

Notes to the Financial Statement for the year ended 31st March, 2018**Corporate Information**

“Aagam Capital Limited” (‘the Company’) was incorporated in India on December 27, 1991 as “Principle Capital Markets Limited”. The name was changed on February 7, 1996 and June 26, 2006 to “Principal Capital Markets Limited” and “Subhkam Capital Limited” respectively. The name was further changed on January 23, 2013 to “Aagam Capital Limited”.

The Company received its certificate of registration as a non-banking finance company on August 5, 1998 from the Reserve Bank of India (RBI), Department of Non-Banking Supervision, Mumbai Regional Office, in its former name “Principal Capital Markets Limited” which was changed subsequently to “Subhkam Capital Limited” and further changed to “Aagam Capital Limited”. The company has received the revised certificate of registration from RBI subsequent to the change of name to “Aagam Capital Limited”.

1. Significant Accounting Policies:**A. Basis of preparation of Financial Statements**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis to comply with the accounting standards specified under section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 as applicable and the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

B. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that effect the reported amount of assets and liabilities, disclosure of contingent liabilities and the reported amount of income and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates are recognized in the period in which the results are known / materialise.

C. Revenue Recognition

Revenue is recognised to the extent it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

- **Interest income** is recognised on accrual basis except in case of sub-standard assets or doubtful assets where it is recognised, upon realisation, as per RBI guidelines and Notes Issued by ICAI on revenue recognition. Overdue/ penal interest is recognised as income on realisation.
- **Dividend income** is accounted on an accrual basis when the Company's right to receive the dividend is established.

D. Fixed Assets and Depreciation

Tangible Fixed assets are carried at cost of acquisition less accumulated depreciation and/ or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on all the assets have been provided at the rates and in the manner prescribed under Part C of Schedule II to the Act on Straight line basis. Depreciation on additions to assets or on sale / disposal of assets is calculated on a pro-rata basis from the date of such addition, sale or disposal.

E. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of qualifying assets till the time such assets are ready for intended use are capitalised as part of cost of the assets. All other borrowing costs are expensed in the period they occur.

F. Investment

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value. Long term Investments are stated at cost less provision for diminution, other than temporary, in the value of such investments.

G. Taxes on Incomes

Taxes on Income are accounted for in accordance with Accounting Standard "Accounting for taxes on income" (AS 22), issued by The Institute of Chartered Accountants of India. Tax expense comprises of current tax and deferred tax. Current tax is measured based on estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and rules made thereunder.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future income will be available except that the deferred tax assets, in case there are unabsorbed depreciation and losses, are recognized if there is a virtual certainty that sufficient future taxable income will be available to realize the same. The carrying amount of deferred tax assets are reviewed at each reporting date.

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by the Institute of Chartered Accountants of India (ICAI).

H. Provision for Standard/ Non Performing Assets and Doubtful Debts

Provision for standard assets and Nonperforming assets are made as per estimates of the management, subject to the minimum provision required as per RBI Directions as modified from time to time.

I. Provisions, Contingent Liabilities and Contingent Assets

- i. Provisions are recognised when the Company has present obligations, as result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- ii. Contingent liabilities are not recognised but disclosed in the financial statements.
- iii. A Contingent asset is neither recognised nor disclosed in the financial statements.

J. Employee Benefits

Retirement benefit to employees such as Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Payment of Gratuity Act, 1972 are not applicable to the "company" as number of employee is below the Statutory limit as prescribed by the above Acts.

The company does not have the policy of extending leave encashment benefits to its employees.

K. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

L. Earnings per Shares

The Company reports its basic and diluted earnings per share in accordance with "Accounting Standard 20" Earnings per Share. Basic earnings per share are computed by dividing the profit for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

2. Share Capital

(Amount in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No of Shares	Amount	No of Shares	Amount
A. Authorised Share Capital :				
Equity shares of Rs 10/- Each	52,50,000	5,25,00,000	52,50,000	5,25,00,000
B. Issued, Subscribed and fully paid up				
Equity shares of Rs 10/- Fully Paid up	50,00,000	5,00,00,000	50,00,000	5,00,00,000
	50,00,000	5,00,00,000	50,00,000	5,00,00,000

Notes:

- The Company has only one class of equity share having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share held. All the equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities in proportion to their shareholding.

A. Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31.03.2018		As at 31.03.2017	
	No of Shares	% Held	No of Shares	% Held
Monotype India Limited	11,58,837	23.18%	11,58,837	23.18%

B. Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	Issued		Issued	
	No of Shares	Amount	No of Shares	Amount
Opening balance	50,00,000	5,00,00,000	50,00,000	5,00,00,000
	(50,00,000)	(5,00,00,000)	(50,00,000)	(5,00,00,000)
Add : Fresh Issue	-	-	-	-
	-	-	-	-
Closing Balance	50,00,000	5,00,00,000	50,00,000	5,00,00,000
	(50,00,000)	(5,00,00,000)	(50,00,000)	(5,00,00,000)

Figures in brackets pertains to the previous year

(Amount in ₹)

Particulars	As at	
	31.03.2018	31.03.2017
3. Reserves and Surplus		
Special Reserve u/s 45-IC of RBI Act, 1934		
Balance at the beginning of the year	15,48,475	13,58,605
Amount transferred from Surplus in P&L during the year	1,67,096	1,89,870
Balance at the end of the year	17,15,571	15,48,475
Securities Premium Reserve		
Balance at the beginning of the year	2,53,50,000	2,53,50,000
Addition / (Utilisation during the Year)	-	-
Balance at the end of the year	2,53,50,000	2,53,50,000
Surplus		
Balance at the beginning of the year	(5,37,60,391)	(5,45,19,870)
Profit for the year	8,35,479	9,49,349
Less : Transfer to Special Reserve	(1,67,096)	(1,89,870)
Balance at the end of the year	(5,30,92,007)	(5,37,60,391)
Total	(2,60,26,437)	(2,68,61,916)
4. Other current liabilities		
Statutory Dues	10,214	13,430
Creditors for Expenses	10,81,412	8,49,258
	10,91,626	8,62,688
5. Short-term provisions		
Contingent Provision against Standard Assets (Refer Note No 20)	46,631	43,504
	46,631	43,504
6. Fixed Assets		

Particulars	Gross Block (At cost)			Depreciation/Amortisation				Net block	
	As at 01.04.2017	Acquisitions	As At 31.03.2018	Upto 01.04.2017	Adjusted/ Written Back	For the year	Upto 31.03.2018	As At 31.03.2018"	As At 31.03.2017
Computer	1,13,850	-	1,13,850	83,089.00	-	12,957.00	96,046.00	17,804.00	30,761.00
Total	1,13,850	-	1,13,850	83,089.00	-	12,957.00	96,046.00	17,804.00	30,761.00
Previous year	4,14,227.00	-	4,14,227	3,58,078.00	3,003.00	22,385.00	3,83,466.00	30,761.00	56,149.00

Notes Forming part of Financial Statement

(Amount in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
7. Deferred Tax Assets / (Liabilities)		
Deferred Tax Assets / (Liabilities) related to		
Fixed assets	48,082	63,744
Net Deferred Tax Assets/(Liability) at the end of the year	48,082	63,744
Net deferred tax Assets / (liability) at the beginning of the year	63,744	(80,153)
Deferred tax (Expense) / Income for the year	(15,662)	1,43,896
8. Long-term loans and advances (Unsecured, considered good)		
Security Deposits	1,12,500	1,12,500
	1,12,500	1,12,500
9. Other Non-Current assets		
MAT credit entitlement	46,46,095	44,77,110
Advance Tax & TDS	13,97,281	13,97,602
	60,43,376	58,74,712
10. Cash and cash equivalents		
Balances with banks	43,512	3,59,763
Fixed deposit with Bank (refer Note No 21)	1,88,315	1,77,817
Cash on hand	5,926	23,294
	2,37,753	5,60,874
11. Short-term loans and advances (unsecured, considered goods)		
(a) Loans to related parties	-	-
(b) Others (Business loans and advances)		
Unsecured, considered Good	1,86,52,305	1,74,01,685
Secured, considered Good	-	-
Doubtful	-	-
	1,86,52,305	1,74,01,685
12. Revenue from Operation		
Interest Income	16,84,633	17,08,218
Other financial services	-	-
	16,84,633	17,08,218
13. Other income		
Other non-operating income	-	22,907
	-	22,907
14. Employee Benefits Expenses		
Salaries and Wages	-	33,000
Contribution to provident and other funds	1,200	2,602
	1,200	35,602

