2019 as compared to INR 2.11 Crore in March 2018. AUM from beyond the top 30 cities (B30) stood at INR 3.79 Lakh Crore and formed 15% of the total AUM in March, 2019. Industry participants are ramping up their presence in these locations leading to further development of markets. Favorable regulatory policies have propelled the interest for mutual fund products in B30 cities of the country.

### **Future outlook**

Riding high on strong inflows from domestic individual investors, the MF industry AUM grew by 24% CAGR over the last 5 years, with Equity AUM growing by 39% CAGR over the same time period. The individual investors AUM in the industry has grown from INR 3.93 Lakh Crore in March 2014 to INR 13.54 Lakh Crore in March 2019, a growth of 28% CAGR. Over the same period, the number of individual folios have increased from 3.92 Crore to 8.21 Crore. Individual investors typically invest for longer time frames and have a higher preference for equity-oriented funds. Net inflows into the industry over the past 5 fiscal years were INR 9.62 Lakh Crore, of which INR 6.61 Lakh Crore have been in equity-oriented schemes. There is a trend of Indian retail investors increasing allocation to equities in their overall investment portfolio. The AUM of liquid funds also witnessed healthy growth on the back of buoyant corporate investments and stable returns.

A major game changer for the domestic mutual fund industry has been the acceptance of the systematic investment plans, commonly known as SIPs, which has become a preferred route for most individual investors. The monthly SIP flows grew 2.5 times from April 2016, to INR 8,055 Crore in March 2019. The number of SIP transactions processed in March 2019 was 2.62 Crore as compared to 1.01 Crore in April 2016. SIPs are typically sticky long term inflows and lend high visibility and predictability of AUM growth.

Another important development has been the balancing of roles between the domestic institutional investors (largely Mutual Funds) and Foreign Portfolio Investors (FPI). Historically Indian equity markets have moved in tandem with FPI fund flows. FPI flows tend to be volatile as they are exposed to global challenges.

We believe we are well-poised to capitalize on the healthy prospects of the industry and further solidify our position in the market. Our strong brand equity, disciplined investment philosophy and robust process, customer-centric approach and expansive reach should facilitate our future growth.

### **BUSINESS AND OPERATIONAL HIGHLIGHTS**

Our revenues primarily consist of revenue from sale of securities, brokerage income from distribution of Mutual Fund and other financial products, income from interest and dividend. The Company is also registered with Reserve Bank of India as Non deposit accepting Non Banking Financial Company (NBFC).

During the year under review the Company has obtained registration as Point of Presence - Sub entity (POP- SE) from Pension Fund Regulatory and Development Authority (PFRDA) for providing various facilities to the Subscribers under the National Pension Scheme (NPS) and rendering other services as specified under the Pension Fund Regulatory and Development Authority Act, 2013.

During the year, the Company has registered an increase of 89.88% in the Sale of Securities, from Rs. 265,244,340/- in the financial year 2017-18 to Rs. 503,638,727/- in the Financial Year 2018-19.

However, the brokerage Income has decreased from Rs. 502,504,938/- in the financial year 2017-18 to Rs. 398,990,195 in the Financial Year 2018-19.

It is submitted further that the income from advisory services / management fees decreased from Rs. 76,085,913/- in the financial year 2017-18 to Rs. 55,427,550/- in the Financial Year 2018-19.

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

With effect from February 07, 2019, the Equity Shares of the Company are being listed on the BSE Limited (BSE). The Company has entered into Listing Agreement with BSE Ltd. in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the prescribed time limit.

#### **DIVIDEND**

In order to conserve the resources of the Company and to plough back profits in the Company and to meet the fund requirements of the Company for the purpose of capitalizing on the opportunities available, your Directors have not recommended any dividend for the year under review.

#### **TRANSFER TO GENERAL RESERVE**

During the year under review the company has transferred a sum of Rs. 10,000,000 to the General Reserves.

The Reserves and Surplus of your company stood at Rupees 142,455,595/- as at March 31, 2019.

#### **SHARE CAPITAL**

The Authorized Share Capital of the Company as at March 31, 2019 is Rs. 50,000,000 divided into 5,000,000 equity shares of Rs. 10/- each. The paid up share capital of the company as at March 31, 2019 is Rs. 30,742,250 divided into 3,074,225 equity shares of Rs. 10/- each.

During the year under review there has been no change in the Authorized and Paid up Share Capital of the Company.

#### **HOLDING / SUBSIDIARY / ASSOCIATE COMPANIES**

Your company does not have any Holding, Subsidiary and Associate Company within the meaning of Section 2(46), Section 2(87) and Section 2(6) of the Companies Act, 2013 ("Act").

## **PUBLIC DEPOSITS**

Your Company has neither invited nor accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the financial year 2018-19.

## **EXTRACT OF THE ANNUAL RETURN**

As required under Section 134(3)(a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return as stipulated under Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 in form MGT - 9 is available on the website of the Company at <http://www.spacapital.com/CapitalServices/SPACapitalServicesMGT.pdf> and the Annual Return for the Financial year 2017-18 in the MGT-7 is available on the website of the Company at <http://www.spacapital.com/CapitalServices/Annual Return 2017-18.pdf>.

## **STATUTORY AUDITORS**

The Shareholders of the Company had at their Extra Ordinary General Meeting held on April 24, 2019, approved the appointment of M/s SNMG & Co., Chartered Accountants (Regn. No. 004921N), to fill the casual vacancy caused by the resignation of M/s O. P. Mishra & Company, Chartered Accountants (ICAI Firm Registration No. 011873N) and to hold the office of the Statutory Auditors of the Company until the conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors had after considering recommendation of the Audit Committee decided to re-appoint M/s SNMG & Co., Chartered Accountants (Regn. No. 004921N) as the Statutory Auditors of the Company, to hold office from the conclusion of the 35<sup>th</sup> Annual General Meeting upto the conclusion of 40<sup>th</sup> Annual General Meeting.

The Board, therefore, recommends for their appointment at the ensuing Annual General Meeting.

## **AUDITORS' REPORT**

The report of the Auditors on the final accounts of the Company is being attached with the Balance Sheet. The notes to the said report are self explanatory and therefore do not require any further clarifications.

There are no qualifications, reservation or adverse remarks made by the Statutory Auditors in their audit report for the Financial Year 2018-19.

During the year under review, the Statutory Auditors have not reported any incident of fraud under Section 143(12) of the Companies Act, 2013 to the Audit Committee, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

## SECRETARIAL AUDITORS

The Company has appointed M/s RMG and Associates, Company Secretaries to conduct the Secretarial Audit for the financial year ended March 31, 2019, pursuant to Section 204 of the Companies Act, 2013 and rules made thereunder.

The Secretarial Audit Report furnished by M/s RMG and Associates is annexed to this report as "Annexure - A".

The Managements' Reply to the observations reported in the Secretarial Audit Report is as follows:

S. No.	Observation	Reply
1.	The Company has not submitted prior intimation of Board Meeting convened on February 14, 2019 within the timelines specified in regulation 29(2) & 29(3). Further a notice was received from BSE regarding the non-compliance and accordingly company was fined with Rs. 11,800/-, which was duly complied with.	<p>The Company received Trading approval from the Stock Exchange, effective from February 07, 2019.</p> <p>As on the due date of the Compliance to be made under Regulation 29 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company did not have access to the Listing Centre (<a href="http://listing.bseindia.com">http://listing.bseindia.com</a>), Soon after the generation of Login Id and password, the Company intimated the Stock Exchange regarding convening the Board Meeting on February 14, 2019, without any delay.</p> <p>Thus, the delay in filing the pre-intimation of the Board Meeting convened on February 14, 2019 was due to technical glitch.</p> <p>Moreover, the Company has made payment of the said fine amount under protest and requested the BSE officials to waive off the amount of fine imposed on the Company.</p> <p>Further directions in this regard are awaited from the BSE officials.</p>
2.	A Quarterly Return on Important Financial Parameters of non-deposit taking NBFC having asset size of Rs. 50 Crore and above but less than Rs. 100 Crore was required to be filed in terms of RBI circular DNBS (PD). CC. No.243 /03.02.02 /2011-12 dated September 12,	As per NBFC Returns (Reserve Bank) Directions, 2016 having reference No. <b>RBI/DNBS/2016-17/47 Master Direction DNBS.PPD.02/66.15.001/2016-17 dated September 29, 2016</b> , an NBFC-ND-NSI having asset size below Rs. 100 crore is required to file only NBS-9 and Statutory Auditor



2011.		<p>Certificate.</p> <p>Moreover, there is no filing mechanism available at the COSMOS Portal made available by RBI.</p> <p>The Management of the Company is exploring the ways of filing this return and is seeking clarification from the concerned RBI NBFC division.</p>
-------	--	---

## **CORPORATE GOVERNANCE**

As per the provision of Regulation 15(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Compliance with Corporate Governance provisions as specified in the Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V shall not apply to listed entities having paid-up equity share capital not exceeding Rs. 10 Crores and net worth not exceeding Rs. 25 Crores as on the last date of previous financial year.

The Paid up Equity Share Capital and the Net Worth of the Company is Rs. 3,07,42,250/- and Rs. 16,86,53,887/- respectively, which are less than Rs. 10,00,00,000/- and Rs. 25,00,00,000/ respectively as per the Audited Financial Statements of the company for the Financial year 2017-2018.

Henceforth, Company being falling under the specified limits of above regulation, requirement of giving Corporate Governance report in Annual Report as per the Para C of the Schedule V is exempted to the company and hence not required to be prepared.

However, your Company has made every effort to comply with the provisions of the Corporate Governance and to see that the interest of the Shareholders and the Company are properly served. It has always been the Company's endeavor to excel through better Corporate Governance and fair & transparent practices, many of which have already been in place even before they were mandated by the law of land.

The management of Company believes that it will further enhance the level of Corporate Governance in the company.

## **CORPORATE SOCIAL RESPONSIBILITY**

In terms of provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, provisions of Corporate Social responsibility is not applicable to the company.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **Board Composition and its Meetings**

As on March 31, 2019, the Board comprises of 8 Directors (1 Chairman Cum Managing Director, 1 Whole Time Director, 2 Non- Executive Promoter Director and 4 Independent Directors). The

composition of the Board represents a healthy blend and optimal mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership for long term vision and to achieve the highest level of governance. The Board critically evaluates the Company's strategic directions, management policies and their effectiveness. The Board regularly reviews inter alia, annual business plans, performance against plans, business opportunities including investments/disinvestments, related party transactions, compliance processes including material legal issues, strategy, risk management practices and approval of financial results. Frequent and detailed interaction provides the strategic roadmap for the Company's future growth.

**Table showing the Composition of the Board as on March 31, 2019**

<b>S No.</b>	<b>Name of the Director</b>	<b>Category</b>
1	Mr. Sandeep Parwal	Chairman Cum Managing Director (Promoter)
2	Mr. Kamal Kishore Somani	Non Executive Director (Promoter)
3	Mr. Mahaveer Prasad Mundhra	Whole time Director
4	Mr. Vikas Dhingra	Independent Director
5	Mr. Kamal Binani	Independent Director
6	Mrs. Honey Parwal	Non Executive Director (Promoter)
7	Mr. Amit Kumar Jakhota	Independent Director
8	Mr. Ramesh Menon	Independent Director

The Board met 6 (Six) times during the year 2018-2019 on May 30, 2018 (Adjourned Meeting on June 13, 2018), August 14, 2018, September 24, 2018, November 20, 2018, February 14, 2019 and March 22, 2019. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and rules made there under.

The details of number of meetings attended by each Director during the financial year 2018-19 are as follows:

<b>S. No.</b>	<b>Name of Director</b>	<b>Category</b>	<b>Attendance in FY 2018-19</b>
1	Mr. Sandeep Parwal	Chairman Cum Managing Director (Promoter)	6/6
2	Mr. Kamal Kishore Somani	Non Executive Director (Promoter)	1/6
3	Mr. Mahaveer Prasad Mundhra	Whole time Director	5/6
4	Mr. Vikas Dhingra	Independent Director	2/6
5	Mr. Kamal Binani	Independent Director	1/6
6	Mrs. Honey Parwal	Non Executive Director (Promoter)	3/6
7	Mr. Amit Kumar Jakhota	Independent Director	6/6
8	Mr. Ramesh Menon	Independent Director	6/6

None of the directors of the company is disqualified under Section 164(2) of the Companies Act, 2013 and the Rules made there under.

### **Change in Composition of the Board**

**During the Year under review following changes were made in the composition of the Board of Directors:**

1. Ms. Honey Parwal (DIN: 00025835) was appointed as Director by the Shareholders of the Company at their Annual General Meeting held on September 18, 2018.
2. Mr. Amit Kumar Jakhota (DIN: 07947687) was appointed as Independent Director by the Shareholders of the Company at their Annual General Meeting held on September 18, 2018; and
3. Mr. Ramesh Menon (DIN: 02182698) was appointed as Independent Director by the Shareholders of the Company at their Annual General Meeting held on September 18, 2018.

**After the closure of the Financial Year following changes were made in the composition of the Board of Directors:**

1. Mr. Kamal Kishore Somani has resigned from the position of the Director of the Company with effective from September 02, 2019.

As per the provisions of Section 152 of the Companies Act, 2013, and in terms of the Articles of Association of the Company, Ms. Honey Parwal, will retire by rotation and further being eligible, has offered herself for re-appointment at the ensuing Annual General Meeting.

