



Date: September 01, 2023

**To,
The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra — Kurla Complex,
Bandra East, Mumbai — 400051.**

SYMBOL: KAPSTON

Dear Sir/Madam,

Subject: Submission of a Copy of Annual Report along with the Notice of Annual General Meeting (AGM) as required under Reg. 34(1) of SEBI (LODR) Regulations, 2015

We hereby inform you that the 15th Annual General Meeting (“AGM”) of the members of the Company will be held on Monday, September 25, 2023, at 04.00. P.M. (IST) at the Corporate office of the Company situated at Plot No. 75, Kavuri Hills, Madhapur, Hyderabad, Telangana - 500 034.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith enclosing the Annual Report of the Company along with the notice of AGM for the financial year 2022-23, which is being sent to the members of the Company through electronic mode.

In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI Listing Regulations, as amended from time to time and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Company is providing e-voting facility to its members to exercise their right to vote by electronic means on the businesses specified in the Notice of the 15th AGM of the Company (“Remote e-voting”).

The remote e-voting will commence on Friday, September 22, 2023 at 9:00 AM (IST) and close on Sunday, September 24, 2023 at 5:00 PM (IST).

The Annual Report including Notice is also uploaded on the Company’s website and can be accessed at <https://kapstonservices.com/wp-content/uploads/2023/09/AnnualReport22-23.pdf>

Kindly take the above information on record.

Thanking you,
For Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)

K MANASWINI
Digitally signed by K
MANASWINI
Date: 2023.09.01 18:47:41
+05'30'

Kalluru Manaswini
Company Secretary and Compliance Officer





KAPSTON SERVICES LIMITED
(Formerly known as Kapston Facilities Management Limited)

REGISTERED OFFICE: # 287, MIG – 2, IX Phase, KPHB, Hyderabad, Telangana - 500 072, **Ph:** 98487 78241
CORPORATE OFFICE: Plot # 75, Kavuri Hills, Madhapur, Hyderabad, Telangana - 500034, **Ph:** 98487 78243
Control Room: +91 96 4050 4050 (24X7) **Email:** info@kapstonservices.com **Website:** www.kapstonservices.com

Sustaining **Growth.**
Delivering **Performance.**



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SUSTAINING GROWTH. DELIVERING PERFORMANCE.

In FY 2022-23, Kapston Services Limited has once again proven its ability to adapt and thrive in a rapidly evolving business environment.

The fiscal year 2022-23 has marked an inflection point for us, reflecting an impressive leap in our performance, driven by strategic ingenuity and an unflinching commitment to excellence. This upward trajectory, demonstrative of our remarkable growth, sets the cornerstone for our ambitious roadmap ahead.

The company’s remarkable performance with a 47% growth, translating to a total turnover including other income of Rs.401 crores, signifies the best results in the last three years. Our core areas - security services, staffing, and training

- have seen substantial growth, and our rebranding efforts have reinforced our presence in these competitive domains.

This growth has not been confined to numbers alone. We have expanded our services portfolio, ventured into new geographical locations, and consolidated our presence in the security services, staffing, and training sectors. We’ve embraced technological advancements, incorporated new systems into our operations, and undertaken successful rebranding efforts to further strengthen our market position.

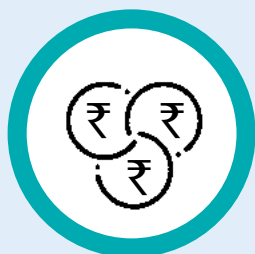
Our performance is a testament to our inherent strength and potential, and as we forge ahead, we do so with confidence and optimism.

FY 2022-23

A YEAR OF GROWTH.

In the face of formidable competition, our company’s performance has demonstrated impressive growth in FY 2022-23. The figures set the stage for our continued leadership in the industry.

FIGURES TELL THE STORY



TOTAL INCOME

₹40,103.68 Lakhs
As against ₹ 27,277.78 Lakhs in FY 22



EBITDA

₹1,570.79 Lakhs
As against ₹ 1,309.83 Lakhs in FY 22



PAT

₹507.03 Lakhs
As against ₹ 247.34 Lakhs in FY 22

KAPSTON SERVICES
STEERING TOWARDS GROWTH

Kapston Services Limited has been navigating the currents of a rapidly changing market landscape, positioning itself as a trailblazer in its industry. The growth story of Kapston is underpinned by strategic planning, relentless innovation, and a focus on customer-centric solutions.

Strategic Planning & Vision

The leadership, helmed by the MD and Chairman, has set clear, achievable goals and the roadmap to reach them. The focus on long-term sustainability and social responsibility has helped Kapston earn trust and expand its market presence.

Innovation & Technology

Kapston has been at the forefront of technological advancements in its field. The relentless pursuit of innovation has helped the company adapt to market trends and exceed customer expectations, fuelling consistent growth.



Customer-Centric Solutions

Understanding the evolving needs of clients, Kapston has prioritized flexible, tailor-made solutions that resonate with its target audience. The focus on building strong client relationships has been central to its expanding customer base and growth trajectory.

Geographical expansion

The cornerstone of Kapston’s growth strategy lies in its targeted expansion within India. By identifying untapped

markets and strategically positioning itself in various states, Kapston has not only increased its footprint across India, but also enhanced its reach to a broader customer base. The new geographies into which the company is expanding are being approached with a keen understanding of local dynamics, ensuring a tailored approach that resonates with the unique needs and opportunities of each region.

Investing in Talent

The growth of Kapston is also tied to its investment in human capital. By nurturing talent and fostering a culture of growth and learning, the company has built a skilled and motivated workforce that drives excellence.

EXCEPTIONAL FACILITIES AND SERVICES **A DISTINCTIVE APPROACH**

Established in 2009, Kapston has captured a niche for itself as one of India's fastest-growing Manpower Solutions Provider Companies, providing a wide range of customer-centric services including General Staffing, Security, Services, Soft Services, Engineering and IT Staffing.

Our clientele are drawn from diverse industry segments such as IT / ITES, Manufacturing, Pharma, E-commerce, Logistics, Infrastructure, Automobile, Retail, Telecom, Hospitality, Healthcare, Banking & Finance, PSUs and all industries across.

Our Vision

To become the best Service provider for Staffing Solutions, Integrated Facilities Management and Security Services with a focused approach towards customer satisfaction and be a strategic partner to all our clients.



Our Mission

To generate consistent value in our services through technology integration innovations and up-gradation with changing times and establish the highest standards of excellence.



Our Core Values

Integrity
Quality
Process Excellence
Professionalism
Competitiveness



Our Core Objective

To design a premium policy that is aligned with the needs of the industry and ensuring compliance with the finest mandated standards.



CUSTOMIZED SERVICES: ALIGNING WITH OUR CUSTOMERS' MANPOWER NEEDS

General Staffing

Within the realm of General Staffing, Kapston leverages its profound knowledge in human resource training and management to craft all-encompassing staffing solutions. Our goal is to curate an exceptional talent pool that aligns seamlessly with the needs of our customers.



We meticulously source and nurture individuals with the requisite skills and mindset to seamlessly integrate with the vision, mission, values, and HR strategies of our diverse customers across various functional domains and industry sectors.

Our commitment extends beyond mere staffing. We offer value-added HR services, including efficient payroll management and facilitating permanent hiring, ensuring a comprehensive approach to enhancing the effectiveness of our customers' workforce.