Particulars	(Amount in ₹)	
	As at 31.03.2018	As at 31.03.2017
15 Finance Costs		
Interst Expenses	-	-
Other financial charges		
Bank Charges	3,643	2,741
	3,643	2,741
16 Other Expenses		
Advertisement	23,271	22,241
Auditors Remuneration*	88,500	86,250
Contingent Provision against standard assets (Refer Note 21)	3,127	927
Custodian Fees	20,700	27,480
Demat/Depository Charges	55,759	85,244
Director Sitting Fees	32,000	20,000
Listing Fees	2,87,500	2,30,000
Office Exp	11,794	22,203
Postage & Courier exp	5,046	6,712
Printing & Stationery	14,629	11,026
Professional Fees/Consultancy Fees	1,15,800	1,12,025
Rents	1,20,000	1,62,500
ROC Fees	16,800	47,500
Telephone Expenses	3,499	2,733
Miscellaneous Exp	17,267	25,101
	8,15,692	8,61,942
* Auditor Remuneration		
Audit Fees (including LR Fees)	88,500	86,250
	88,500	86,250
17 Current Tax		
Income Tax	1,68,985	6,042
MAT Credit Entitlement	(1,68,985)	(6,042)
	-	-
18 Earning Per Share		
Profit for the year	8,35,479	9,49,349
Amount available for equity share holders	8,35,479	9,49,349
Weighted average number of Equity Shares for basic EPS [nos.]	50,00,000	50,00,000
Basic EPS / Diluted EPS	0.17	0.19
Nominal value of shares (₹)	10.00	10.00

19. Micro, Small and Medium Enterprises.

The Company has no dues to Micro, Small and Medium enterprises as at 31st March, 2018, on the basis of information provided by the parties and available on record. Further, there is no interest paid / payable to micro and small enterprises during the year.

20. Provision against Standard Assets.

Statement showing calculation Provision on Standard Assets at 0.25% on Standard Assets (in accordance with notification no DNBD 223/CGM(US) -2011 dated Jan, 2011 issued by RBI)

Particulars	31.03.2018	31.03.2017
Detail of Standard Assets		
Advances recoverable in cash or in kind	18,652,305	17,401,685
Total of Standard Assets	18,652,305	18,521,797
Provision to be Made during Year @ 0.25%	46,631	43,504
Opening Balance	43,504	42,577
Additional During year	3127	927

21. The company has placed Fixed Deposit of ₹ 188,315/- (P.Y ₹ 1,77,817/-) with bank as margin money.

22. Transaction in Foreign Currency

Sr No	Particulars	31.03.2018	31.03.2017
1	Earning in Foreign Currency	Nil	Nil
2	CIF Value of Imports	Nil	Nil
3	Expenditure in Foreign Currency	Nil	Nil

23. Segment Information

The Company is a NBFC and primarily engaged Financing and Investment activity, which is considered as one segment. As such, there is no other separate reportable segment as defined by Accounting Standard -17 "Segment Reporting".

24. Related Party Transaction

Disclosure in accordance with Accounting Standard-18 – Related Party transactions during the year

a. Companies/ Firms in which Director, Director's relatives are Directors/Shareholders/Partners ((GP/F) Companies

Jupicos Sports Pvt. Ltd	BT Divine Power & Mining Corporation Ltd
Elan Capital Advisors Pvt. Ltd	Pranjali Infrastructure Pvt. Ltd
Monotype India Ltd.	MPF Systems Ltd
Design channel Advertising Pvt. Ltd	Pranjali (India) Pvt Ltd.
Cinch Multitrade Pvt. Ltd	Divine Power & Mining Corporation Ltd.
Pranjali Services Pvt. Ltd.	52 Weeks Entertainment Ltd.
Four Lions Films Private Ltd.	