### **Change in Key Managerial Personnel of the Company**

During the year under review Mr. Rajesh Ramnani has resigned from the position of Company Secretary and Compliance Officer of the Company and Compliance Officer under Pension Fund Regulatory and Development Authority Act, 2013 and Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2015 from the close of the business hours of 31st March, 2019 due to his personal commitments vide letter dated February 11, 2019.

To fill the Vacancy caused by the resignation of Mr. Rajesh Ramnani, the Board of Directors of the Company, has based on the recommendations of Nomination and Remuneration Committee, appointed Ms. Kajal Gupta, an Associate Member of Institute of Company Secretaries of India, as Company Secretary and Compliance Officer of the Company and Compliance Officer under Pension Fund Regulatory and Development Authority Act, 2013 and Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2015 with effect from 1<sup>st</sup> April, 2019.

### **Independent Directors**

The Independent Directors of the Company are individuals of eminence & repute in their respective fields and they actively contribute to the strategic direction, operational excellence & corporate governance of the Company. In accordance with the criteria set for selection of Independent Directors and for determining their independence, the Nomination and Remuneration ('NR') Committee of the Board, inter alia, considers the qualifications, positive attributes, area(s) of expertise and Directorships/ Committee memberships held by these individuals in other

companies. The Board considers the NR Committee's recommendation and takes appropriate decisions for appointment of the Independent Directors.

Accordingly as on March 31, 2019, the Company has Mr. Vikas Dhingra, Mr. Kamal Binani, Mr. Amit Kumar Jakhotia and Mr. Ramesh Menon as Independent Directors of the Company.

Mr. Vikas Dhingra and Mr. Kamal Binani were appointed as the Independent Director of the Company for a term of five consecutive years commencing from October 01, 2014. Accordingly the term of Mr. Vikas Dhingra and Mr. Kamal Binani was due to expire on September 30, 2019.

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held on February 14, 2019.

### **Declaration of Independence**

The Company has received declarations from Mr. Vikas Dhingra, Mr. Amit Kumar Jakhotia and Mr. Ramesh Menon, Independent directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Schedule IV and the Rules made thereunder.

### **Performance Evaluation of Independent Directors by the Board**

The performance evaluations of the Independent Directors were carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

### **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board Committees play a vital role in strengthening the Corporate Governance practices and focus effectively on the issues and ensure expedient resolution of the diverse matters. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Board of Directors has, from time to time, constituted the following Committees, namely:

- 1) Audit Committee
- 2) Stakeholder Relationship Committee
- 3) Nomination and Remuneration Committee

### **Audit Committee Composition and its Meetings**

As on March 31, 2019 the Audit Committee comprises of 4 Directors i.e. Mr. Ramesh Menon as Chairman who is an Independent Director, Mr. Sandeep Parwal, Chairman Cum Managing Director, Mr. Amit Kumar Jakhotia, Independent Director and Mr. Kamal Binani, Independent Director.

The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

During the period under review, all the recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

The Audit Committee met 5 (FIVE) times during the year 2018-2019 on May 30, 2018 (Adjourned Meeting on June 13, 2018), August 14, 2018, November 20, 2018, February 14, 2019 (at 11:00 AM) and February 14, 2019 (At 11:40 AM). The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and rules made there under.

### **Stakeholder Relationship Committee Composition and its Meetings**

The Stakeholder Relationship Committee comprises of 3 Directors i.e. Mr. Ramesh Menon as Chairman who is an Independent Director, Mr. Sandeep Parwal, Chairman Cum Managing Director, and Mr. Amit Kumar Jakhotia, Independent Director.

The Stakeholder Relationship Committee met 1 (One) time during the year 2018-2019 on November 20, 2018.

The role, terms of reference and powers of the Stakeholder Relationship Committee are in conformity with the requirements of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

### **Nomination and Remuneration Committee Composition and its Meeting**

The composition and terms of reference of the **Nomination and Remuneration** Committee satisfy the provisions of Section 178 of the Companies Act, 2013. At present, the **Nomination and Remuneration (NR) Committee** comprises of three (3) Directors i.e. Mr. Ramesh Menon as Chairman who is an Independent Director, Ms. Honey Parwal, Director, and Mr. Amit Kumar Jakhotia, Independent Director.

Nomination and Remuneration Committee met Two (2) times during the financial year 2018-19 on August 14, 2018 and March 22, 2019.

The role, terms of reference and powers of the Nomination and Remuneration Committee are in conformity with the requirements of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

### **REMUNERATION POLICY**

The NR Committee has formulated the criteria for determining the qualifications, attributes & independence of a Director & recommended to the Board, a policy relating to remuneration for the Directors, KMP & Senior Management Personnel.

The Nomination and Remuneration Committee while formulating the policy takes into consideration the best remuneration practices in the industry while fixing appropriate remuneration packages and for administering the long-term incentive plans.

Further, compensation package of the Directors, Key Managerial Personnel, Senior Management and other employees is designed based on the set of principles enumerated in the said policy.

An extract of the policy covering these requirements is placed at website of the Company at <http://www.spacapital.com/CapitalServices/RemunerationPolicy.pdf>.

## **VIGIL MECHANISM**

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013 read with the rules made there under, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for Directors & employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Policy also provides for adequate safeguard against victimization of Whistle Blower who avails of such mechanism and also provides for the access to the Chairman of the Audit Committee.

Under this policy, we encourage our employees to report any reporting of fraudulent financial or other information to the stakeholders, any conduct that results in violation of the Company's Code of Business Conduct, to management (on an anonymous basis, if employees so desire).

Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the said investigation. No individual in the Company has been denied access to the Audit Committee.

Mechanism followed under this policy is appropriately communicated within the Company across all levels.

The Audit Committee periodically reviews the functioning of this mechanism.

## **INTERNAL FINANCIAL CONTROLS**

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitized and embedded in the business processes.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control, self assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors and statutory auditors during the course of their audits. The Company believes that these systems provide reasonable assurance that Company's internal financial controls are designed effectively and are operating as intended.

Your company has in place adequate financial controls with reference to financial statements. During the year such controls were reviewed and it did not observe any reportable material weakness in the design or operation of financial controls.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

An effective internal control mechanism is imperative to good corporate governance. The Company has put in place robust internal control systems and procedures in line with the scale of operations and business to ensure timely and accurate recording of financial transactions and adherence to applicable accounting standards; optimum utilization and safety of assets; compliance with

applicable laws & regulations; and an effective management information system & reviews of other systems. The Company also has in place well-defined organizational structures to facilitate clearly established roles and responsibilities for effective discharge of duties in a smooth manner.

### **PERFORMANCE EVALUATION**

The Company has a policy for performance evaluation of the Board, Committees and other individual Directors (including Independent Directors) which include criteria for performance evaluation of Non-executive Directors and Executive Directors.

In accordance with the manner specified by the NR Committee, the Board carried out annual performance evaluation of the Board, its Committees and Individual Directors.

The Independent Directors carried out annual performance evaluation of the non-independent directors and the Board as a whole and the Chairperson.

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

Details of Loans given and Investments made under the provisions of Section 186 of the Companies Act, 2013 are given under the respective heads of Financial Statements. The Company has not given any Corporate Guarantee (s) in respect of any loans as at March 31, 2019.

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Even though operations of the Company are not energy intensive, the management has been highly conscious of the importance of conservation of energy and technology absorption at all operational levels and efforts are made in this direction on a continuous basis. In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under section 134(3)(m) of the Act read with rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption are not applicable to the Company and hence have not been provided.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

There has been no foreign exchange earnings or outgo during the year under Report.

### **RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered into during the financial year 2018-19 were on "Arm's length" basis and were in the ordinary course of business intended to further the Company's interest.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is put up on the Company's website and can be accessed at <http://www.spacapital.com/CapitalServices/Policy%20on%20Related%20party%20transactions.pdf>

During the period under review, the Company had not entered into any material transaction with any of its related party. None of the transactions with any of related parties were in conflict with the Company's interest.

Members may refer Note No. 26 to the Financial Statement which sets out Related Party Disclosures pursuant to AS.

### **RISK MANAGEMENT POLICY**

Risk Management is the continuous process of systematically identifying, quantifying, prioritizing and responding to all risks and opportunities that can affect the achievement of the Company's strategic and annual objectives. Accordingly the risk Management Policy of the company elaborates the various methods in identification, assessment, monitoring and mitigation of various risks that the company may face in its business. The company's objective is to achieve a balance between acceptable levels of risk and reward in effectively managing its operational, financial, business and other risks.

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

There have been no material changes and commitments, affecting the financial position of the Company which occurred during between the end of the financial year to which the financial statements relate and the date of this report.

### **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section, forming part of the Annual Report marked as "**Annexure B**".

### **MAINTENANCE OF COST RECORDS**

As per the provisions of the Section 148(1) of the Companies Act, 2013 the Company is not required to maintain cost Records. Accordingly such accounts and records are not made and not maintained.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, state that—

1. in the preparation of the annual accounts for financial year ended 31st March, 2019, the applicable accounting standards have been followed and there is no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;



3. the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
4. the Directors have prepared the annual accounts for the financial year ended 31st March, 2019 on a going concern basis.
5. The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## **HUMAN RESOURCES**

Employees are our vital and most valuable assets. We have created a favourable work environment that encourages innovation and meritocracy. It is important for us that organization culture and organization strategy are well aligned. Over a period we have developed a strong culture of transparency through constant employee communication and have developed strong performance management practices wherein best class rewards and recognition systems are deployed. We have also set up a scalable recruitment and human resources management process which enables us to attract and retain high caliber employees.

## **PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and marked as “**Annexure – C**”.

## **PREVENTION OF SEXUAL HARASSMENT POLICY**

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2018-2019, no complaints were received by the Company related to sexual harassment

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

There are no significant and material orders passed by the regulators or courts or tribunals that may have an impact for the company as a going concern and/or company's operations.

Mr. Kamal Kishore Somani, one of Promoter Director of the Company has filed an application u/s 241, 242 and 244 of the Companies Act, 2013, before the National Company Law Tribunal, New Delhi, Principal Bench for seeking an order to restrain the Company from convening the Extra Ordinary General Meeting on November 16, 2018 for the removal of Mr. Kamal Kishore Somani and appointment of Mr. Sanjay Joon as director of the Company, on the requisition of Dhruvtara Trading Private Limited.

However, the National Company Law Tribunal, New Delhi Principal Bench, has vide its Order dated November 16, 2018 in the Company Application No. 422/241-242/PB/2018 in the matter of Kamal Kishore Somani & Ors. Vs. SPA Capital Services Limited & Ors. has stayed the holding of the Extra Ordinary General Meeting on November 16, 2018 by the Company.

There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

## **OTHER DISCLOSURES AS PER COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER ARE PROVIDED HEREUNDER**

### **(a) Issue of Equity Shares with Differential Rights: -**

During the period under review, the Company has not issued any Equity Shares with Differential Rights.

### **(b) Issue of Employee Stock Options: -**

During the period under review, the Company has not issued any Employee Stock Options.

### **(c) Issue of Sweat Equity Shares: -**

During the period under review, the Company has not issued any sweat equity shares as specified in Rule 8(13) of Companies (Share Capital and Debenture Rules, 2014).

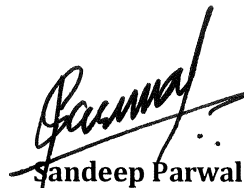
## **SECRETARIAL STANDARDS**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

## ACKNOWLEDGMENT

We take this opportunity to express our gratitude to the Shareholders & Investors of the Company for their unflinching trust and support. We would also like to thank the, Regulatory Authorities, and Banks for their cooperation and assistance. We would like to place on record their sincere appreciation and acknowledgment towards the efforts and contribution made by the personnel at all levels and their continued support and faith in the Organization. We would like to reiterate our commitment to continue to build our organization into a truly world class enterprise in all respects.

**For & on behalf of the Board  
SPA Capital Services Limited**



**Sandeep Parwal**  
**Chairman Cum Managing**  
**Director**  
**DIN No. 00025803**



**Mahaveer Prasad Mundhra**  
**Whole time Director**  
**DIN No. 00642941**

Place: New Delhi  
Date: September 02, 2019

**RMG & ASSOCIATES***Company Secretaries***FORM NO. MR - 3****SECRETARIAL AUDIT REPORT****FOR THE PERIOD ENDED ON 31<sup>st</sup> MARCH, 2019**

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

**To  
The Members  
SPA Capital Services Limited  
CIN: L65910DL1984PLC018749  
25, C- Block, Community Centre,  
Janakpuri, New Delhi-110058**

We have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **SPA Capital Services Limited** (hereinafter referred as 'the Company'), having its Registered Office at 25, C- Block, Community Centre, Janakpuri, New Delhi-110058. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period i.e. **April 01, 2018 to March 31, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

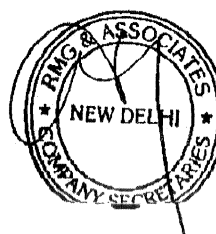
We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period ended on **March 31, 2019** according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder



- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the period under review;
- V. Pension Fund Regulatory and Development Authority Act, 2013 and Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2015;
- VI. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act").
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [**Not Applicable as the Company has not issued further share capital during the financial year under review**];
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable as the Company has not granted any options to its employees during the financial year under review**;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not Applicable since the company has not listed any Debt Security**;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review**;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not Applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review**; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not Applicable as the Company has not bought back / propose to buy-back any of its securities during the financial year under review**;



VII. As informed by the Management, the company being registered with the RBI as NBFC, following specific laws applicable to the Company during the period under review:

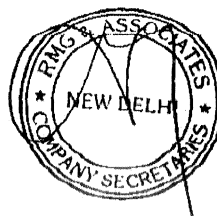
- a) The Reserve Bank of India Act, 1934 and Guidelines, Directions and Instructions issued by Reserve Bank of India prescribed there under. The Company is registered as a Non-Banking Financial Company (Non-deposit accepting or holding) with Reserve Bank of India.
- b) The SEBI (Mutual Fund) Regulations, 1996.
- c) AMFI Guidelines (The Company being a Mutual Fund Distributor, is registered under Association of Mutual Funds in India (AMFI) and holds a valid Certificate of Registration obtained from AMFI.