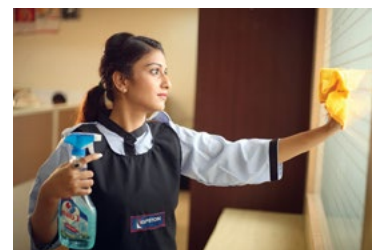
Security Services

Our seasoned security personnel are not only experienced but also rigorously trained in recognized security protocols, emergency response, disaster management, physical fitness, and unarmed combat. With this commitment to preparedness, Kapston ensures a secure environment for our customers.



Soft-Services

Guided by our core principle of 'Neatness and Orderliness,' Kapston endeavors to amplify productivity in living, work, and public spaces. We provide comprehensive housekeeping services for office spaces, residential apartments, public areas, malls, and more. Our specialized services cater to critical industries such as pharmaceutical manufacturing, hospitals, and hotels, aligning with their unique needs.



Engineering

Kapston provides a team of qualified engineers, plumbers, electricians and carpenters ready to comprehensively address operational maintenance issues. Their expertise ensures seamless upkeep and smooth functioning.



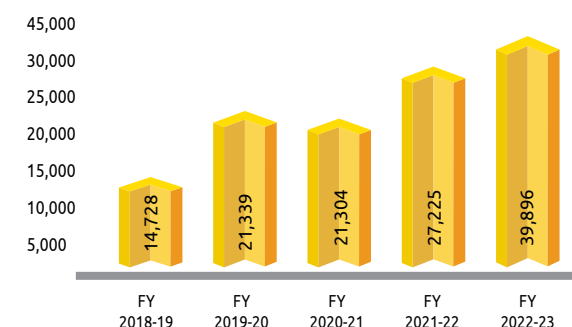
IT Staffing

In the realm of IT Staffing, Kapston's resolute and meticulous approach has positioned our company as a partner for IT staffing needs. Within the IT and ITES segments, we provide unparalleled support encompassing both hardware and software. Our impeccable staffing solutions are tailored to precisely match the unique requirements of our customers in these sectors.

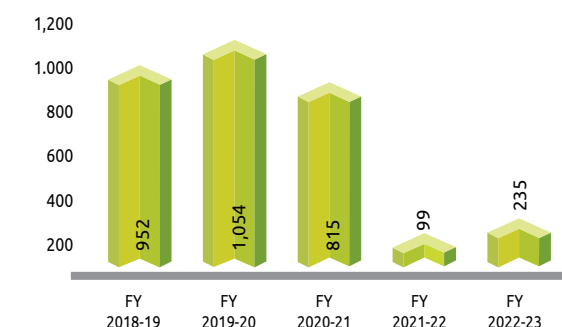


A SUMMARY OF OUR SUCCESS IN FIGURES

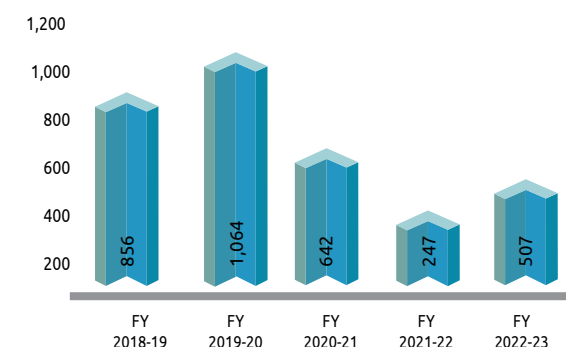
Revenue from operations (INR in Lakhs)



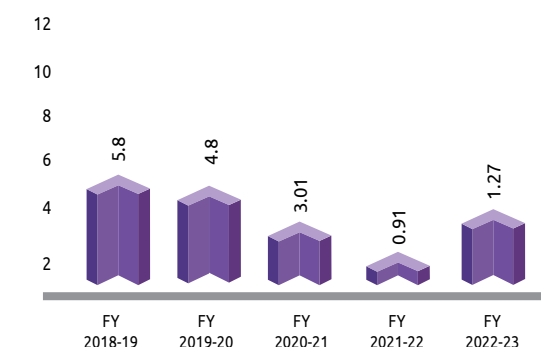
PBT (INR in Lakhs)



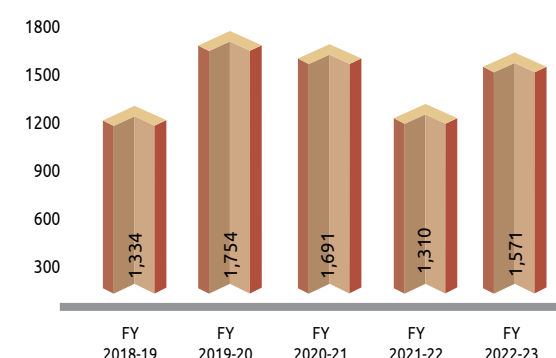
PAT (INR in Lakhs)



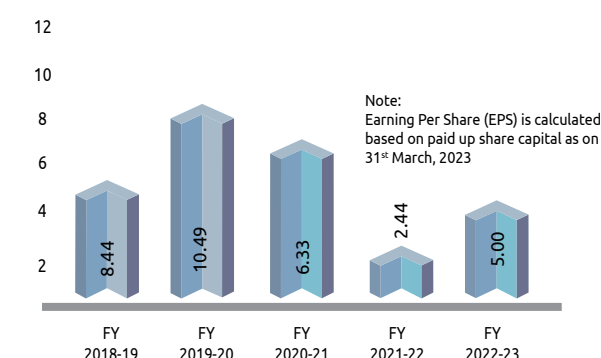
PAT (%)



EBIDTA (INR in Lakhs)

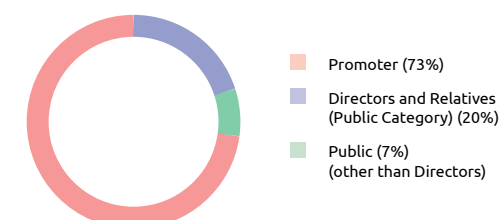


EPS (INR)



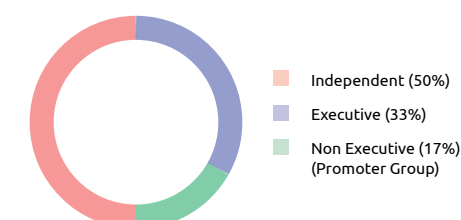
Shareholding Pattern (31st March, 2023)

% of Total Capital



Board Composition (31st July, 2023)

Composition of the Board



LEADERSHIP SPOTLIGHT

OUR EMINENT BOARD OF DIRECTORS

Dr Chereddi Ramachandra Naidu

Serving as our Executive Chairman, Dr. Chereddi Ramachandra Naidu holds a Master's Degree in Sociology and a Doctorate in Commerce and Management. With a distinguished IPS career, he retired in 2007 as the Inspector General of Police in the erstwhile combined Andhra Pradesh State. Throughout his four decades of service in uniform, Dr. Naidu amassed an extensive range of expertise, notably in HR management, industrial relations, strategy, and project management. He's a published author, with his book titled 'Preventive Powers of Police' being published by the AP Police Academy. His guidance and insights continue to inspire and drive our organization forward.

Mr Srikanth Kodali

A true first-generation entrepreneur and Kapston's Promoter and Managing Director, Mr. Srikanth Kodali has guided the company's journey from its inception. With a Commerce degree and a wealth of experience, he has managed diverse aspects including facilities management, security services, and staffing services. As an Executive Director, he has been a driving force behind Kapston's rapid growth, playing a pivotal role in formulating business strategies, development, and client management.