LLP

Innocent Investment Consultants LLP	Sandeep Ispat Traders LLP
-------------------------------------	---------------------------

b. Key management personnel (KMP)

Anil Kothari (Whole Time Director)	Naresh Jain (Non Executive Director)
Sanhita Dey Narayana (Company Secretary)	Resignation w.e.f 14.04.2017

c. Relatives of Key management personnel (KMP-R)

Manisha Kothari (Wife of Whole Time Director)
Vimaladevi Kothari (Mother of Whole Time Director)

Significant Transactions with related parties during the year

(Amount in ₹)

Sr. No.	Nature of Transaction	GP/F	KMP	KPM-R
1	Rent Paid (Expense)	1,20,000 (50,000)	- (-)	- (1,12,500)
	Manisha Kothari	- (-)	- (-)	- (56,250)
	Vimaladevi Kothari	- (-)	- (-)	- (56,250)
	Monotype India Ltd	1,20,000 (50,000)	- (-)	- (-)
2	Salary Paid (Expense)	- (-)	- (33,000)	- (-)
	Sanhita Dey Narayana	- (-)	- (33,000)	- (-)
3	Reimbursement of Expenses	1,200 (22,300)	- (100)	- (-)
	Elan Capital Advisors Pvt Ltd	1,200 (22,300)	- (-)	- (-)
	Anil Kothari	- (-)	- (100)	- (-)
4	Loans & Advances Taken	- (-)	- (75,000)	- (-)
	Naresh Jain	- (-)	- (75,000)	- (-)
5	Loans and advances taken repaid	- (-)	- (1,25,000)	- (-)
	Naresh Jain	- (-)	- (75,000)	- (-)
	Anil Kothari	- (-)	- (50,000)	- (-)

Figures in brackets pertains to previous year.

Outstanding balances as on 31st March 2018

(Amount in ₹)

Sr. No.	Nature of Transaction	GP/F	KMP	KPM-R
1	Rent Payable	- (-)	- (-)	7,42,500 (6,22,500)
	Manisha Kothari	- (-)	- (-)	3,11,250 (3,11,250)
	Vimladevi Kothari	- (-)	- (-)	3,11,250 (3,11,250)
	Monotype India Limited	1,20,000 (-)	(-)	1,20,000 (-)
2	Salary Payable	- (-)	16,300 (16,300)	- (-)

	Sanhita Dey Narayana	- (-)	16,300 (16,300)	- (-)
3	Payable	600 (-)	- (-)	- (-)
	Elan Capital Advisors Pvt Ltd	600 (-)	- (-)	- (-)

Figures in brackets pertains to previous year.

25. Contingent Liability to the extended not provided for

- A. Income Tax Demand for AY 2006-07 ₹ 70,74,656 /- (P.Y ₹ 70,74,656 /-)
- B. Penalties Impose by SEBI ₹ 4,00,000 /- (P.Y ₹ 4,00,000). The company has filed appeal with Honourable Securities Appellate Tribunal, Mumbai to contest against the Penalties imposed by SEBI.
26. Additional Disclosure Pursuant to Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued by RBI is given in Annexure I.

27. Prior Year Comparatives

Previous year's figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Figures in brackets pertain to previous year.

As Per our Report on Even Date

For Motilal & Associates

Chartered Accountants

ICAI Firm Regn No. 106584W

For and on behalf of Board of Directors

Sd/-

Motilal Jain
Partner

Membership No : 036811

Sd/-

Anil Kothari
Director & CFO
DIN: 01991283

Sd/-

Naresh Jain
Director
DIN: 00291963

Date : 29/05/2018

Place : Mumbai

Annexure I

Additional Disclosure Pursuant to Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued by RBI

(Amount in ₹)

Particulars		
Liabilities side	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	-	-
Unsecured	-	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-corporate loans and borrowings	-	-
(e) Commercial Paper	-	-
(f) Other Loans (From Director)	-	-
* Please see Note 1 below		
Assets side	Amount Outstanding	Amount Overdue
(2) Break-up of Loans and Advances including bills receivables		
[other than those included in (4) below] :		
(a) Secured	-	-
(b) Unsecured	186.52	-
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(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	-	-
(4) Break-up of Investments :		
Current Investments		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-

(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Fixed deposits)	-	-
Long Term investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Fixed Deposits)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others - equity warrants	-	-

(5) Borrower group-wise classification of assets financed as in (2) and (3) above

Please see Note 2 below: Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	186.52	186.52
Total	-	186.52	186.52

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below: Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-

(7) Other information

Particulars	Amount	
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.