For the compliances of Environmental Laws, Labour Laws & other General Laws vis-à-vis The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, our examination and reporting is based on the documents, records and files as produced and shown to us and the information & explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are generally adequate systems and processes exist in the Company to monitor and ensure compliance with applicable Environmental Laws, Labour Laws & other General Laws.

**We further report** that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory financial auditor and other designated professionals.

**We have also examined** compliances with the applicable clauses of :

- a) Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India and it was noted that the Company has complied with the same to the extent possible, however the stricter applicability of the Secretarial Standards is to be observed by the Company.
- b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has entered into Listing Agreement with BSE Ltd. in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the prescribed time limit, with effect from February 07, 2019. Further, it is recommended that for the better governance and compliance of the applicable laws to the Company, timelines prescribed in various provisions must be adhered in true letter and spirit.



During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following Observations :

1. **The Company has not submitted prior intimation of Board Meeting convened on February 14, 2019 within the timelines specified in regulation 29(2) & 29(3). Further a notice was received from BSE regarding the non-compliance and accordingly company was fined with Rs. 11,800/-, which was duly complied with.**
2. **A Quarterly Return on Important Financial Parameters of non-deposit taking NBFC having asset size of Rs. 50 Crore and above but less than Rs. 100 Crore was required to be filed in terms of RBI circular DNBS(PD). CC. No.243 /03.02.02 /2011-12 dated September 12, 2011.**

**We further report that**

1. 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 generally carried out in compliance with the provisions of the Act.
2. Adequate notice(s) were generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. However, Board Meeting held on September 24, 2018 was convened at shorter notice and the fact that meeting is being held at shorter notice was neither stated in the notice of Board Meeting nor in the minutes in terms of Secretarial Standard - I.
3. Majority decision is carried through, while the dissenting members' views, are captured and recorded as part of the minutes. However, resolutions passed by circulation dated September 29, 2018 and October 17, 2018 were not captured in the Minutes of the subsequent Board Meeting in compliance of the Secretarial Standard - I.
4. As per the records, the Company generally filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.

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



**We further report that** during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:-

1. With effect from February 07, 2019, the Equity Shares of the Company are being listed on the BSE Limited (BSE). The Company has entered into Listing Agreement with BSE Ltd. in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the prescribed time limit.
2. Company received a requisition, pursuant to Section 100 of the Companies Act, 2013 read with Rule 17 of the Companies (Management and Administration) Rules, 2014, from Dhruv Tara Trading Private Limited, a shareholder of the company representing 19.07% of the total shareholding of the company to remove Mr. Kamal Kishore Somani from the office of the Director. The said requisition was made without any specified reason for proposing such resolution. Further, pursuant to such requisition, an Extra Ordinary General Meeting was called, which was stayed by the order of Hon'ble National Company Law Tribunal dated November 16, 2018.
3. The Board of Directors of the Company at its meeting held on September 24, 2018 availed credit facility amounting to Rs. 45,000,000/- (Rupees Four Crore and Fifty lakhs Only) from HDFC Bank Ltd. The credit facility being unsecured in nature, no charge is created on the same by the Company.
4. The Company has instituted a suit in the Hon'ble High Court of Judicature at Bombay being suit (L) No. 876 of 2018 for initiating legal proceeding against Mr. Kamal Kishore Somani (DIN - 00254658) a Director, Promoter and Shareholder of the Company along with erstwhile employees of the company stationed at erstwhile Nariman Point, Mumbai Office, due to illegal and fraudulent diversion of Business funds, clientele, resources of the company. Further the company has closed its bank accounts in Mumbai due to misuse of funds by the said Director of the Company.
5. During the year under review, Mr. Rajesh Ramnani has resigned from the position of Company Secretary and Compliance Officer of the Company from the close of the business hours of 31st March, 2019 and to fill the Vacancy caused by the resignation of Mr. Rajesh Ramnani, the Board of Directors of the Company, has based on the recommendations of Nomination and Remuneration Committee, appointed Ms. Kajal Gupta, an Associate Member of Institute of Company Secretaries of India, as Company Secretary and Compliance Officer of the Company with effect from 1st April, 2019.

**For RMG & Associates**  
**Company Secretaries**



**CS Manish Gupta**  
**Partner**

**Place : New Delhi**  
**Date : 02-09-2019**  
**UDIN : FO05123A000006267**

**FCS: 5123; C.P. No.: 4095**


**Note: This report is to be read with 'Annexure 1' attached herewith and forms an integral part of this report.**



**Annexure - 1**

**The Members**  
**SPA Capital Services Limited**

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

**For RMG & Associates**  
**Company Secretaries**  
  
**CS Manish Gupta**  
**Partner**  
21/9/2019  
**FCS: 5123; C.P. No.: 4095**

**Place : New Delhi**  
**Date : 02-09-2019**  
**UDIN : F005123A000006267**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

FY 18-19 was an eventful year for India. Sharp volatility in crude oil prices, resolution of some large NPAs under Indian Bankruptcy code (IBC), NBFCs liquidity concerns, change of guard at RBI, were key events. Increase in capital allocation for re-capitalization of public sector banks, merger of some prominent public sector banks, launch of PM Kisan scheme, rationalization of GST rates on various goods were the key positive developments in the year. India's macro-economic situation remained stable with parameters like fiscal deficit, inflation, current account deficit, FDI, GDP growth etc. remaining within comfortable range. Over the past few years, inflation has been under control primarily driven by low food prices. Further, fiscal deficit as % of GDP has also declined in a calibrated manner. Slowdown in GDP growth in FY18 and FY19 was partly due to adverse short term impact of first time implementation of GST and decline in growth of discretionary consumption in H2 FY19.

With the new government re-elected with a sound majority, we expect stability and policy continuity along with focus on reforms. Thus, the thrust on infrastructure, manufacturing and rural development might continue going forward.

### **1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

We are very much optimistic about the Industry scenario in India. The Investment in Mutual Funds through various SIPs and other route is on all time high. There is a big opportunity for mutual fund distributors when an average investor still requiring guidance through the complicated maze of investments. AUM of the MF industry in India grew by 11.4% in FY18-19 to INR 23.80 Lakh Crore, of which equity AUM constituted 43% and grew by 17.8% from a year earlier. The growth in Equity AUM can be attributed primarily to healthy net new flows of INR 1.18 Lakh Crore during the year. Debt AUM fell by 8.7% as the industry saw net outflows of INR 1.24 Lakh Crore due to uncertain interest rate environment and a challenging credit cycle. Liquid AUM stands at INR 4.36 Lakh Crore, a growth of 30% backed by net inflows of INR 0.76 Lakh Crore. ETFs, FOFs and Arbitrage Funds now add up to INR 1.93 Lakh Crore.

Individual investors' contribution to the total AUM now stands at 55% versus 51% a year earlier. Monthly flows from SIPs were INR 8,055 Crore in March 2019, a growth of 13.1% from the same month of the previous year. The industry processed 2.62 Crore SIP transactions during March, 2019 as compared to INR 2.11 Crore in March 2018. AUM from beyond the top 30 cities (B30) stood at INR 3.79 Lakh Crore and formed 15% of the total AUM in March, 2019. Industry participants are ramping up their presence in these locations leading to further development of markets. Favorable regulatory policies have propelled the interest for mutual fund products in B30 cities of the country.

### **2. Opportunities and Threats**

#### **(a) Opportunities**

Structural shift from "transaction-led" pricing model to an "advisory-led" pricing model has been initiated by the regulator, Tiered pricing models based on the relationship value are likely to evolve

further. Emerging distribution channels based on online and mobile platform are expected to gain further prominence.

Penetration and awareness (through on-ground investor engagement campaigns by AMFI, AMCs and distributors) in Tier II, Tier III (B-15 cities) and rural markets is expected to increase, leading to expansion of the retail investor base and hence, a greater share of the AUM from the retail segments HNIs and the Mass Affluent segment is expected to dominate the retail segment. Institutional segment is likely to witness emergence of new categories of Small and Medium Enterprises (SMEs) seeking investments in MFs.

While revenues are expected to increase with the increase in AMCs reach in B-15 cities, operating expenses are also expected to increase due to increasing distribution and marketing cost. It's not enough to look at the current numbers when evaluating prospective mutual funds. You also need to look at the overall market and consider whether the fund is best positioned to take advantage of trends. A lagging fund may offer the best opportunity for growth if the combination of a management change and economic trends prove beneficial. A change in the government regulatory environment not only affects different industries, but the funds that concentrate in those sectors as well.

#### **(b) Threats**

##### **❖ Lack of financial education and awareness**

Financial literacy is one of the most fundamental factors impeding the growth of penetration of any financial products in the smaller cities and towns. Investors need to be made aware of their financial goals and the means to achieve the same. AMFI and SEBI along with the Industry are making efforts for investor awareness campaign. Fund houses are also mandated by regulation to invest 2 bps from scheme expenses towards, investor education and awareness campaigns but India has a long way to go.

##### **❖ The Issue of Fluctuating Returns**

In spite of being a diversified investment solution, mutual funds investment in no way guarantees any return. If the market prices of major shares and bonds fall, then the value of mutual fund shares are sure to go.

##### **❖ Mutual Funds will have a tough job to maintain the growth in SIP accounts**

Many new investors that have participated in the markets through mutual fund SIPs over the last few years haven't seen any extended bearish phase of the market. If the markets fail to generate attractive returns even in 2019, some investors might consider discontinuing their SIPs. That's the real challenge mutual fund houses may have to deal with this year.

##### **❖ Banning of upfront commissions might pose short-term challenges**

Discontinuation of upfront commissions may have a bearing on the AUM growth of the Indian mutual fund industry. Distributors might refrain from pushing mutual fund products due to the lack of incentives.

Lump-sum investments might dry up substantially and the new SIP volumes may be insufficient to compensate the shortfall. Moreover, if Foreign Institutional Investors (FIIs) decide to pull out money even in 2019, the domestic mutual fund industry might also see some outflows due to falling markets.

Subsequently, mutual fund houses might start rolling out more index and strategy-based ETFs, which is evident from the recent launches. On the other hand, the distributor fraternity might try to sell you more insurance-cum-investment products to earn higher upfront commissions.

### **3. Segment-wise or product-wise performance of the Company**

The business activities of the Company is engaged in one segment (i.e. Financial Services) only, hence segment wise reporting is not required to be given.

### **4. Outlook**

Riding high on strong inflows from domestic individual investors, the MF industry AUM grew by 24% CAGR over the last 5 years, with Equity AUM growing by 39% CAGR over the same time period. The individual investors AUM in the industry has grown from INR 3.93 Lakh Crore in March 2014 to INR 13.54 Lakh Crore in March 2019, a growth of 28% CAGR. Over the same period, the number of individual folios have increased from 3.92 Crore to 8.21 Crore. Individual investors typically invest for longer time frames and have a higher preference for equity-oriented funds. Net inflows into the industry over the past 5 fiscal years were INR 9.62 Lakh Crore, of which INR 6.61 Lakh Crore have been in equity-oriented schemes. There is a trend of Indian retail investors increasing allocation to equities in their overall investment portfolio. The AUM of liquid funds also witnessed healthy growth on the back of buoyant corporate investments and stable returns.

A major game changer for the domestic mutual fund industry has been the acceptance of the systematic investment plans, commonly known as SIPs, which has become a preferred route for most individual investors. The monthly SIP flows grew 2.5 times from April 2016, to INR 8,055 Crore in March 2019. The number of SIP transactions processed in March 2019 was 2.62 Crore as compared to 1.01 Crore in April 2016. SIPs are typically sticky long term inflows and lend high visibility and predictability of AUM growth.

Another important development has been the balancing of roles between the domestic institutional investors (largely Mutual Funds) and Foreign Portfolio Investors (FPI). Historically Indian equity markets have moved in tandem with FPI fund flows. FPI flows tend to be volatile as they are exposed to global challenges.

We believe we are well-poised to capitalise on the healthy prospects of the industry and further solidify our position in the market. Our strong brand equity, disciplined investment philosophy and robust process, customer-centric approach and expansive reach should facilitate our future growth.

### **5. Risks and Concerns**

Risk Management is the continuous process of systematically identifying, quantifying, prioritizing and responding to all risks and opportunities that can affect the achievement of the Company's strategic and annual objectives. Accordingly the risk Management Policy of the company elaborates

the various methods in identification, assessment, monitoring and mitigation of various risks that the company may face in its business. The company's objective is to achieve a balance between acceptable levels of risk and reward in effectively managing its operational, financial, business and other risks.