Mr Nageswara Rao Koripalli

Retiring in 2018 from the IRS as Principal Director of Income Tax (Investigation) for Telangana and Andhra Pradesh, Mr. Koripalli also served as a Special Director in the Enforcement Directorate. Holding a Masters' degree in Science and an LLB degree, his 33-year career encompasses Indian Income Tax laws, accountancy, audit, corporate

governance under the (Indian) Companies Act, and statutes like FERA, FEMA, PMLA, Benami Properties Act, and Black Money Act. His presence enriches Kapston's governance with insights drawn from an illustrious career.

Ms Kanti Kiran Doddapaneni

Ms. Kanti Kiran Doddapaneni, a Promoter and Non-Executive Director at Kapston, brings a diverse educational background to her role. She holds a Bachelor's Degree in Science from Osmania University and has further enriched her knowledge with a Master's Degree in Arts from the University of Hyderabad. Her multifaceted educational journey adds depth to her contributions to Kapston's endeavors.

Ms Vanitha Nagulavari

Ms. Vanitha Nagulavari, an Independent Director, brings a wealth of expertise to Kapston. A Commerce graduate and an Associate Member of the Institute of Company Secretaries of India (ICSI), she possesses over a decade of valuable experience in legal, secretarial, and capital markets. Her versatile background enriches the board's insights and augments Kapston's governance.

Mr Naveen Nandigam

Mr. Naveen Nandigam, an Independent Director, brings a wealth of financial expertise to Kapston's board. A Fellow Member of the Institute of Chartered Accountants of India (ICAI), he has been in professional practice since 1990, boasting considerable proficiency in financial reporting and management. His association with Kapston since February 2018 has further fortified the company's financial governance and strategic insights.



A SNAPSHOT OF OUR SENIOR MANAGEMENT

Kapil Sood, Chief Financial Officer

With more than two decades of expertise in fields like Accounting, Corporate Finance, and Taxation, he is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of India.

Kalluru Manaswini, Company Secretary

Ms. Kalluru Manaswini is the Company Secretary and Compliance Officer of Kapston Services Limited. She is an Associate Member of Institute of Company Secretaries of India (ICSI), and also holds Master's degree in Law.

Haraprasad Panda, President

Mr. Haraprasad Panda brings 25 years of multifaceted experience in fields ranging from Corporate Services to e-governance. An MBA by training, he is affiliated with prestigious industry organizations such as CII, RICS, and IFMA.

Vishnu Mora, Chief Operating Officer – IFM Services

With more than two decades of experience in the industry, Mr. Vishnu Mora specializes in Facilities,

Property, and Construction Management. Beyond operations, he plays a pivotal role in business development and client relation.

Kodali Chitra, Head HR

Ms. Kodali Chitra brings 22 years of HR expertise from sectors like Manufacturing to Healthcare. Specializing in Talent Acquisition, Digital HR, and Talent Management. She is a gold medalist in MBA and a Law graduate. She formulates HR strategies aligned with the organization's strategic goals, notably in succession planning and performance management.

Mr. Srinivas Chellampalli, General Manager (Operations - Security)

Mr. Srinivas Chellampalli is a commerce graduate having experience of more than two decades in Security Services industry.

Mr. PSRVSS Raju - General Manager (Operations - Soft Services)

Mr. PSRVSS Raju is a commerce graduate having experience of more than 15 Years in Soft Services industry



Chairman's Message

Dear Shareholders,

I am happy to inform you that our Company has achieved an impressive performance during the financial year 2022-23. With a remarkable 47% growth and a turnover of Rs 401 Crores we have achieved the best results in the recent years. This achievement is the result of the untiring efforts of our dedicated employees and continuous support from all stakeholders.

The continued growth and expansion have benefited the company and also positively impacted the financial well-being of our employees and their families. Additionally, the strong performance of our shares in the stock market has added value to our esteemed shareholders.

Kapston Services Limited has emerged into a formidable and trusted brand in the service sector. We have constantly diversified and brought in more services under our umbrella viz., General Staffing, Security, Housekeeping, Engineering, IT Staffing. This ability to bring more for our clients keeps us among the favourites in the market. With the anticipated growth of the industry, we hope to do very well in the future.

In response to the evolving needs of our valued customers, we have continually tailored our services to provide the best in quality service. As a result, we have gained the confidence and goodwill of our customers, thus establishing long-term working relationships. Five years down the line, we see ourselves as an active contributor to staffing and facility management segment, nationwide and expand our foot print on a global platform.

I extend my heartfelt appreciation to our leadership teams and middle management for their commendable efforts in building and diversifying the company's strengths, positioning us as a leading manpower services brand in the country.

Social Responsibility:

As we thrive on the business front, we recognize our responsibility towards contributing to the society. There upon, we have undertaken projects in the areas of health, rural development, education for underprivileged children. We are keen to engage more extensively with the community in the future.

Finally, I am grateful to all our employees, stakeholders, and investors for their unwavering trust and support. I wish you and your families the very best.

Dr Chereddi Ramachandra Naidu
Executive Chairman

“
Our continued growth and expansion have benefited the company and also positively impacted the financial well-being of our employees and their families.
”

Managing Director's Message



Dear Shareholders,

I am delighted to share with you the successful conclusion of another remarkable year for Kapston. Our consistent dedication and hard work, coupled with the support of all stakeholders, have led to improved results despite the intensifying competition.

The total revenue has grown by over 47%, while the net profit soared by 138% in FY23 over FY22. Our company has successfully established momentum across all the business sectors in which we operate. Our recent rebranding efforts have proven to be highly effective, gaining significant traction strengthening our presence in the fields of Security Services, General Staffing, and Training. Furthermore, we are actively expanding our operations to encompass additional geographical locations within the country, further strengthening our footprint in the market.

At Kapston Services Limited, our primary focus is to create a significant impact through our top-notch services. We maintain a strong commitment to embracing innovation and staying attuned to market trends, consistently staying ahead of the curve to ensure we exceed expectations.

In a strategic move to bolster our new lines of business, we have recruited industry experts who bring a wealth of experience to our team. Specifically, our staffing vertical has been reinforced with seasoned professionals specializing in training, talent acquisition, payroll management, and HR auditing. This strategic hiring enables us to leverage our core competencies effectively and positions us for substantial revenue growth in the coming months.

Moreover, the company has introduced Recruitment Process Outsourcing (RPO) and actively participates in the National Apprenticeship Promotion Scheme (NAPS).

The Indian government's substantial investments in infrastructure projects, renewable energy initiatives, and housing developments have played a crucial role in driving the economy forward. Additionally, there is a notable surge in the hospitality and tourism sectors, further enhancing the landscape of opportunities available to us. These developments present us with exciting prospects for growth and expansion.

The increasing number of multinational companies setting up extensive office spaces in select Indian cities, the urge to migrate units to India as well as the flourishing startup ecosystem, are opening new avenues of opportunity for us. Additionally, the growing demands from tier-2 and tier-3 cities, are rapidly increasing demand for Staffing, Security & IFM services in the country.

According to industry trends, the private security market has experienced rapid growth over the past 5-7 years. Indian facility management services market is projected to grow at a compound annual growth rate (CAGR) of 17%-20% over the period 2023-2028. Currently, this industry is highly fragmented and dominated by small, unorganized players. The main sectors contributing to the growth of this market are IT, BFSI, manufacturing, defense and aerospace, real estate, and logistics.