#### **6. Internal control systems and their adequacy**

An effective internal control mechanism is imperative to good corporate governance. The Company has put in place robust internal control systems and procedures in line with the scale of operations and business to ensure timely and accurate recording of financial transactions and adherence to applicable accounting standards; optimum utilisation and safety of assets; compliance with applicable laws & regulations; and an effective management information system & reviews of other systems. The Company also has in place well-defined organisational structures to facilitate clearly established roles and responsibilities for effective discharge of duties in a smooth manner.

#### **7. Discussion on financial performance with respect to operational performance**

Our revenues primarily consist of revenue from sale of securities, brokerage income from distribution of Mutual Fund and other financial products, income from interest and dividend. The Company is also registered with Reserve Bank of India as Non deposit accepting Non Banking Financial Company (NBFC).

During the year under review the Company has obtained registration as Point of Presence - Sub entity (POP- SE) from Pension Fund Regulatory and Development Authority (PFRDA) for providing various facilities to the Subscribers under the National Pension Scheme (NPS) and rendering other services as specified under the Pension Fund Regulatory and Development Authority Act, 2013.

During the year the Company has registered an increase of 89.87% in the Sale of Securities, from Rs. 265,244,340/- in the financial year 2017-18 to Rs. 503,638,727/- in the Financial Year 2018-19.

However, the brokerage Income has decreased from Rs. 502,504,938/- in the financial year 2017-18 to Rs. 398,990,195 in the Financial Year 2018-19.

It is submitted further that the income from advisory services / management fees decreased from Rs. 76,085,913/- in the financial year 2017-18 to Rs. 55,427,550/- in the Financial Year 2018-19.

#### **8. Material developments in Human Resources / Industrial Relations front, including number of people employed**

Employees are our vital and most valuable assets. We have created a favourable work environment that encourages innovation and meritocracy. It is important for us that organization culture and organization strategy are well aligned. Over a period we have developed a strong culture of transparency through constant employee communication and have developed strong performance management practices wherein best class rewards and recognition systems are deployed. We have also set up a scalable recruitment and human resources management process which enables us to attract and retain high caliber employees.

**9. Cautionary Statement**

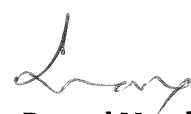
The statements describing the Company's outlook, estimates or predictions may be forward-looking statements based on certain assumptions of future events. Actual results may differ materially from those expressed or implied, since the Company's operations are influenced by external or internal factors. Your Company closely monitors all major developments likely to affect the operations and will respond to meet the potential threats and to gain from any possible opportunities.

**For & on behalf of the Board  
SPA Capital Services Limited**

Place: New Delhi  
Date: September 02, 2019

  
**Sandeep Parwal**  
**Chairman Cum Managing  
Director**  
**DIN No. 00025803**



  
**Mahaveer Prasad Mundhra**  
**Whole time Director**  
**DIN No. 00642941**

## ANNEXURE - C

## PARTICULAR OF EMPLOYEES AND RELATED DISCLOSURES

DISCLOSURES WITH RESPECT TO THE REMUNERATION OF DIRECTORS AND EMPLOYEES AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 AND RULE 5 (1) COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

S. No.	Names of the Directors/KMP	Designation	Remuneration of Directors/KMP for the year 2018-2019 (Amount in Rs.)	% Increase in Remuneration in the year 2018-2019	Ratio of Remuneration of each Director to median remuneration of employee
1.	Mr. Sandeep Parwal	Chairman Cum Managing Director (Promoter)	Rs. 33,00,000/-	10%	9.15
2.	Mr. Kamal Kishore Somani*	Non Executive Director (Promoter)	Nil	NA	NA
3.	Mr. Mahaveer Prasad Mundhra	Whole time Director	Rs. 15,00,000/-	Nil	4.16
4.	Mr. Vikas Dhingra	Independent Director	Nil	NA	NA
5.	Mr. Kamal Binani*	Independent Director	Nil	NA	NA
6.	Mrs. Honey Parwal	Non Executive Director (Promoter)	Nil	NA	NA
7.	Mr. Amit Kumar	Independent	Nil	NA	NA

	Jakhotia	Director			
8.	Mr. Ramesh Menon	Independent Director	Nil	NA	NA
9.	Mr. Sanjay Kumar Jain	Chief Financial Officer	Rs. 19,35,500/-	17.48%	5.37
10.	Mr. Rajesh Ramnani	Company Secretary and Compliance Officer	Rs. 25,79,337/-	15.87%	7.16

\*Resigned with effect from September 02, 2019.

2. **The percentage increase in the median remuneration of employees in the financial year:**  
(0.69%)
3. **the number of Permanent employees on the rolls of the company as on March 31, 2019 :**  
95
4. **average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase in the salaries of employees other than the managerial personnel is 0.48%. Increase in remuneration of managerial personnel is 11.24%. There is disparity in the increase in the salaries of employees other than the managerial personnel due to turnover of the senior employees.

5. **Affirmation that the remuneration is as per the remuneration policy of the company:**

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.



**PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**A. Details of Top Ten Employees in terms of remuneration drawn as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

S. No.	Name, Age and Designation of the Employee	Remuneration received	Qualifications and experience of the employee	Date of commencement of employment	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1.	<b>MR. SANJAY JOON</b> , 52 yrs, Sr. President	Rs. 67,46,304/-	MBA, 29 yrs	01-01-1993	Heiza Brokers Pvt. Ltd.	0.29%	NA
2.	<b>MR. RASHIM BAGGA</b> , 49 yrs, Associate Director	Rs. 50,49,590/-	ISC, M.Com, PG(Marketing & Sales Management), 26 yrs	17-04-2018	DHFL Pramerica Asset Managers Pvt.Ltd.	NA	NA

3.	<b>MR. ANIL MAHAJAN,</b> 65 yrs, Associate Director	Rs. 36,37,371/-	BA, MBA(Finance), 41 yrs	23-05-2018	Punjab National Bank	NA	NA
4.	<b>MR. SANDEEP PARWAL,</b> 54 yrs, Chairman Cum Managing Director	Rs. 33,00,000/-	B. Com., CA, 32 yrs	01-01-1996	NA	8.21%	Husband of Ms. Honey Parwal
5.	<b>MR. ROHIT VAJPEYI,</b> 49 yrs, Vice President	Rs. 31,77,551/-	PGDM, 25 yrs	15-11-2006	UTI Asset Management Company	NA	NA
6.	<b>MR. ABHISHEK GOYAL,</b> 43 yrs, Assistant Vice President	Rs. 26,45,976/-	B.E, PGDM, 4.5 yrs	01-12-2016	Okplay india	NA	NA
7.	<b>MR. RAJESH RAMNANI,</b> 51 yrs, Vice President	Rs. 25,79,337/-	B.com, MBA, Law, 25 yrs	19-04-2017	Unitech machines limited	NA	NA
8.	<b>MR. BHARAT RAJ SIKRI,</b> 49 yrs, Sr. Vice President	Rs. 25,71,270/-	B.com, CA, 23 yrs	01-06-2001	Sudhir Maliks Associates	NA	NA
9.	<b>MR. SATISH KUMAR</b>	Rs. 25,38,073/-	B.com, MCA, 23 yrs	01-06-2010	F&F Global Pvt Ltd	NA	NA

	<b>BRUDYAA N</b> , 41 yrs, Vice President						
<b>10</b>	<b>MR. SURJIT SINGH</b> , 39 yrs, Asst. Vice President	Rs. 23,46,850/-	B.com, PGDM( Marketi ng & Finance) , 14 yrs	01-01-2007	Wealthcare Securities Pvt Ltd	NA	NA

**All the above employees are on the permanent roll of the Company.**

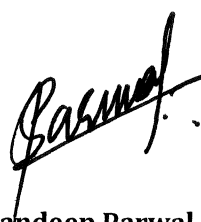
**B. Details of Employees employed throughout the Financial year who were in receipt of the remuneration for that year which, in aggregate, was not less than Rs. 1.02 crore:**

NIL

**C. Employees employed for a part of the Financial year and who were in receipt of the remuneration for that Financial year at a rate not less than Rs. 8,50,000 per month :**

NIL

**For & on behalf of the Board  
SPA Capital Services Limited**



**Sandeep Parwal  
Chairman Cum Managing  
Director  
DIN No. 00025803**




**Mahaveer Prasad Mundhra  
Whole time Director  
DIN No. 00642941**

Place: New Delhi  
Date: September 02, 2019

**SNMG & CO.**  
CHARTERED ACCOUNTANTS  
F-378, SARITA VIHAR  
NEW DELHI-110076  
Ph. 29948663 / 29948664 Fax : 26948000  
email : gargrk58@gmail.com

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SPA CAPITAL SERVICES LIMITED**

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

**Opinion**

We have audited the standalone financial statements of **SPA CAPITAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2019, and the Cash Flow Statement for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### **Responsibility of Management for Standalone 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 and the Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

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



2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) the Balance Sheet as at 31st March 2019, and the statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements which would impact its financial position
  - ii. The Company has no long-term contracts as at 31<sup>st</sup> March, 2019 and therefore there are no material foreseeable losses.
  - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2019.

**For SNMG & Company**  
**Chartered Accountants**  
**ICAI FRN No.:/ 04921N**

**CA Deep Chand Garg**  
**Partner**  
**Membership No.076117**



New Delhi  
Date : 28<sup>th</sup> May, 2019

**SNMG & CO.**  
CHARTERED ACCOUNTANTS  
F-378, SARITA VIHAR  
NEW DELHI-110076  
Ph. 29948663 / 29948664 Fax : 26948000  
email : gargrk58@gmail.com

**Annexure A to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SPA Capital Services Limited of even date)

(i) In respect of fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.

(ii) In respect of Inventories of the Company:

- a) The Company holds securities in physical form as well as in dematerialized form. The securities held in physical form have been physically verified by the management during the year. Securities in the form of dematerialized held as stock in trade by the custodian is verified with the confirmation statement received from them on a regular basis. In our opinion, the frequency of such verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of securities held as stock in trade and no discrepancies were noticed on comparing the statement from custodian with book records.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register to be maintained under section 189 of the Act.





- (iv) In our opinion and according to the information and explanations given to us, company has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Rules framed there under. Therefore, the provision of the clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not required to maintain cost records as prescribed by the Central Government of India under sub-section (1) of section 148 of the Act.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Goods and Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Service Tax, Goods and Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (viii) Based upon the audit procedures and according to the information and explanations provided to us, the company has not defaulted in repayment of loans or borrowings to financial institutions, banks governments or dues to debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer during the financial year. Company has obtained term loan from the banks and the same were applied for the purposes for which those were raised.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud by the company or any fraud on the Company, by any person including its officers or employees, has been noticed or reported during the course of our audit.
- (xi) Based on our audit procedures and as per information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the explanations given to us, the Company is not a nidhi company.



- (xiii) In our opinion and according to the explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act and have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) In our opinion and according to the explanations given to us, the Company has not raised any capital by way of preferential allotment / private placement or fully / partly convertible debentures during the year under review and therefore the Clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore the Clause 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the explanations given to us, company is registered as Non Banking Financial Company under section 45-IA of the Reserve Bank of India Act, 1934.

**For SNMG & Company**  
**Chartered Accountants**  
**ICAI FRN No. : 04921N**

**CA Deep Chand Garg**  
**Partner**  
**Membership No.076117**



New Delhi  
Date : 28<sup>th</sup> May, 2019

**SNMG & CO.**  
CHARTERED ACCOUNTANTS  
F-378, SARITA VIHAR  
NEW DELHI-110076  
Ph. 29948663 / 29948664 Fax : 26948000  
email : gargrk58@gmail.com

**Annexure B to the Independent Auditor's Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements'  
section of our report to the Members of SPA Capital Services Limited of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 (the "Act")**

**Report on the Internal Financial Controls**

We have audited the internal financial controls over financial reporting SPA Capital Services Limited (the "Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and



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

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

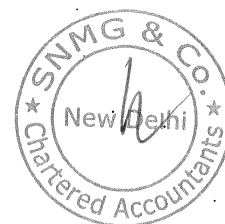
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For SNMG & Company**  
**Chartered Accountants**  
**ICAI FRN No. : 04921N**

**CA Deep Chand Garg**  
**Partner**  
**Membership No.076117**



New Delhi  
Date : 28<sup>th</sup> May, 2019

**SNMG & CO.**  
CHARTERED ACCOUNTANTS  
F-378, SARITA VIHAR  
NEW DELHI-110076  
Ph. 29948663 / 29948664 Fax : 26948000  
email : gargrk58@gmail.com

## **AUDITOR'S REPORT**

{Pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank)  
Directions, 2016}

To,  
The Board of Directors  
SPA Capital Services Limited

1. We have audited the accompanying financial statements of SPA Capital Services Limited ("the company"), which comprise the Balance sheet as at 31st March, 2019, the Statement of Profit & Loss and Cash Flow Statement for the year then ended that date, and summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our report dated 28<sup>th</sup> May, 2019
2. As required by the paragraphs 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Issued by the Reserve Bank of India ("the RBI") vide Direction No. DNBS.PPD.03/66.15.001/2016-17 dated 29<sup>th</sup> September, 2016 and based on our audit, we report on the matters specified in the paragraphs 3 and 4 of the said directions as follows:
  - a. The Company is engaged in the business of Non-Banking Financial Institution (without accepting or holding public deposits) and pursuant



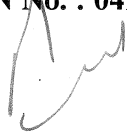
to the provisions of section 45(1A) of the Reserve Bank of the India Act, 1934 (as amended) it has obtained a certificate of registration vide certificate No. B14 - 00790. dated 17<sup>th</sup> April, 2009.

- b. In our opinion, and in terms of the Company's asset and income pattern for the year ended as at 31st March, 2019, the company is entitled to continue to hold the certificate of registration issued by the RBI.
- c. The Board of Directors of the company has passed a resolution through circulation on 28<sup>th</sup> April 2018, for non-acceptance of any public deposit during the year ended 31st March 2019.
- d. The Company has not accepted any public deposit during the year ended 31st March, 2019.
- e. The company is meeting the requirement of net owned fund requirement as laid down in Master Direction –Non Banking Financial Company - Non Systematically important Non Deposit taking Company (Reserve Bank) Directions, 2016
- f. In our Opinion and to the best of our information and according to the explanations given to us, the company has complied with the prudential norms issued by the RBI in relation to recognition of income, accounting standards, asset classification and provisioning for the bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company - Non Systematically important Non Deposit taking Company (Reserve Bank) Directions, 2016
- g. The Company has complied with all the items referred to in paragraph 3 of the above stated Master Directions, 2016. Hence there is no Qualified and/or unfavorable observation in the Auditor's Report of the Company for the financial year ending 31<sup>st</sup> March 2019



This report is issued in respect of Master Direction DNBS. PPD.03/66.15.001/2016-17 dated 29<sup>th</sup> September, 2016 issued by the RBI for submission to RBI and it is not to be used, circulated, quoted or otherwise referred to for any other purpose.

**For SNMG & Company**  
**Chartered Accountants**  
**ICAI FRN No. : 04921N**

  
**CA Deep Chand Garg**  
**Partner**  
**Membership No. 076117**



New Delhi  
Date : 28<sup>th</sup> May, 2019



# SPA Capital Services Limited

25, C Block, Community Center, Janakpuri, New Delhi-110058

CIN No. L65910DL1984PLC018749

## Balance Sheet as at March 31, 2019

Particulars	Notes	As at March 31, 2019 (Amount in Rs.)	As at March 31, 2018 (Amount in Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	3,07,42,250	3,07,42,250
Reserves and Surplus	4	14,24,55,595	13,79,11,637
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	4,58,91,328	2,38,70,882
Long-Term Provisions	6	1,52,31,146	1,10,53,389
<b>Current Liabilities</b>			
Short-Term Borrowings	7	26,24,32,004	28,68,16,662
Trade Payables	8	92,41,908	3,21,76,953
Other Current Liabilities	9	6,09,94,460	1,60,27,803
Short-Term Provisions	10	47,65,800	82,17,729
<b>Total =&gt;</b>		<b>57,17,54,491</b>	<b>54,68,17,305</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment			
- Tangible Assets	11	1,68,54,730	1,68,49,207
Non-Current Investments	12	5,46,00,000	5,46,00,000
Deferred Tax Asset		46,57,069	49,08,819
Long-Term Loans and Advances	13	1,23,30,435	94,21,455
<b>Current assets</b>			
Inventories	14	25,001	25,02,61,130
Trade Receivables	15	4,87,01,872	5,29,97,425
Cash and Cash Equivalents	16	31,94,249	50,07,023
Short-Term Loans and Advances	17	41,85,38,135	15,10,79,278
Other Current Assets	18	1,28,53,000	16,92,968
<b>Total =&gt;</b>		<b>57,17,54,491</b>	<b>54,68,17,305</b>

Overview, Significant Accounting Policies &  
Notes to the Accounts

1, 2 & 26

Accompanying notes form an integral part of the Financial Statements

As per our audit report of even date Annexed

For SNMG & Company  
Chartered Accountants  
ICAI FRN No. : 04921N

CA Deep Chand Garg  
Partner  
Membership No.076117

New Delhi  
Date : 28th. May, 2019



For and Behalf of the Board of Directors

*Pandeeep Parwal*  
Pandeeep Parwal  
Chairman cum Managing Director  
DIN No. 00025803

*Kajal Gupta*  
Kajal Gupta  
Company Secretary

*Mahaveer Prasad Mundhra*  
Mahaveer Prasad Mundhra  
Whole Time Director  
DIN No. 00642941

*Sanjay Kumar Jain*  
Sanjay Kumar Jain  
Chief Financial Officer



# SPA Capital Services Limited

25, C Block, Community Center, Janakpuri, New Delhi-110058

CIN No. L65910DL1984PLC018749

## Statement of Profit and Loss for the financial year ended March 31, 2019

Particulars	Notes	For the Year Ended March 31, 2019 (Amount in Rs.)	For the Year Ended March 31, 2018 (Amount in Rs.)
<b>INCOME</b>			
Revenue from Operations	19	98,50,51,109	86,52,13,948
Other income	20	3,74,505	11,07,496
<b>Total Revenue</b>		<b>98,54,25,614</b>	<b>86,63,21,444</b>
<b>EXPENDITURE</b>			
Purchases of Stock		25,25,95,662	51,63,07,568
Change in Stock During the Year	21	25,02,33,836	(24,93,75,155)
Employee Benefit Expense	22	8,54,60,831	8,53,94,412
Financial Costs	23	2,07,65,839	1,84,27,766
Depreciation and Amortization Expense	11	45,91,880	50,32,054
Other Expenses	24	36,18,92,281	46,96,68,670
<b>Total expenses</b>		<b>97,55,40,329</b>	<b>84,54,55,315</b>
Profit before Exceptional and Extraordinary Items and Tax		98,85,285	2,08,66,129
Exceptional Items	25	6,92,407	11,011
Prior Period Items		58,970	-
Profit before Extraordinary Items and Tax		91,33,908	2,08,55,118
Extraordinary Items		-	-
Profit before Tax		91,33,908	2,08,55,118
<b>Tax Expense</b>			
- Current Tax		40,50,000	78,50,000
- Deferred Tax		2,51,750	(8,80,185)
Profit/(Loss) for the period from Continuing Operations		48,32,158	1,38,85,303
Profit/(Loss) for the period from Discontinuing Operations		-	-
Tax Expense of Discontinuing Operations		-	-
Profit/(Loss) from Discontinuing Operations after Tax		-	-
Add : Excess Provision for Earlier Years		(2,88,200)	-
Less : Income Tax paid for Earlier Years		-	4,06,552
<b>Profit/(Loss) for the period</b>		<b>45,43,958</b>	<b>1,34,78,751</b>
<b>Earning per Equity Share</b>			
- Basic		1.48	6.71
- Diluted		1.48	6.71

Overview, Significant Accounting Policies &  
Notes to the Accounts

1, 2 & 26

Accompanying notes form an integral part of the Financial Statements

As per our audit report of even date Annexed

For SNMG & Company  
Chartered Accountants  
ICAI FRN No. : 04921N

CA Deep Chand Garg  
Partner  
Membership No.076117

New Delhi  
Date : 28th May, 2019



For and Behalf of the Board of Directors

*Sandeep Parwal*  
Sandeep Parwal  
Chairman cum Managing Director  
DIN No. 00025803

*Kajal Gupta*  
Kajal Gupta  
Company Secretary

*Mahaveer Prasad Mundhra*  
Mahaveer Prasad Mundhra  
Whole Time Director  
DIN No. 00642941

*Sanjay Kumar Jain*  
Sanjay Kumar Jain  
Chief Financial Officer



**SPA Capital Services Limited**  
Cash Flow Statement for the year Ended 31st March, 2019

Particulars	As at March 31, 2019 (Amount in Rs.)	As at March 31, 2018 (Amount in Rs.)
<b>A. Cash flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary Items	91,33,908	2,08,55,118
Adjustment for		
- Loss on sale of Fixed Assets	6,92,407	11,011
- Depreciation	45,91,880	50,32,054
- Interest Paid	2,07,65,839	1,84,27,766
	<b>2,60,50,126</b>	<b>2,34,70,831</b>
Operating profit before Working Capital Changes	3,51,84,034	4,43,25,949
Adjustment for		
- Inventories	25,02,36,129	(24,93,75,155)
- Trade Receivables	42,95,553	71,94,834
- Loans and Advances	(27,86,18,889)	34,77,249
- Trade Payables	(1,68,70,122)	2,26,70,693
	<b>(4,09,57,329)</b>	<b>(21,60,32,379)</b>
Cash Generated from Operations	(57,73,295)	(17,17,06,430)
Tax Paid for Earlier Year	2,88,200	4,06,552
Gratuity Paid	(1,81,731)	-
Income Tax	78,50,000	65,00,000
Provision for Gratuity	13,29,366	18,42,811
Contingent Provision against standard assets	(1,21,807)	9,33,382
Contingent Provision against doubtful assets	35,00,000	-
<b>Cash Flow from Operating Activities</b>	<b>(93,85,667)</b>	<b>(17,58,36,789)</b>
<b>B. Cash flow from Investing Activities</b>		
- Purchase of Fixed Assets	(63,49,610)	(24,86,148)
- Purchase of Investments	-	-
- Sale of Fixed Assets	10,59,800	6,28,250
- Long term Loans and Advances	(29,08,980)	-
<b>Cash Flow from Investing Activities</b>	<b>(81,98,790)</b>	<b>(18,57,898)</b>
<b>C. Cash flow from Financial Activities</b>		
- Secured Loan	4,96,34,957	20,60,37,240
- Bank Overdraft	(1,30,97,435)	(1,36,16,123)
- Interest Paid	(2,07,65,839)	(1,84,27,766)
<b>Cash Flow from Financing Activities</b>	<b>1,57,71,683</b>	<b>17,39,93,351</b>
Net increase/(decrease) in Cash and Cash Equivalents	(18,12,775)	(37,01,336)
<b>Opening Balance of Cash and Cash Equivalents</b>		
- Cash and Cash Equivalents	50,07,023	87,08,359
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>31,94,249</b>	<b>50,07,023</b>

Note : Cash and Cash equivalents consists of cash and Balance with banks.

Accompanying notes form an integral part of the Financial Statements

As per our audit report of even date Annexed

For SNMG & Company  
Chartered Accountants  
ICAI FRN No. : 04921N

CA Deep Chand Garg  
Partner  
Membership No.076117

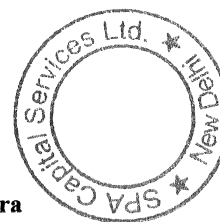
New Delhi  
Date : 28th May, 2019



For and Behalf of the Board of Directors

*Sanjeev Parwal*  
Sanjeev Parwal  
Chairman cum Managing Director  
DIN No. 00025803  
*Kajal Gupta*  
Kajal Gupta  
Company Secretary

*Mahaveer Prasad Mundhra*  
Mahaveer Prasad Mundhra  
Whole Time Director  
DIN No. 00642941  
*Sanjay Kumar Jain*  
Sanjay Kumar Jain  
Chief Financial Officer



(as required in terms of Paragraph 18 of Non-Banking Financial Company - Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016)

Particulars			
<b>Liabilities side:</b>			
(1)	<b>Loans and Advances availed by the NBFCs inclusive of Interest accrued thereon but not paid:</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
	(a) Debentures : Secured	-	-
	: Unsecured	-	-
	(other than that falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	741.97	-
	(d) Inter-Corporate Loans and Borrowings	2,028.00	-
	(e) Commercial Paper	-	-
	(f) Public Deposits*	-	-
	(g) Other Loans (Loan on hypothecation of vehicles, Loan against property owned by group company and Bank Overdraft)	663.60	-
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
	(a) In the form of Unsecured Debentures		
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
	(c) Other Public Deposits		
<b>Assets side:</b>			
		<b>Amount outstanding</b>	
(3)	<b>Break up of loans and Advances including bills receivables [other than those included in (4) below]:</b>		
	(a) Secured		-
	(b) Unsecured		4,559.19
(4)	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(5)	<b>Break up of Investments:</b>		
	<b>Current Investments:</b>		
	1. <u>Quoted:</u>		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-
	2. <u>Unquoted:</u>		
	(i) Shares: (a) Equity		-

	(b) Preference	-		
	(ii) Debentures and Bonds	-		
	(iii) Units of mutual funds	-		
	(iv) Government Securities	-		
	(v) Others (please specify)	-		
	<b>Long Term investments</b>			
	1. <u>Quoted:</u>			
	(i) Shares: (a) Equity	-		
	(b) Preference	-		
	(ii) Debentures and Bonds	-		
	(iii) Units of mutual funds	-		
	(iv) Government Securities	-		
	(v) Others (please specify)	-		
	2. <u>Unquoted:</u>			
	(i) Shares: (a) Equity	131.00		
	(b) Preference	415.00		
	(ii) Debentures and Bonds	-		
	(iii) Units of mutual funds	-		
	(iv) Government Securities	-		
	(v) Others (please specify)	-		
(6)	<b>Borrower group-wise classification of assets financed as in (2) and (3) above:</b>			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	<b>1. Related Parties</b>			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	648.46	648.46
	(C) Other related parties	-	-	-
	<b>2. Other than related parties</b>	-	3,910.74	3,910.74
	<b>Total</b>	-	<b>4,559.19</b>	<b>4,559.19</b>
(7)	<b>Investor group-wise classification all investments (current and long term) in shares and securities (both quoted and unquoted):</b>			
	Category	Market Value/Break up or fair value/NAV	Book Value (Net of Provisions)	
	<b>1. Related Parties</b>			
	(a) Subsidiaries	-	-	
	(b) Companies in the same group	415.00	415.00	
	(C) Other related parties	-	-	
	<b>2. Other than related parties</b>	131.00	131.00	
	<b>Total</b>	<b>546.00</b>	<b>546.00</b>	
(8)	<b>Other information</b>			
	<b>Particulars</b>	<b>Amount (Rs.)</b>		
	(i) Gross Non-Performing Assets			
	(a) Related parties	-		
	(b) other than related parties	-		
	(ii) Net Non-Perfroming Assets			
	(a) Related parties	-		
	(b) other than related parties	-		
	(iii) Assets acquired in satisfaction of debt	-		



# SPA Capital Services Limited

## Note 1: Company Overview

SPA Capital Services Limited ("the Company") is a public limited company incorporated on July 20, 1984 under the provisions of the Companies Act, 1956. The Company is engaged in providing Wealth Management and Financial Advisory services to institutions, corporate and individuals. The Company is also registered with Reserve Bank of India as a Non-Deposit Accepting Non Banking Financial Institution.