India's demographic dividend, characterized by a large and youthful workforce, positions the country as an appealing market and an emerging economic powerhouse. Our company is well-positioned to cater to the specific requirements of various sectors, and we aim to transform into a trusted and resilient Staffing Solutions company.

Our business centers are well equipped for training, ensuring our workforce hones necessary skills to deliver outstanding services. Furthermore, we have expanded our operations to encompass new states, allowing us to tap into new markets and broaden our reach.

Our innovative staffing solutions would address dynamic needs to higher degrees of perfection in both the IT and non-IT sectors. Be it short term assignments, seasonal placements or workforce management programs, we would bring the right talent with niche skills, that will strengthen the drive to excellence

Last but not the least, various organizations, including Kapston resorted to Digitization since the pandemic, perhaps the only positive outcome of the grim period. Though the transition to automation was inevitable, there are segments and processes that still require human intervention. Complete automation may seem like the need of the hour; however, a hybrid work model is the best way forward. Meanwhile, I am pleased to see the inclination towards sustainability. The future lies in handling business frugally and invest in processes, people and technology by considering the socio-economic-environmental impact it would have. Being in the Human capital business, I iterate that technology and automation is not to be feared and rather must be embraced and adapted into our system. An eco-system must be created to have both humans and automation perform alongside in order to have the best results.

Looking ahead, we are focused on enhancing our standing as a leading staffing solutions provider and are committed to provide exceptional services and maintain our reputation for quality and reliability in the industry. We are grateful for your continued support and trust in Kapston Services Limited.

Thank you,

Srikanth Kodali
Promoter and Managing Director

“
Our innovative
staffing
solutions
would address
dynamic needs
to higher
degrees of
perfection in
both the IT and
non-IT sectors.
”

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Chereddi Ramachandra Naidu IPS (Retd), *Chairman*
Mr. Srikanth Kodali, *Managing Director*
Mr. Naveen Nandigam, *Independent Director*
Ms. Kanti Kiran Doddapaneni, *Non- Executive Director*
Ms. Vanitha Nagulavari, *Independent Director*
Mr. Nageswara Rao Koripalli IRS (Retd), *Independent Director*

KEY MANAGERIAL PERSONNEL

Mr. Kapil Sood, *Chief Financial Officer*
Ms. Kalluru Manaswini, *Company Secretary and Compliance Officer*

STATUTORY AUDITORS

Mr. Rankireddy Srinivasu
NSVR & Associates LLP
Chartered Accountants
Firm Reg. No. 008801S/S200060

REGISTERED OFFICE

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

CORPORATE OFFICE

Plot No.75, Kavuri Hills, Madhapur, Hyderabad, Telangana-500034

INTERNAL AUDITOR

Ms. K Sravanthi
Chartered Accountant
Membership Number: 239567

SECRETARIAL AUDITOR

VCAN & Associates
Practising Company Secretaries
Mr Ajay Naga Chowdary Vemuri
C.P NO. 15460

REGISTRAR AND TRANSFER AGENT

Bigshare Services Private Limited
06, Right Wing, 3rd Floor, Amrutha Ville, Opp.Yashoda Hospital,
Somajiguda, Rajbhavan Road, Hyderabad - 500082

INVESTOR CELL CONTACT DETAILS

cs@kapstonservices.com

Management Discussion and Analysis Report

Global Economy

The global economy has seen a slow down, according to the baseline forecast, growth is expected to decline from 3.4 per cent in 2022 to 2.8 per cent in 2023 before stabilizing at 3.0 per cent in 2024. Advanced economies are projected to experience a notable slowdown in growth, dropping from 2.7 per cent in 2022 to 1.3 per cent in 2023. In an alternative scenario involving additional financial sector stress, global growth is anticipated to decline to around 2.5 per cent in 2023, with advanced economies seeing growth rates below 1 per cent.

In the baseline projection, global headline inflation is predicted to decrease from 8.7 per cent in 2022 to 7.0 per cent in 2023, mainly due to lower commodity prices. However, underlying (core) inflation is expected to decline at a slower pace. In most cases, inflation is unlikely to return to the target before 2025.

Global trade continues to face pressures stemming from geopolitical tensions, weakening global demand, and stricter monetary and fiscal policies. The volume of global trade in goods and services is forecasted to grow by 2.3 per cent in 2023, which is significantly below the pre-pandemic trend.

The Challenges presented by global economic outlook are to be addressed diligently by controlling higher inflation and bringing global economy back on higher growth path.

However, Asian economies continue to do better than the global economy.

Indian Economy

In 2023, India's GDP has reached an impressive \$3.75 trillion, a significant increase from approximately \$2 trillion in 2014. This remarkable growth has propelled India from being the 10th largest economy in the world to now occupying the 5th spot. India is widely recognized as a Bright Spot in the global economy.

The overall growth of the Indian economy remains robust. The real GDP has experienced an year-on-year growth of 7.2 per cent during the fiscal year 2022-23. This strong momentum has driven the Indian economy to reach \$3.3 trillion, setting the stage for achieving the ambitious target of \$5 trillion in the coming years.

Industry structure and developments

Staffing Services

The staffing services market in India is experiencing a remarkable growth rate of 14% year-on-year. It is poised to become one of the largest industries by 2030. The demand for contract staffing services primarily came from sectors such as FMCG, E-commerce, Manufacturing, Healthcare, Retail, Logistics, Banking, and Energy.

However, the IT staffing sector experienced a gradual slowdown in new employment creation starting from Q3 2022-23. This had a significant impact on the overall net employment growth in the staffing industry for that period. Factors contributing to this slowdown include ongoing geopolitical tensions, the impact of the Russia-Ukraine war, and turmoil in US financial markets. The IT industry initiated rightsizing efforts since the second half of the year, leading to caution in new employment generation across multiple sectors. The IT contract staffing industry, in particular, witnessed a sharp drop of -7.7% year-on-year.

The staffing industry as a whole is gradually adopting data and technology to streamline operations. Companies now utilize data to gain valuable insights and make informed decisions that align with their goals. Digitalization has also brought about a shift in the staffing process to assist both job seekers and end-users. This transformation poses a challenge to traditional staffing companies, urging them to adapt to the new ways in order to stay competitive.

Facility Management Services

The global Integrated Facilities Management (IFM) market size was valued at USD 109155.08 million in 2022 and is expected to expand at a CAGR of 7.27% during the forecast period (2023-2030), reaching USD 166299.5 million by 2028.

In India, The industry is expected to experience rapid growth in the forecast period of 2023-2028, with a projected CAGR of 17 percent. Several emerging trends are shaping the field of facilities management, including smart building technology, energy efficiency, sustainability, predictive maintenance, and flexible workspaces.

Security Services

The private security services market is experiencing significant growth worldwide. It is estimated to grow by \$56.33 billion during the period of 2022-2026, with a compounded annual growth rate (CAGR) of 4.81%.

In India, the private security industry holds the distinction of being the largest in the world. The sector has experienced remarkable growth in recent years and the demand for private security personnel, remains robust not only in the corporate sector but also in residential households and real estate complexes. Revenue is expected to show an annual growth rate (CAGR 2023-2028) of 8.27%.

Opportunities and Threats

Staffing Services

The staffing industry in India has been experiencing consistent growth of 14% per year. This growth trend shows no signs of slowing down, as the industry is currently undergoing a structural transformation. Employers are increasingly relying on flexible staffing to meet their business needs, while the regulatory environment in India is also becoming more favorable, making it easier for employers and staffing players to operate. The future of the staffing industry is closely linked to the job market in the country. Formalizing the non-farm sector is crucial to generate more job opportunities and promote stability in the staffing industry.