## Note 2: Significant Accounting Policies

### I. Basis of preparation of Financial Statements:

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provision of the companies' act 2013.

### II. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Adjustments as a result of differences between actual and estimates are prospectively made.

### III. Stock in Trade:

Securities acquired with the intention to trade are considered as stock in trade under current assets. Stock in Trade is valued in accordance with Accounting Standard-2 at cost (inclusive of brokerage and other costs) or market / fair value, whichever is lower.

### IV. Cash flow statement:

Cash flows are reported in accordance with Accounting Standard-3 using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

### V. Significant Events occurring after the Balance Sheet date:

Contingencies and significant events are accounted in accordance with Accounting Standard-4.

### VI. Prior period and Extraordinary Items:

Prior period and extraordinary transactions are accounted in accordance with Accounting Standard-5.

### VII. Depreciation and Amortization:

- Depreciation on Property, Plant and Equipment owned by the Company is provided based on the useful life as specified in Schedule II to the Companies Act, 2013.
- Individual items of Fixed Assets, the acquisition cost of which is up to Rs.5,000/- is depreciated in full in the year of acquisition.
- The Company capitalizes and amortizes the expenses on office renovation over the unexpired lease tenor, only if it is probable that the future economic benefit associated with the expenditure will flow to the company.



- d) In Line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

#### VIII. **Revenue Recognition:**

In accordance with Accounting Standard-9:

- a) Revenue from Sale of shares, bonds, debenture, mutual fund and other securities are recorded upon transfer of title by the company or value date.
- b) Profit on sale of investments is recorded upon transfer of title by the Company. It is determined as the difference between the sales price and then carrying amount of the investment.
- c) Brokerage on distribution of Mutual Fund units is considered on Accrual Basis.
- d) Revenue from all Non-Performing Assets are accounted for, on receipt basis as per prudential norms promulgated by Reserve Bank of India.
- e) Interest is recognized using the time-proportion method, based on rates implicit in the transaction.
- f) Dividend income is recognized where the Company's right to receive dividend is established or received by the company.

#### IX. **Property, Plant and Equipment (Fixed Assets)**

##### **Tangible Assets**

Recognition and measurement:- Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure on the Plant, Property and Equipment which comprises the initial cost of the asset i.e. purchase price or construction cost; any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management; initial estimated present value of any contractual decommissioning obligation; and borrowing cost of qualifying asset, is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation: Depreciation on property, plant and equipment has been provided using Straight Line Method over their useful lives and in the manner prescribed under Schedule II of the Companies Act, 2013.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale and disposition of the assets and the resultant gains or losses are recognized in the statement of profit and loss.

##### **Intangible Assets**

- a) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.



X. **Foreign Currency Transactions:**

- a) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account. Premium in respect of forward contracts is accounted over the period of the contract.
- b) Non-Monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.
- c) In respect of derivative transactions, gains/losses are recognized in the Profit and Loss Account on settlement. On a reporting date, open derivative contracts are revalued at fair values and resulting losses, if any, is recognized in the Profit and Loss Account.

XI. **Investments:**

- a) Investments are classified into long term investments and current investments based on intent of management at the time of making the investment. Investments, intended to be held for more than one year, are classified as long-term investments.
- b) Long-term investments are stated at cost. Provision for diminution is being made if necessary to recognize a decline, other than temporary in the value thereof.
- c) Current Investments are stated at the lower of cost and market / fair value.

XII. **Retirement Benefits:**

In compliance with Accounting Standard 15 - "Employee Benefits"

- a) **Provident fund:** Employees receive benefits from a provident fund. The employee and employer each make monthly contributions as per the applicable law. Company contribution to provident fund is charged to statement of profit & loss account
- b) **Leave Encashment:** The employees of the Company are entitled for the leave encashment on yearly basis. Leave encashment liability is provided on the basis of number of day's unutilized leave at each balance sheet date which is subsequently paid in the next year.
- c) **Gratuity:** In accordance with applicable Indian laws, the company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the company. Provision for gratuity have been made on the basis of projected Unit Credit Actuarial Method as per the respective laws.

XIII. **Borrowing Costs:**

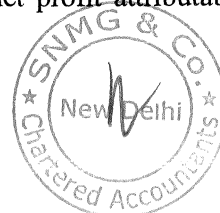
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

XIV. **Operating leases:**

Operating lease payments recognised as an expense in the statement of profit and loss account on a straight line basis over the period of the lease or as and when payments are made over the lease term.

XV. **Earnings per Share:**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by weighted average number of shares outstanding during the year. Diluted earning per share is calculated by dividing net profit attributable to equity share





holder after adjustment of diluted earnings by weighted average number of shares outstanding during the year.

**XVI. Taxes on Income:**

- a) **Income Tax:** Taxes on Income for the current period are determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of the assessment.
- b) **Deferred Tax:** Deferred tax on timing differences between book profit and tax profit for the year is accounted on the basis of the rates and laws that have been enacted as on the date of the Balance Sheet. Deferred tax assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be utilized in the future.

**XVII. Impairment of Assets:**

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

**XVIII. Provisions, Contingent Liabilities and Contingent Assets:**

- a) Provision is recognised in the accounts when there is a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
- b) Contingent liabilities are not recognised but are disclosed to the notes to the financial statements.
- c) Contingent assets are neither recognised nor disclosed in the financial statements.



# SPA Capital Services Limited

25, C Block, Community Center, Janakpuri, New Delhi-110058

CIN No. L65910DL1984PLC018749

## Notes to the Financial Statements as at and for the financial year ended March 31, 2019

Particulars	As at March 31, 2019 (Amount in Rs.)	As at March 31, 2018 (Amount in Rs.)
-------------	--	--

### 3 SHARE CAPITAL

#### Authorised Share Capital :

50,00,000 (Previous year 50,00,000) Equity Shares of Rs. 10/- each

5,00,00,000

5,00,00,000

**5,00,00,000**

**5,00,00,000**

#### Issued, Subscribed and Paid Up Share Capital :

30,74,225 (Previous year 30,74,225) Equity Shares having face value of Rs.10/- each fully paid up

3,07,42,250

3,07,42,250

#### Note :-

The Company has allotted 21,95,875 Number of Equity Shares as bonus shares on 25/09/2017 in the ratio of 5:2 during the year

**3,07,42,250**

**3,07,42,250**

Shareholders holding more than 5% of Equity Shares along with the number of Equity Shares held is as given below :

Name of the Shareholders	As at March 31, 2019		As at March 31, 2018	
	%	Qty	%	Qty
Dhrubtara Trading Private Limited	19.07%	5,86,250	19.07%	5,86,250
Defiant Enterprises Private Limited	18.50%	5,68,750	18.50%	5,68,750
Sandeep Parwal	8.21%	2,52,525	8.21%	2,52,525
Kamal Kishore Somani	6.83%	2,10,175	5.70%	1,75,125
Honey Parwal	5.69%	1,75,000	5.69%	1,75,000

### The Reconciliation of Number of Shares Outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Outstanding as at the beginning of the year	30,74,225	3,07,42,250	8,78,350	87,83,500
Bonus Shares Issued during the year	-	-	21,95,875	2,19,58,750
Outstanding as at the end of the year	30,74,225	3,07,42,250	30,74,225	3,07,42,250

### Rights, Preferences, Restrictions & Repayments regarding Share Capital

Particulars	Equity Shares
Voting Rights	1 share = 1 vote
Dividend Rights	Not fixed
Repayment of capital	Entitled to proportionate distribution of the assets of the Company in the event of liquidation

### 4 Reserves and Surplus

#### Securities Premium Reserve

25,00,000

25,00,000

#### General Reserve

- As per Last Financial Statements

10,81,52,497

11,51,11,247

- Add : Amount Transferred from P&L A/c

1,00,00,000

1,50,00,000

- Less : Amount utilised for issue of bonus shares

-

11,81,52,497

2,19,58,750

10,81,52,497

#### Reserve Fund (NBFC)

- As per Last Financial Statements

50,20,555

23,24,805

- Add : Amount Transferred from P&L A/c

9,08,792

59,29,347

26,95,750

50,20,555

#### Surplus in the Statement of Profit and Loss Account

- As per Last Financial Statements

2,22,38,585

2,64,55,584

- Add : During the period

45,43,958

1,34,78,751

- Net Surplus in the Statement of Profit and Loss Account

2,67,82,543

3,99,34,335

- Less: Amount Transferred to Reserve Fund (NBFC)

9,08,792

26,95,750

- Less: Amount Transferred to General Reserve

1,00,00,000

1,58,73,751

1,50,00,000

2,22,38,585

**14,24,55,595**

**13,79,11,637**



**Notes to the Financial Statements as at and for the financial year ended March 31, 2019**

Particulars	As at March 31, 2019 (Amount in Rs.)	As at March 31, 2018 (Amount in Rs.)
<b>5 Long-Term Borrowings</b>		
Secured Loans		
<b>Term Loan from Bank</b>	7,41,96,992	2,44,05,804
(Secured by way of mortgage of property owned by <b>Simplex Construction Private Limited, Bhoopati Trading Private Limited and Pinkcity Skyliner Developers Private Limited</b> ) repayable in monthly equated installments		
Less: Current maturities of Long-Term Debt	2,97,88,740	17,83,982
	4,44,08,252	2,26,21,822
<b>Vehicle Loan from Bank</b>	23,53,415	20,55,745
(Secured by hypothecation of vehicles financed) repayable by monthly equated installments		
Less: Current maturities of Long-Term Debt	8,70,339	10,94,263
	14,83,076	9,61,482
<b>Vehicle Loan from Other Financial Institutions/NBFC's</b>	2,87,578	7,41,478
(Secured by hypothecation of vehicles financed) repayable by monthly equated installments		
Less: Current maturities of Long-Term Debt	2,87,578	4,53,900
	-	2,87,578
	<b>4,58,91,328</b>	<b>2,38,70,882</b>
<b>6 Long-Term Provisions</b>		
Provision for Employee Benefits		
- Provision for Gratuity	1,14,28,902	1,02,81,267
Less: Current Liability	7,15,800	3,67,729
	1,07,13,102	99,13,538
Contingent Provision against standard assets*	10,18,044	11,39,851
Contingent Provision against Doubtful assets**	35,00,000	-
	<b>1,52,31,146</b>	<b>1,10,53,389</b>
*In accordance with the Master Direction DNBR.PD.007/03.10.119/2016-17 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 10,18,044/- (Previous Year Rs. 11,39,851/-)		
** A provision of 100% made against Unsecured, Considered Doubtful assets		
<b>7 Short Term Borrowings</b>		
Bank Overdraft	6,37,19,227	7,68,16,662
(Secured by way of mortgage of property owned by <b>Simplex Construction Private Limited, Bhoopati Trading Private Limited and Pinkcity Skyliner Developers Private Limited</b> )		
Loan from Other Financial Institutions / NBFC's	-	21,00,00,000
Loan from Others (Unsecured)	19,87,12,777	-
	<b>26,24,32,004</b>	<b>28,68,16,662</b>
<b>8 Trade Payables</b>		
- Due to Micro Small and Medium Enterprises	-	-
- Due to Others	92,41,908	3,21,76,953
	<b>92,41,908</b>	<b>3,21,76,953</b>
<b>9 Other Current Liabilities</b>		
Current maturities of Long-Term Debt	3,09,46,656	33,32,145
Interest accrued but not due on Borrowings	40,87,257	13,08,904
Other Payables	2,59,60,547	1,13,86,754
(Includes Provision for Expenses and Statutory Payments)	<b>6,09,94,460</b>	<b>1,60,27,803</b>
<b>10 Short-Term Provisions</b>		
Provision for Employee Benefits		
- Provision for Gratuity ((refer note 26 IX(c))	7,15,800	3,67,729
<b>Others</b>		
- Provision for Income Tax	40,50,000	78,50,000
	<b>47,65,800</b>	<b>82,17,729</b>



## SPA Capital Services Limited

### Notes to the Financial Statements as at and for the financial year ended March 31, 2019

#### 11. Property Plant and Equipment

Particulars	Gross Block				Depreciation				Net Block	
	As on 01-04-2018	Addition during the year	Deletions	As on 31-03-2019	As on 01-04-2018	for the year	Dep. Written off against sold assets	Total	As on 31-03-2019	As on 31-03-2018
Tangible Assets										
Computers	1,76,84,547	15,71,315	-	1,92,55,862	1,39,37,421	15,07,831	-	1,54,45,252	38,10,610	37,47,127
Motor Vehicles	2,64,93,401	25,37,515	41,56,323	2,48,74,593	1,56,63,842	24,82,942	24,04,116	1,57,42,668	91,31,925	1,08,29,559
Furniture and Fixtures	77,16,795	8,90,411	-	86,07,206	67,37,064	1,76,360	-	69,13,424	16,93,782	9,79,731
Plant and Machinery	81,83,372	13,50,369	-	95,33,741	68,90,580	4,24,747	-	73,15,327	22,18,413	12,92,790
<b>Total</b>	<b>6,00,78,115</b>	<b>63,49,610</b>	<b>41,56,323</b>	<b>6,22,71,402</b>	<b>4,32,28,907</b>	<b>45,91,880</b>	<b>24,04,116</b>	<b>4,54,16,671</b>	<b>1,68,54,730</b>	<b>1,68,49,207</b>
Previous Year Details	5,98,27,958	24,86,148	22,35,991	6,00,78,115	3,97,93,583	50,32,054	15,96,730	4,32,28,907	1,68,49,207	



**Notes to the Financial Statements as at and for the financial year ended March 31, 2019**

Particulars	As at March 31, 2019 (Amount in Rs.)	As at March 31, 2018 (Amount in Rs.)
<b>12 Non-Current Investments</b>		
Non-Trade, Unquoted investments		
<u>In Equity Shares</u>		
Impetus Analytic e-solutions Private Limited	1,31,00,000	1,31,00,000
13,10,000 (Previous year 13,10,000) Shares of Rs.10/- each fully paid-up		
<u>In 8% non cumulative Preference Shares</u>		
SPA ComTrade Private Limited	54,00,000	54,00,000
135,000 (Previous year 135,000) Shares of Rs. 10 each fully paid-up		
<u>In 3% non cumulative, redeemable Preference Shares</u>		
SPA Securities Limited	3,61,00,000	3,61,00,000
361,000 (Previous year 361,000) Shares of Rs. 10 each fully paid-up		
	<u>5,46,00,000</u>	<u>5,46,00,000</u>
<b>Aggregate value of Unquoted Investments</b>	<b>5,46,00,000</b>	<b>5,46,00,000</b>
<b>13 Long-Term Loans and Advances</b>		
(Unsecured, Considered Good unless Otherwise Stated)		
Security Deposits		
- Related Parties ((Refer Note No.26 XII)	88,37,500	87,92,500
- Others	34,92,935	6,28,955
	<u>1,23,30,435</u>	<u>94,21,455</u>
<b>14 Inventories</b>		
Stock-in-Trade		
at Cost or Market value, whichever is Lower		
Bonds	25,000	25,02,58,836
Equity Shares	1	2,294
	<u>25,001</u>	<u>25,02,61,130</u>
<b>15 Trade Receivables</b>		
Outstanding for a period of More than Six Months		
(Unsecured, Considered Good)		
- Others	7,09,643	-
(Unsecured, Considered Doubtful)		
- Others	-	9,36,721
Outstanding for a period of Less than Six Months		
(Unsecured, Considered Good)		
- Others	4,79,92,229	5,20,60,704
	<u>4,87,01,872</u>	<u>5,29,97,425</u>
<b>16 Cash and Cash Equivalents</b>		
Cash in Hand (as certified by the management)	10,62,619	13,29,923
<u>Balance With Scheduled Banks :</u>		
- In Current Accounts	21,31,630	36,77,100
	<u>31,94,249</u>	<u>50,07,023</u>
<b>17 Short-Term Loans and Advances</b>		
Advance Tax, TDS	78,12,180	1,23,29,310
Advances recoverable in Cash or in kind or for value to be received and/or adjusted		
- Unsecured, Considered Good	8,370	13,77,243
- Unsecured, Considered Doubtful	35,00,000	35,00,000
Other Short term Loans and Advances		
(Unsecured, Considered Good)		
- Others	40,59,17,086	13,23,45,714
- Staff Advance	13,00,499	15,27,011
	<u>41,85,38,135</u>	<u>15,10,79,278</u>
<b>18 Other Current Assets</b>		
Prepaid Expenses	5,98,020	7,80,978
Balances with Revenue Authorities	1,22,54,980	9,11,990
	<u>1,28,53,000</u>	<u>16,92,968</u>



# SPA Capital Services Limited

25, C Block, Community Center, Janakpuri, New Delhi-110058

CIN No. L65910DL1984PLC018749

## Notes to the Financial Statements for the financial year ended March 31, 2019

Particulars	For the year ended March 31, 2019 (Amount in Rs.)	For the year ended March 31, 2018 (Amount in Rs.)
<b>19 Revenue from Operations</b>		
Sales of Securities	50,36,38,727	26,52,44,340
Income from Brokerage	39,89,90,195	50,25,04,938
Income from Advisory Services / Management Fees	5,54,27,550	7,60,85,913
Interest Income	2,69,94,637	2,13,78,757
	<b>98,50,51,109</b>	<b>86,52,13,948</b>
<b>20 Other Income</b>		
Rental Income	90,000	90,000
Other Income	2,84,505	5,99,519
Interest Income on Income Tax Refund	-	2,36,630
Dividend Income	-	1,81,347
	<b>3,74,505</b>	<b>11,07,496</b>
<b>21 Increase/(Decrease) in Stock</b>		
Opening Stock of Stock in Trade	25,02,61,130	8,85,975
Closing Stock of Stock in Trade	27,294	25,02,61,130
	<b>25,02,33,836</b>	<b>(24,93,75,155)</b>
<b>22 Employees Benefit Expenses</b>		
Salaries, Wages and Other Benefits	7,68,94,834	7,59,05,354
Contribution to Provident Fund and Other Fund	18,42,769	17,45,525
Director Remuneration	48,00,000	45,00,000
Staff Welfare	5,93,862	12,63,414
Gratuity	13,29,366	19,80,119
	<b>8,54,60,831</b>	<b>8,53,94,412</b>
<b>23 Financial Costs</b>		
Interest paid - Loans		
- Loans from Bank	1,12,87,772	99,23,200
- Loans from Others	90,48,220	84,08,249
Interest paid - Others	18,929	23,761
Processing Charges	3,63,601	11,800
Demat Charges	2,514	1,289
Bank Charges	44,803	59,467
	<b>2,07,65,839</b>	<b>1,84,27,766</b>



# SPA Capital Services Limited

25, C Block, Community Center, Janakpuri, New Delhi-110058

CIN No. L65910DL1984PLC018749

## Notes to the Financial Statements for the financial year ended March 31, 2019

Particulars	For the year ended March 31, 2019 (Amount in Rs.)	For the year ended March 31, 2018 (Amount in Rs.)
<b>24 Other Expenses</b>		
Conveyance Expenses	32,36,964	43,07,561
Telephone Expenses	15,22,586	20,90,443
Brokerage/Advisory Fees paid	32,89,61,123	43,91,71,260
Miscellaneous Expenses	10,12,330	17,74,746
Printing and Stationary	7,86,503	10,30,847
Postage and Couriers Expenses	7,76,239	9,91,560
Advertisement Expenses	4,05,591	57,183
Rent, Rates and Taxes	73,91,812	37,46,480
Software Expenses	3,86,913	3,55,008
Service Tax credit Reversal	-	28,745
Swachh Bharat Cess	-	6,42,108
Fees and Subscription	8,58,331	6,33,462
Secretarial Audit Fees	-	30,000
<b>Repair and Maintenance</b>		
-Plant & Machinery	6,34,434	5,37,682
-Others	50,35,694	12,28,455
Insurance Charges	2,90,355	3,33,449
Business Promotion Expenses	29,51,353	38,64,064
Electricity Expenses	19,79,611	18,23,016
Legal and Professional Expenses	3,65,015	18,67,138
Direct Listing Fees	2,70,000	25,50,000
Contingent provisions against standard assets	(1,21,807)	9,33,382
Contingent provisions against Doubtful Debts	35,00,000	-
<b>Payment to Auditors</b>		
- Statutory Audit Fees	1,87,500	1,87,500
- Tax Audit Fees	62,500	62,500
<b>Tour &amp; Travels</b>		
- Local	11,61,734	14,22,081
- Foreign	2,37,500	-
	<b>36,18,92,281</b>	<b>46,96,68,670</b>
<b>25 Exceptional Items</b>		
Loss on Sale of Fixed Assets	8,31,090	1,30,987
Less: Profit on sale of Fixed Assets	1,38,683	1,19,976
	<b>6,92,407</b>	<b>11,011</b>



## Note 26: Notes to the Accounts

- I. The company is registered as Non-Banking Financial Company with the Reserve Bank of India. The schedule as prescribed under Para 18 of the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 is appended.
- II. Contingent Liability - Nil (Prev. Year - Nil)
- III. In accordance with the Master Direction DNBR.PD.007/03.10.119/2016-17 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's, company has made a 100% provision against Unsecured, Considered Doubtful assets:

(Amount in Rs.)		
Provisions	2018-2019	2017-2018
Provision against Unsecured, Considered Doubtful Assets	35,00,000	-
<b>Total</b>	<b>35,00,000</b>	<b>-</b>

- IV. In accordance with the Master Direction DNBR.PD.007/03.10.119/2016-17 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision:

(Amount in Rs.)		
Provisions	2018-2019	2017-2018
Provision against Standard Assets	10,18,044	11,39,851
<b>Total</b>	<b>10,18,044</b>	<b>11,39,851</b>

- V. Details of Remuneration to Auditors (excluding GST):

(Amount in Rs.)		
Remuneration	2018-2019	2017-2018
Statutory Audit Fees	1,87,500	1,87,500
Tax Audit Fees	62,500	62,500
<b>Total</b>	<b>2,50,000</b>	<b>2,50,000</b>

- VI. Managerial remuneration (excluding contribution to gratuity fund and provision for leave encashment on retirement) paid/payable to directors:

(Amount in Rs.)		
Particulars	2018-2019	2017-2018
Directors Remuneration	48,00,000	45,00,000
<b>Total =&gt;</b>	<b>48,00,000</b>	<b>45,00,000</b>

- a. Computation of Managerial Remuneration under Section 197 of Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (excluding contribution to gratuity fund and provision for leave encashment on retirement) paid / payable to Directors:

(Amount in Rs.)		
Particulars	2018-2019	2017-2018
Profit Before Taxation and Adjustments	91,33,908	2,08,55,118
Add : Managerial Remuneration	48,00,000	45,00,000
Add : Loss on sale of Fixed assets	8,31,090	1,30,987
Less : Profit on sale of Fixed assets	1,38,683	1,19,976
Profit u/s 198 of the Companies Act, 2013	1,46,26,315	2,53,66,129
<b>Maximum Permissible Limit @ 10% (Previous Year@10%)</b>	<b>14,62,632</b>	<b>25,36,613</b>





The Company has passed a resolution in the Annual General Meeting held on September 30, 2015 for approval of managerial remuneration of Managing Director in accordance with the provisions of Companies Act 2013 and company has passed a resolution in the Board Meeting held on November 01, 2016 for approval of managerial remuneration of Whole Time Director which was duly approved by the Shareholders at their Annual General Meeting held on September 22, 2017 in accordance with the provisions of Companies Act 2013.

However, during the Financial Year 2018-19, there were inadequate profits, accordingly the Company has complied with the Schedule V of the Companies Act, 2013 and accordingly the payment of Remuneration to Managerial Personnel is within the limits as prescribed under the said schedule of the Companies Act, 2013.

VII. Additional information in pursuant to the Companies Act, 2013

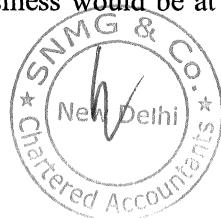
CIF Value of Import	: Nil
Earnings in Foreign Currency	: Nil
Value of Imports	: Nil
Value of Indigenous materials consumed	: Nil
Percentage of each material so consumed	: Nil
Dividend remitted in Foreign Currencies	: Nil
Earnings in Foreign Exchange	: Nil
Expenditure in Foreign Currency	: Nil
FOB value of Export	: Nil

VIII. Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock

Particulars	Opening Stock		Purchase		Sale		Scrap/Write-off	Closing Stock	
	Qty. (Nos)	Amount (Rs.)	Qty. (Nos)	Amount (Rs.)	Qty. (Nos)	Amount (Rs.)		Qty. (Nos)	Amount (Rs.)
Shares	23,540	2,294	-	-	-	-	-	23,540	1
Prev. Year	5,188	2,294	-	-	-	-	-	5,188	2,294
Mutual Fund	-	-	882.14	37,50,000	882.14	37,61,960	-	-	-
Prev. Year	46,524	8,00,742	7,223	1,50,73,047	53,747	1,63,57,354	-	-	-
Bonds / Govt. Securities	255	25,02,58,836	1,00,148	24,88,45,662	100398	49,98,76,767	-	5	25,000
Prev. Year	5	25,000	500	50,12,34,521	250	24,88,86,986	-	255	25,02,58,836
Pan Coupon	-	-	-	-	-	-	-	-	-
Prev. Year	651	57,939	-	-	-	-	651	-	-

IX. To the extent of information available the Company has not received any intimation from creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year ended March 31, 2019 together with interest paid / payable as required under the Act has not been given.