Although the gig economy is still in its early stages in India, it is expected to grow in the near future, similar to its growth in developed markets like the US. A recent study by McKinsey suggests that up to 20-30% of the workforce in developed markets is engaged in independent work. Technological advancements will play a significant role in shaping the staffing industry. Staffing companies will need to invest in automation and technology to improve operational efficiencies and enhance the hiring and recruitment process. In the highly competitive staffing industry, specialization can be a key strategy to improve time to hire or “speed to candidate.” By focusing on a specific niche, staffing firms can leverage their expertise to provide faster and more effective solutions compared to relying solely on technology. While technology can benefit everyone, specialized players have more flexibility and knowledge in their respective domains.

The overall challenges in the job market, such as generating enough employment opportunities, can impact the demand for staffing services. Competition is another threat to consider, as the industry is likely to face increasing competition from traditional players as well as new entrants. Additionally, disruptive technologies and business models could pose a threat to established staffing companies if they fail to adapt and embrace innovation. Lastly, the availability of skilled talent is crucial for the success of the staffing industry.

Facility Management Services

The facility management services sector is witnessing significant growth due to multiple factors. Not only are buildings becoming smarter with each passing year, but there is also increasing pressure to invest in sustainability due to new legislation. Additionally, building users now have new types of needs and expectations, driving the demand for workplaces that can meet these requirements. These factors, both directly and indirectly, contribute to the growth of the facility management (FM) industry.

Facility Management in India is experiencing a surge in popularity, driven by rapid urban development, a thriving construction sector, increased focus on green buildings, and a growing awareness of the benefits of outsourcing non-core business activities. This trend is expected to continue, with the market projected to grow at a healthy CAGR during the forecast period of 2023-2028.

The Facility Management industry is undergoing a gradual shift towards automated service delivery, with companies embracing technology-driven platforms. These technological advancements ensure that relevant data is collected, recorded, and analysed to enhance management efficiency. Moreover, integrating technology into buildings enables a more innovative Facility Management workforce, resulting in reduced downtime, maintenance costs, improved equipment and structure lifespan, optimized space flow and capacity, enhanced customer value, and more.

As the footprint of facility management expands, there is a growing demand for focused Engineering Services, including energy efficiency audits and Green Building concepts. Companies are increasingly utilizing technologies like Artificial Intelligence and the Internet of Things to improve their operational efficiency and effectiveness.

Overall, the Facility Management industry in India is witnessing substantial growth and embracing technological innovations to drive improvements in service delivery, cost-effectiveness, and sustainability. This trend

is expected to continue, further shaping the industry and creating new opportunities for innovation and efficiency in the future.

Security Services

The Private Security Sector has emerged as a significant industry, employing a large workforce, both skilled and unskilled, to cater to the increasing demand from the corporate sector. The deployment of specialized personnel and security systems plays a crucial role in preventing and managing security risks, including accidents and incidents, to ensure smooth operations in various public and private spaces. Security measures and systems are essential for maintaining safety and security in public places such as airports, railway and metro stations, shopping malls, hotels, and public utilities, as well as in industrial complexes, commercial spaces, offices, and residential blocks.

The industry has experienced remarkable growth in the past 6-7 years, with a notable compound annual growth rate (CAGR) of over 25%. There are currently around 15,000 operating companies in the sector, both organized and unorganized. The industry boasts a workforce of over 10 million private security guards, surpassing the number of police officers, which contributes significantly to the industry’s growing demand.

In conclusion, the Private Security Sector plays a vital role in meeting the security needs of various sectors, and its growth has been substantial in recent years. However, it is important to ensure that security personnel are fairly compensated for their services, considering the industry’s significant contribution to maintaining public safety and security.

Segment wise or product wise performance

Staffing Services

The staffing industry in India continues to experience impressive growth, with a notable 14% increase in the number of flexi workers during the 2022-23 fiscal year. This surge has expanded the overall contract workforce to an impressive 1.44 million, signifying the industry’s robust upward trajectory. A significant trend in 2023 is the focus on occupancy management, where companies prioritize data quality and technology investments to gain better insights into the workplace. This trend is particularly relevant in the era of hybrid work culture, where Wednesday is becoming the new Monday for many organizations.

Facility Management Services

Regarding sophistication and development, India is one of the largest markets for outsourced facility management services. Small local companies focus on single contracts and single-service solutions, while the region’s FM business operates with integrated contracts given by significant vendors from different continents. Given the changing dynamics in the region, there are more chances to combine facility management and corporate real estate in novel ways. Internet of Things (IoT) adoption quickly emerges as a major driver in FM soft services. IoT enables improved decision-making and work process optimization across various industry sectors by providing a continuous, real-time data stream.

Security Services

After 2 /2.5 Years of WFM (Work from Home) and RTO (Return to Office), now the new normal is Hybrid Model and we could see more than 70% people are working from Office. This has resulted in increasing demand for more Real Estate places and also increasing in demand for Man Guarding Security. However as we are growing in the Technology front, widening skill gap or talent shortage in certain industries or regions could limit growth opportunities and hinder the ability to meet client demands. In summary, the private security industry needs to prioritize the standardization of training and certification, invest in human capital development, and embrace technology to meet the evolving security challenges effectively and provide high-quality security services. Technology has crept into every aspect of our lives, including security. Technological evolution has completely transformed the security industry for the better.

Risks and Concerns

Staffing Services

With the rapid advancement of technology, there is a growing demand for professionals with specialized skills and expertise. This presents a challenge for staffing companies to keep up with the evolving technology landscape and ensure they can meet clients’ demands for talent in these areas. To address this challenge, staffing firms need to invest in training and upskilling their employees to stay updated with the latest technologies and industry trends.

Additionally, the slowdown in western countries has yet to impact the Indian market, although it has already affected certain prominent domains. The IT Staffing Industry, in particular, is playing a wait-and-watch game to assess the potential impact. Monitoring the situation and adapting to changing market conditions will be crucial for staffing companies to navigate potential risks and concerns arising from the global economic climate.

Facility Management Services

The supply of professionals that are able to handle large scale infrastructure projects is still relatively low (especially when it comes to technical services) in India, and hence keeping pace with the rapid growth the industry has to offer is a big challenge as even today majority of the professionals require thorough training and time to understand their role. On the other hand, although there is an abundance of unskilled manpower in the country, there are still two underlying problems that FM companies face. The first problem is training the unskilled manpower to adapt to systems and processes to run a professional FM service, and the second problem is the retention of manpower as the unskilled staff is highly prone to switching jobs.

Security Services

One of the significant concerns in the security services industry is the lack of standardization in the training and certification of private security personnel. It is crucial for the industry to adopt international standards to ensure that security personnel receive comprehensive training and are equipped to handle various security challenges effectively. In today’s rapidly evolving security landscape, private security personnel are expected to multitask and utilize technology to perform security, safety, and facilitation functions.

Skill development, reskilling, and upskilling are essential aspects that need to be addressed in the private security sector. Investing in the development of human capital and embracing technology are vital steps in preparing the industry to take on greater responsibilities. By focusing on enhancing the skills and knowledge of security personnel, the industry can provide better security services and adapt to changing security needs.

Furthermore, the adoption of standardized training and certification processes will ensure consistency and professionalism across the private security sector. This will not only enhance the competency of security personnel but also contribute to building trust and confidence among clients and the general public.