X. Trade payable, receivables and other short term and long term loan and advances are subject to the confirmations and balances have been taken as per the records of the Company. In the opinion of the management, the value of realisation of short term, long term loan and other current assets, loans and advances in the ordinary course of business would be at least equal to the amount at which they are stated in the Balance Sheet.



XI. Disclosure as required by Accounting Standard 15 - Employee Benefits

- a) **Provident fund and Employee State Insurance (ESI):** - The eligible employees of the company are entitled to receive benefits under Provident Fund and ESI, a defined contribution plan in which both employees and the company makes monthly contributions at a specified percentage of the covered employees salary, the contributions as specified under the Law are paid to the Provident fund and pension fund of the provident fund authorities and ESI authorities.

(Amount in Rs.)			
Sr. No.	Particulars	2018-2019	2017-2018
i	Employer's Contribution to Provident Fund	16,32,388	15,09,016
ii	Contribution to Employee State Insurance	1,41,874	1,58,033

- b) **Leave Encashment:** The eligible Leave encashment liability payable to the employees has been paid to the employees and hence no Provision is required for Leave Encashment.
- c) **Provision for Gratuity:** Provision for gratuity is being made on the basis of actuarial valuation payable on March 31, 2019. The following tables summarize the components of the net employee benefit expenses recognized in the statement of profit and loss account, the fund status and amount recognized in the balance sheet for the gratuity and leave encashment for the year ended March 31, 2019.

**Method: Projected Unit Credit Method:**

**Table Showing Changes in Present Value of Obligations:**

(Amount in Rs.)		
Period	From: 01/4/2018 To: 31/03/2019	From: 01/4/2017 To: 31/03/2018
Present value of the obligation at the beginning of the period	1,02,81,267	84,38,456
Interest Cost	7,96,798	6,53,980
Current Service Cost	12,05,646	10,03,155
Past Service Cost	-	16,18,992
Benefit paid (if any)	(1,81,731)	(1,37,208)
Actuarial (gain)/loss	(6,73,078)	(12,96,008)
Present value of the obligation at the end of the period	1,14,28,902	1,02,81,267

**Key Results (The amount to be recognized in the Balance sheet);**

Period	As on: 31/03/2019	As on: 31/03/2018
Present value of the obligation at the end of the period	1,14,28,902	1,02,81,267
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	1,14,28,902	1,02,81,267
Funded Status	(1,14,28,902)	(1,02,81,267)
Best estimate for contribution during next period	16,20,672	13,86,652

**Expenses recognized in the statement of Profit and Loss**

Period	From: 01/4/2018 To: 31/03/2019	From: 01/4/2017 To: 31/03/2018
Interest Cost	7,96,798	6,53,980
Current service cost	12,05,646	10,03,155
Past Service Cost	-	16,18,992



Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	(6,73,078)	(12,96,008)
Expenses to be recognized in the statement of profit and loss accounts	13,29,366	19,80,119

#### Experience adjustment

Period	From: 01/4/2018 To: 31/03/2019	From: 01/4/2017 To: 31/03/2018
Experience adjustment (Gain)/ loss for plan liabilities	(9,67,728)	4,23,943
Experience adjustment (Gain)/ loss for plan assets	-	-

#### The assumptions employed for the calculation are tabulated:

Discount rate	7.75 % per annum	7.75 % per annum
Salary growth rate	5.50 % per annum	5.50 % per annum
Mortality	IALM 2006-08 ultimate	IALM 2006-08 ultimate
Expected rate of return	-	-
Withdrawal rate (Per Annum)	5.00 % p.a. (18 to 30 Years)	5.00 % p.a. (18 to 30 Years)
Withdrawal rate (Per Annum)	-	3.00 % p.a. (31 to 44 Years)
Withdrawal rate (Per Annum)	-	2.00 % p.a. (44 to 58 Years)

#### Benefits Valued:

Normal Retirement Age	58 years	58 years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting period	5 Years of service	5 Years of service
Benefits on Normal Retirement	15/26 * Salary * Past Service (Yr.)	15/26 * Salary * Past Service (Yr.)
Benefit on early exit due to death and disability	As above except that no vesting conditions apply	As above except that no vesting conditions apply
Limit	20,00,000	20,00,000

#### Current liability:

Period	As on: 31/03/2019	As on: 31/03/2018
Current liability	7,15,800	3,67,729
Non Current liability	1,07,13,102	99,13,538
<b>Total liability</b>	<b>1,14,28,902</b>	<b>1,02,81,267</b>

- XII. Disclosure as required by Accounting Standard 17 Segment Reporting:  
The business activities of the Company is engaged in one segment (i.e. Financial Services) only, hence segment wise reporting is not required to be given.
- XIII. Disclosure as required by Accounting Standard 18 Related Party Disclosures:

#### A. List of Related Parties and Relationships

##### (a) Key Management Personnel

- Mr. Sandeep Parwal Chairman Cum Managing Director
- Mr. Kamal Kishore Somani Director
- Mr. Mahaveer Prasad Mundhra Whole Time Director
- Mrs. Honey Parwal Woman Director
- Mr. Sanjay Kumar Jain Chief Financial Officer
- Mr. Rajesh Ramnani Company Secretary and Compliance Officer  
(Resigned w.e.f. 31<sup>st</sup> March, 2019)
- Ms. Kajal Gupta Company Secretary and Compliance Officer



**(b) Enterprise over which Key Managerial Personnel and Individuals owing significant control and are able to exercise significant influence;**

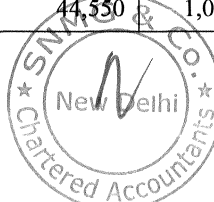
1. Bhoopati Trading Private Limited
2. Parth Infracon Private Limited
3. R P Computer Forms Private Limited
4. Simplex Construction Private Limited
5. SPA Insurance Broking Services Limited
6. SPA Securities Limited
7. Structmast Realtors (Mumbai) Private Limited
8. Vijay Shree Builders Private Limited
9. Wintech Marketing Private Limited
10. SPA Capital Advisors Limited
11. Niveshak MPowered Private Limited
12. I Play I Learn Private Limited
13. ASH Mercantile LLP
14. Jagriti Buildtech Private Limited
15. Karma Mercantile LLP
16. Rambhita Trading LLP
17. Sahayog Mercantile LLP
18. Storyteller holidays LLP
19. Sandeep Parwal Advisors Private Limited
20. SPA Comtrade Private Limited
21. SPA Global Private Limited
22. Yamini Mercantile Private Limited
23. ZENSPAA Capital Advisors Private Limited
24. ZENSPAA Capital Services Private Limited
25. NAKS Tutorial Private Limited
26. Sandeep Parwal HUF
27. Pinkcity Skyliner Developers Private Limited
28. Dhruvtara Trading Private Limited
29. Defiant Enterprises Private Limited
30. SPA Constructions Private Limited
31. Penguin Developers Private Limited
32. SPA Corporate Services Private Limited
33. I Con Industries Limited
34. Edumonde Knowledge Solutions Private Limited
35. Auric Tradefin Private Limited
36. Sthapna Developers Private Limited
37. IFAN Finserv Private Limited

**B. Transactions with Related Parties**

**(a) Transactions with Key Management Personnel & their relatives**

(Amount in Rs.)

Sr. No.	Name of Related Party	Nature of Transaction	During the year		Balance Outstanding as on	
			2018-2019	2017-2018	31-Mar-19	31-Mar-18
1	Sandeep Parwal	Directors Remuneration	33,00,000	30,00,000	3,44,800	2,23,200
2	Mahaveer Prasad Mundhra	Directors Remuneration	15,00,000	15,00,000	1,25,000	1,15,000
		Reimbursement of Exp.	1,28,788	97,960	-	-
3	Sanjay Kumar Jain	Salary Paid	19,35,500	16,47,500	2,04,700	1,55,900
		Reimbursement of Exp.	2,36,687	77,547	2,36,687	-
4	Mr. Rajesh Ramnani	Salary Paid	25,79,337	22,25,891	1,86,351	1,69,584
		Reimbursement of Exp.	44,550	1,05,180	-	-



(b) Transaction with Enterprises over which Key Management Personnel and their relatives exercise significant influence

Sr. No.	Name of Related Party	Nature of Transaction	During the year		Balance Outstanding as on	
			2018-19	2017-2018	31-Mar-19	31-Mar-18
1	Bhoopati Trading Private Limited	Rent Paid#	1,27,440	1,26,630	-	-
2	R P Computer Forms Private Limited	Rent Paid#	2,70,000	2,70,000	-	-
		Security Deposit for Office	-	-	20,00,000	20,00,000
3	Simplex Construction Private Limited	Rent Paid#	4,67,280	4,64,310	-	-
		Security Deposit for Office	-	-	10,35,000	10,35,000
4	SPA Insurance Broking Services Limited	Rent Received#	1,06,200	1,05,525	-	-
		Advance Taken & Repaid	4,12,342	2,64,754	-	-
5	SPA Securities Limited	Demat Expenses#	2,967	2,137	-	-
		Advance Taken & Repaid	84,274	61,757	-	-
6	Structmast Realtors (Mumbai) Private Limited	Rent Paid#	-	5,63,570	-	-
7	IFAN Finserv Pvt.Ltd.	Loan Paid	6,48,00,000	-	6,48,45,542	
		Advance Taken & Repaid	54,585	-		
		Interest Received	45,25,364	-		
8	Vijay Shree Builders Private Limited	Rent Paid#	18,73,368	18,61,461	-	-
		Advance Taken & Repaid	-	59,292	-	-
		Security Deposit for Office	-	-	37,57,500	37,57,500
9	Wintech Marketing Private Limited	Rent Paid#	3,54,000	3,51,750	-	-
		Security Deposit for Office	-	-	20,00,000	20,00,000
10	SPA Capital Advisors Limited	Advance Taken & Repaid	5,13,31,539	2,11,474	-	-
11	Niveshak M Powered Private Limited	Advance Taken & Repaid	4,016	-	-	-
		Brokerage Paid	26,62,080	1,01,86,193	2,52,080	29,36,644

#Inclusive of GST

XIV. Disclosure as required by Accounting Standard 20 Earning per Share (Amount in Rs.)

Particulars	2018-2019	2017-2018
Profit after Tax and Adjustments	45,43,958	1,34,78,751
Profit available for distribution to Equity Share Holders	45,43,958	1,34,78,751
Weighted average number of Equity Shares Used as Denominator for calculating EPS	30,74,225	20,09,376
Earning per Share (Rs.) (Equity Shares of face value of Rs. 10/- each)		
- Basic	1.48	6.71
- Diluted	1.48	6.71

XV. Disclosure as required by Accounting Standard 22 Accounting for Taxes on Income (Deferred Tax Assets / Liabilities):

The company has recognized deferred tax arising on account of timing difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in compliance with the Accounting Standard 22- Accounting for Taxes on Income.




Particulars	March 31, 2019	March 31, 2018
<b>Deferred Tax Assets</b>		
Gratuity	(31,28,963)	(33,53,897)
<b>Total</b>	<b>(31,28,963)</b>	<b>(33,53,897)</b>
<b>Deferred Tax Assets</b>		
Depreciation	(15,28,106)	(15,54,922)
<b>Total</b>	<b>(15,28,106)</b>	<b>(15,54,922)</b>
<b>Net Deferred Tax (Asset) / Liabilities</b>	<b>(46,57,069)</b>	<b>(49,08,819)</b>

- XVI. Disclosure as required by Accounting Standard 28 Impairment of Assets:  
As per the Accounting Standard 28 Impairment of Assets, the company has reviewed potential generation of economics benefits from fixed assets. Accordingly, impairment loss amounts to Rs. Nil (Previous year Rs. Nil).
- XVII. The company has not made any donation (whether in cash or kind) to any political party during the year.
- XVIII. Details of Loan Given, Investment made and Guarantee given under Section 186(4) of the Companies Act, 2013  
Loans given and Investments made are given under the respective heads. No Corporate Guarantee (s) has been given by the Company in respect of any loans as at March 31, 2019.
- XIX. Income Computation and Disclosure Standards (ICDS) as notified u/s 145(2) of the Income Tax Act, 1961 on 29th September 2016, are applicable to the financial year ended on 31st March 2019 and tax provisions are computed after considering its impact.
- XX. Disclosure as required by Accounting Standard 19 Operating lease:  
Company as lessee, operating lease obligations: The Company has taken office, other facilities and other equipments under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

Particulars	March 31, 2019	March 31, 2018
Lease payments recognized as an expense in statement of profit and loss account	73,91,812	37,46,480
<b>Total</b>	<b>73,91,812</b>	<b>37,46,480</b>



- XXI. Current year's figures have been rounded off to the nearest rupee.
- XXII. The figures of the previous year have been regrouped / reclassified to compare with the figures of the current year.
- XXIII. Notes '1' to '26' form an integral part of the Balance Sheet and the Statement of Profit and Loss.

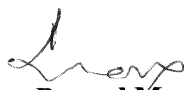
**For SNMG & Company**  
**Chartered Accountants**  
ICAI FRN No. : 04921N


  
**CA Deep Chand Garg**  
**Partner**  
Membership No. 076117  
New Delhi, 28<sup>th</sup> May, 2019



**For and on behalf of the Board**

  
**Sandeep Parwal**  
Chairman cum Managing  
Director  
DIN No. 00025803  
  
**Kajal Gupta**  
Company Secretary

  
**Mahaveer Prasad Mundhra**  
Whole Time Director  
DIN No. 00642941

  
**Sanjay Kumar Jain**  
Chief Financial Officer