Outlook

Staffing Services

The organized staffing market in India is expanding beyond traditional skills, positions, and industries and is now gaining prominence in various sectors. Flexi jobs in employment, especially in key sectors like e-commerce, logistics, manufacturing, tourism and hospitality, FMCG, consumer durables, and healthcare, are becoming increasingly prevalent. While flexi staffing, or temporary staffing, is still in the nascent stage in India, the industry is maturing, and established players are starting to explore new offerings, invest in technology, enhance consultative selling capabilities, improve operational efficiencies, and establish a strong presence in relevant locations.

Facility Management Services

The facility management market in India is being propelled by the rapid population growth in the country. The increasing modernization and urbanization trends are also favouring market growth. The rising demand for office modernization and service streamlining is further supporting industry growth. The expanding real estate sector, driven by the construction of both residential and commercial properties such as business centres, offices, manufacturing units, and housing apartments, among other constructions, is particularly fuelling the growth of the integrated facility management segment. The importance of sustainability and ESG considerations in facilities management is on the rise. There is a growing focus on reducing energy consumption, conserving water, and minimizing waste.

Security Services

Deploying specialized personnel and systems to prevent and manage security risks and threats, including accidents and incidents, is crucial for ensuring peaceful operations at various locations. Therefore, it is essential to implement security measures and systems at public places such as airports, railways and metro stations, shopping malls and markets, hotels, public utilities, as well as industrial complexes, commercial spaces, offices, and residential blocks. Technology has continuously evolved and transformed services, leading to advancements in the private security market. Embracing automation is important as it allows us to adapt and work in conjunction with technology. However, it is important to recognize that no matter how advanced

automation becomes, it cannot fully replace human workers as there will always be a need for human involvement.

Internal control systems and their adequacy

The Management has laid down internal financial controls to be followed by the Company. The Company has adopted policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the 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 disclosures. The internal control system is commensurate with the nature of business, size and complexity of operations and has been designed to provide reasonable assurance on the achievement of objectives, effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Audit Committee of the Board oversees the internal audit function. The Audit Committee is regularly apprised by the internal auditors through various presentations. The internal audit function provides assurance to the Board that a system of internal control is designed and deployed to manage key business risks and is operating effectively.

- **Material developments in Human Resources / Industrial Relations front, including number of people employed**
 - i. The total number of personnel including Trainees and Apprentices were more than 17,000 as on March 2023 as compared to 13,615 as on March 2022.
 - ii. The back office or ‘Non Billable’ staff strength were 348 as on March 2023 as compared to 355 as on March 2022.
- **Discussion on financial performance with respect to operational performance**
 - A. Revenue: Revenue grew by 47% to INR 401 Lakhs as compared to the previous financial year. Our company has registered significant growth in the revenue over the previous year.
 - B. EBITDA: Correspondingly, EBITDA levels have increased by 20% from INR 1309.83 in FY 2022 to INR 1570.79 in FY 23.
 - C. Finance Costs: Finance costs increased to INR 905.52 Lakhs from INR 665.38 Lakhs on account of higher working capital utilization due to growth in business.
 - D. Depreciation: Depreciation costs decreased by INR 115.28 Lakhs.
 - E. Taxation during the year, the Company continued to avail the benefit of Section 80JJAA of the Income Tax Act, 1961 as well as a Deferred Tax Asset on account of time line differences on Depreciation between IT Act & Companies Act, pursuant to which the Tax income is INR 272.16 Lakhs in FY 2023 as against tax expense of INR 148.57 Lakhs in FY 2022.

- **Ratio Analysis**

Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Particulars	2022-2023	2021-2022
Debtors Turnover (No. of Times)	4.03	3.46
Inventory Turnover (No. of Times)	1.87	1.67
Interest Coverage Ratio (No. of Times)	1.31	1.23
Current Ratio (No. of Times)	1.43	1.47
Debt Equity Ratio	1.54	1.49
Operating Profit Margin (%)	2.87	2.82
Net Profit Margin (%)	1.28	0.91
Return on Net Worth (%)	9.04	4.74

Board's Report

Dear Members,

The Board of Directors ("Board") of Kapston Services Limited (Formerly known as Kapston Facilities Management Limited) ("Kapston" or "Company") have immense pleasure in presenting the Fifteenth Annual Report on the business and operations of your company together with the Audited Financial Statements for the financial year ended 31 March 2023.

1. FINANCIAL HIGHLIGHTS

The summarized Financial Statements of your Company are given in the following table below:

(INR in Lakhs)

Particulars	2022-23	2021-22
Revenue from Operations	39896.37	27,224.96
EBITDA	1570.79	1309.83
Less: Finance Costs	905.52	665.38
Less: Depreciation and amortization expenses	430.40	545.68
Profit before prior period items	234.87	98.77
Prior period items	--	--
Profit before tax	234.87	98.77
Less: Current Tax	--	--
Deferred Tax	(272.16)	(148.57)
Profit Available for appropriations/Loss	507.03	247.34
Basic Earnings per Share (Rs.)	5.00	2.44
Diluted Earnings per Share (Rs.)	5.00	2.44
Paid up share capital (face value of INR 10 each)	1014.41	1014.41

A detailed performance analysis on various segments, business and operations were provided in the Management Discussion and Analysis Report which is annexed to this report.

2. STATE OF AFFAIRS / COMPANY'S PERFORMANCE

The Company is a provider of various Manpower Solutions which includes General Staffing, Security Services, Integrated Facilities Management Services and IT Staffing Services as per client's requirements.

The Company recorded a total income including other income at INR 40103.68 Lakhs (Previous Year INR 27,277.77 Lakhs) up by 47.02%; The Profit before Tax stood at INR 234.87 Lakhs (Previous year INR 98.77 Lakhs) up by 137.8%; and the Net Profit after Tax and other comprehensive income at INR 511.85 Lakhs (Previous year INR 264.28 Lakhs) up by 93.68%.

3. DIVIDEND

The Board of Directors of the Company has not recommended Dividend for the financial year ended 31 March 2023.

4. LISTING OF EQUITY SHARES

The security name of the Company on National Stock Exchange of India Limited is Kapston Services Limited and NSE scrip symbol is 'KAPSTON'.

The Company migrated from SME Platform of NSE i.e., NSE Emerge to Main Board of NSE. The Equity shares of the Company are listed on the Main Board of "National Stock Exchange of India Limited" (NSE) with effect from 27th May, 2020.

It may be noted that there are no payments outstanding to the Stock Exchanges by way of Listing Fees. The company has paid the listing fee for the financial year 2022-23.

5. TRANSFER TO RESERVES

For the financial period under review, your Company has proposed not to transfer any amount to the General Reserves.

6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 124 of Companies Act, 2013 are not applicable as the Company has not completed seven years from the date of declaration of dividend.

7. SHARE CAPITAL

During the period under review, there has been no change in the Authorised Share Capital of the Company. The Authorized Share Capital of the Company is INR 11,50,00,000 /- (Rupees Eleven Crores and Fifty Lakhs only) divided into 1,15,00,000 (One Crore Fifteen Lakhs only) equity shares of INR 10/- (Rupees Ten only) each.

During the period under review, there has been no change in the Paid up share capital structure of the Company. The Paid Up Capital is INR 10,14,40,610/- (Rupees Ten Crore Fourteen Lakhs Forty Thousand Six Hundred and Ten Rupees Only) divided into 1,01,44,061 (One Crore One Lakh Forty Four Thousand Sixty One) equity shares of INR 10/- (Rupees Ten only) each.

The Company has not issued any shares with differential rights and hence no information as per the provisions of Section 43(a)(ii) of the Companies Act, 2013 (hereinafter referred as "the Act") read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished and the Company has not issued any stock options to its employees.

8. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Your Company has not given any Loans / Guarantees and not made any Investments during the financial year 2022-23, as specified under the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

9. DEPOSITS

During the year under review, the Company has neither invited nor accepted deposits from the public/ members under Section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

During the financial year under review all transactions with the related parties are in compliance with the provisions of section 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

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

11. RISK MANAGEMENT

Risk management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events to maximize the realization of opportunities. The company has initiated a process of preparing a comprehensive risk assessment and minimization procedure. These procedures are meant to ensure that executive management controls risk by way of a defined framework. The major risks are being identified by the company and its mitigation process/measures being formulated in areas of operations, recruitment, financial processes and reporting, human resources and statutory compliance.

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

Other than those mentioned in this Report, there has been no material changes and commitments, affecting the financial position of your Company having occurred between the end of the financial year to which the financial statements relate and the date of this Report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

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

The Company is committed to provide a safe and conducive work environment to its employees and has zero tolerance towards any actions which may fall under the ambit of sexual harassment at the workplace. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Policy aims to promote a healthy

work environment and to provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto.

The policy on prevention of sexual harassment is available on the website of the company at <https://kapstonservices.com/wp-content/uploads/2023/06/Policy-for-prevention-of-Sexual-Harassment-n.pdf>

An Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, has been constituted to enquire into complaints, and to recommend appropriate action, wherever required in compliance with the provisions of the Act. All employees (Permanent, Contractual, temporary, trainees) are covered under this policy.

- a. number of complaints filed during the financial year – NIL.
- b. number of complaints disposed of during the financial year – NOT APPLICABLE.
- c. number of complaints pending as on end of the financial year - NIL.

14. MEETINGS OF THE BOARD

During the year, 4 (Four) Board meetings were convened and held. Details of the number of meetings of Board of Directors and committees thereof and the attendance of the Directors in such meetings are provided under the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

15. COMMITTEES OF THE BOARD

Detailed composition of the Board committees, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report, which forms a part of this Report.

16. CORPORATE GOVERNANCE

A detailed report on Corporate Governance, pursuant to the requirements of Regulation 34 of the Listing Regulations, forms part of the Annual Report. A certificate from VCAN and Associates, Practicing Company Secretaries, Hyderabad, confirming compliance to conditions of Corporate Governance, as stipulated under the Listing Regulations, is annexed to the Corporate Governance Report **Annexure I**, which forms part of this Annual Report.

17. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

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

Criteria for selection of Non-Executive Director

- The Non-Executive Directors shall be of high integrity with relevant expertise and experience in the fields of Service Industry, Marketing, Finance, Taxation-Law, governance and general management.
- In case of appointment of Independent Directors, the committee shall satisfy itself with regard to the criteria of independence of the directors vis-à-vis the company so as to enable the board to discharge its function and duties effectively.
- The committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The committee shall consider the following attributes, whilst recommending to the board the candidature for appointment as a director:
 - Qualification, expertise and experience of the directors in their respective fields.
 - Personal, professional or business standing.
 - Diversity of the Board.
 - In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Directors and their engagement level.

Remuneration

The Non-Executive Directors shall not be entitled to receive remuneration except by way of sitting fees, reimbursement of expenses for participation in the board/committee meetings and commission. The

Independent Director of the company shall not be entitled to participate in the Stock Option Scheme of the company. The aggregate commission paid to the Non-Executive Directors, if any is within the statutory limit of the company.

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

For the purpose of selection of the Managing Director, Executive Director, Company Secretary and Chief Financial Officer, the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position.

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

Remuneration to Managing Director and Executive Director

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

Remuneration Policy for the Senior Management Employees including CFO & CS

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

- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
- (ii) there is a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals

The policy relating to remuneration of Directors, Key Managerial Personnel, Senior Management and other employees is available on the website of the Company <https://kapstonservices.com/wp-content/uploads/2023/06/Nomination-and-Remuneration-Policy-n.pdf>

18. BOARD EVALUATION AND ASSESSMENT

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

The performances of the Independent Directors were evaluated by the Board after seeking inputs from all the Directors on the effectiveness and contribution of the Independent Directors.

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

The Board reviewed the performance of the individual Directors on the basis of the contribution of the individual Director.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Directors also assessed the quality, frequency and timeliness of flow of information between the Board and the management that is necessary for effective performance.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL

• Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Associations of the Company, Dr. Ramachandra Naidu Cherredi (DIN: 02096757), retires by rotation

at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for reappointment. The Board recommends his re-appointment.

- **Appointment of Directors as on the Date of Report**

During the year under review, Mr. Naveen Nandigam (DIN: 02726620) has been re-appointed as an Independent Director for the second term of 5 consecutive years with effect from 22nd February, 2023.

- **Re-Appointment of Independent Director**

Ms. Vanitha Nagulavari (DIN: 07271674) is completing her term as an Independent Director on 29th August, 2023. The board on the recommendation of Nomination and Remuneration Committee is of the opinion to reappoint Ms. Vanitha Nagulavari (DIN: 07271674) as an Independent Director for a second term of Five (5) Years pursuant to the approval of Shareholders in the ensuing Annual General Meeting.

- **Re-Appointment of Managing Director**

The Company has appointed Mr. Srikanth Kodali (DIN 02464623) as Managing Director for a period of three years with effect from 29th January, 2021. The term of Mr. Srikanth Kodali (DIN 02464623) shall expire on 28th January, 2024. The Board on the recommendation of Nomination and Remuneration Committee has proposed the re-appointment of the Managing Director shall be made earlier than before the expiry of his term in the ensuing Annual General Meeting of the Company.

- **Appointment and Resignation of KMP**

During the year under review, Mr. Srikanth Kodali, Managing Director, Mr. Kapil Sood, Chief Financial Officer, Ms. Kalluru Manaswini, Company Secretary are the Key Managerial Personnel of the Company in accordance with the provisions of Section(s) 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014.

20. **DECLARATION BY THE INDEPENDENT DIRECTORS**

The Company has received declarations from the Independent Directors that they meet the criteria of independence as prescribed under Section 149(6) of the Act along with rules framed thereunder and Regulation 16(1)(b) and 25 of the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164(2) of the Act and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

21. **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Act, the Board of Directors, to the best of their knowledge and information and explanations received from the Company, confirm that:

- a) in the preparation of the accounts for the year ended 31 March 2023, the applicable standards have been followed and there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2023 and of the loss of the Company for the year under review;
- c) they 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;
- d) they have prepared annual accounts of the Company on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

22. **EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the financial year ended 31 March 2023 can be accessed at <https://kapstonservices.com/investors/#annual-return-and-notice>

23. **CORPORATE SOCIAL RESPONSIBILITY**

The Company believes in building and maintaining a sustainable societal value, inspired by a noteworthy vision to actively participate, contribute and impact not just individual lives but create a difference on a social level as well.

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the CSR Committee.

The Board has adopted the CSR Policy, as formulated and recommended by the CSR Committee, and is available on the Company's website at <https://kapstonservices.com/wp-content/uploads/2023/06/CSR-Policy-n.pdf>

The disclosure of contents of CSR policy pursuant to provisions of Section 134(3)(o) of Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed herewith as **Annexure II** to the Board's Report.

24. **PARTICULARS OF EMPLOYEES**

The information relating to remuneration and other details as required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is provided as an **Annexure III** to this report.

There are no employees who draw remuneration in excess of the limits prescribed in Rule 5(2)(i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Pursuant to the provisions of the first proviso to Section 136(1) of the Act, the annual report excluding the remuneration details of top ten employees is being sent to the Members of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

25. **MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming a part of the Annual Report.

26. **STATUTORY AUDITORS**

M/S NSVR and Associates LLP, Chartered Accountants, (Firm Registration No.0008801S/S200060), Statutory auditors of the company were appointed for a period of five years by the shareholders of the Company to hold office from the conclusion of the 14th Annual General Meeting till the conclusion of 19th Annual General Meeting.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from the Auditors to their continued appointment and also a certificate from them to the effect that their existing appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and rules made thereunder.

The Board has duly examined the Statutory Auditors' Report to the financial statements, which is self-explanatory. The Auditors report for Financial Year 2023 does not contain any qualification, reservation or adverse remark for the year under review. The Auditor's Report is enclosed with the financial statements in this Annual Report. During the year under review, the Auditors have not reported to the Audit Committee any instances of fraud committed against the Company by its officers or employees under Section 143(12) of the Act and therefore no details are required to be disclosed under Section 134(3) (ca) of the Act.

27. **SECRETARIAL AUDITOR**

M/s VCAN & Associates, Company Secretaries were appointed as Secretarial Auditors to conduct Secretarial Audit of the Company and have submitted the Secretarial Audit Report for the year ending 31 March 2023 which is annexed to this Board's Report as **Annexure-IV**.

As per amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in addition to the above mentioned Secretarial Audit Report, listed company is also required to obtain an Annual Secretarial Compliance Report from a practicing Company Secretary w.r.t. the compliances of all applicable SEBI Regulations, amendments, circulars or guidelines etc. by the Company. Accordingly, the same has been obtained and filed with the concerned Stock Exchanges.

Further pursuant to SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, read with Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) (Amendment) Regulations, 2018, the Company is required to obtain a certificate from Practicing Company Secretary that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

The said Certificate has been obtained from the M/s VCAN & Associates, Company Secretaries, which is annexed to this Board's Report as **Annexure- IA**

Pursuant to Section 204 of the Companies Act, 2013, M/s VCAN & Associates, Company Secretaries have been appointed as Secretarial Auditors to conduct Secretarial Audit of the Company for the financial year ending 31 March 2024.

28. COST AUDIT

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act, is not required by the Company and accordingly such accounts and records are not made and maintained.

29. INTERNAL AUDITOR

The Board, on the recommendation of the Audit Committee, in its meeting had approved the appointment of Ms. Sravanthi Karuturi, Chartered Accountant (M No- 239567) as the Internal Auditors of the Company for Financial year 2022-2023 to conduct the internal audit, which is reviewed each year in consultation with the Audit Committee. On a quarterly basis also, Internal Auditors give presentations and provide a report to the Audit Committee of the Company.

The Board based on the recommendation of the Audit Committee, has appointed TAN & Associates, Chartered Accountant (Firm Registration No. 024082S) as the Internal Auditors for the financial year 2023-2024.

30. POSTAL BALLOT

The Company has conducted the Postal Ballot for reappointment of Independent Director of the Company during the year under review. The details have been provided in the Corporate Governance report.

31. INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

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

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

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board has approved the code of conduct for prohibition of insider trading and the same is being implemented by the Company.

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

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

33. VIGIL MECHANISM

In compliance with Section 177(9) of the Act and Regulation 22 of the Listing Regulations, the Company has a Whistle Blower Policy and has established the necessary vigil mechanism for Directors and employees in confirmation with the above laws, to report concerns about unethical behaviour.

The details of the Policy is also available on the website of the Company <https://kapstonservices.com/wp-content/uploads/2023/06/Whistle-Blower-Policy-n.pdf>

The policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about leakage of unpublished price sensitive information (UPSI), illegal and unethical behaviour to the Chairman of the Audit Committee.

34. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION

Considering the nature of activities of the Company, the provisions of Section 134(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, Research and Development, Technology Absorption are not applicable to the Company.

35. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

36. COMPLIANCE WITH THE ICSI SECRETARIAL STANDARDS

Pursuant to the provisions of Section 118 of the Act, the Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI") and notified by the Ministry of Corporate Affairs ("MCA").

37. DISCLOSURE OF ACCOUNTING TREATMENT

The Company in the preparation of financial statements has followed the treatment laid down in the Accounting standards prescribed by the Institute of Chartered Accountants of India. There are no audit qualifications on the Company's financial statements for the year under review.

38. OTHER DISCLOSURES

- The Company does not have any subsidiary or group or associate company, therefore standalone financial statement is presented.
- There are no applications made or any proceeding pending against the Company under Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.
- There are no instances of one-time settlement during the financial year.

Various policies as approved by the Board of Directors in accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 is hosted on the company's website at <https://kapstonservices.com/investors/#policies>

39. ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, various State Governments and Company's Bankers and advisors for the valuable advice, guidance, assistance, co-operation, and encouragement they have extended to the Company from time to time. The Directors also take this opportunity to thank the Company's Clients, partners, investors, Employees and all other Stakeholders, Regulators and Stock Exchange(s) for their consistent support to the Company.

For and on behalf of the Board
Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)

Sd/-
Dr. Chereddi Ramachandra Naidu
Chairman
DIN: 02096757

Date : July 31, 2023
Place : Hyderabad

CORPORATE GOVERNANCE REPORT

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

The Directors present the Company’s Report on Corporate Governance for the year ended 31 March 2023, in compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The Company’s shares are listed on:

S. No	Name of the Stock Exchange	Date of Listing
1	National Stock Exchange of India Limited	27.05.2020

Kapston Services Limited (Formerly known as Kapston Facilities Management Limited) which was originally listed on NSE Emerge w.e.f 4th April, 2018 has migrated to Main Board of National Stock Exchange of India Limited with effect from 27th May, 2020.

CORPORATE GOVERNANCE PHILOSOPHY

The Corporate Governance principles of Kapston Services Limited (Formerly known as Kapston Facilities Management Limited) (“Kapston” or “Company”) are designed to promote a way to sustainable growth, enabling the Company to outperform its business operations in a fair, transparent and ethical manner. It provides a strong framework that defines the roles, rights, and responsibilities of different groups within the organization.

KAPSTON is committed in doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. Our Code of Business Conduct and Ethics is an extension of our values and reflects our continued commitment to ethical business practices across our operations. This philosophy is further strengthened by its adoption of the Code of Conduct for the Board members and senior management, the Board process, Code of Conduct for the Prevention of Insider Trading and the Code for Fair Disclosure.

The Company has complied with the requirements of corporate governance in accordance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD OF DIRECTORS

(i) The Board is the focal point and custodian of corporate governance for the Company. The Company recognizes and embraces the benefits of having a diverse Board as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible, will be balanced appropriately.

(ii) **The size and composition of the Board as on 31st March 2023 is as under:**

As on 31st March 2023, the Company has 6 (six) Directors. Out of 6, 3 (three) (i.e. 50%) are Independent, Non-Executive, 1 (One) is Non-Independent, Non-Executive and 2 (two) are Executive Directors.

None of the Directors held Directorship in more than 7 (seven) listed companies. Further, none of the Independent Directors of the Company served as an Independent Directors in more than 7 (seven) listed companies. None of the Independent Directors serving as a whole-time director/managing director in any listed entity serves as an Independent Director of more than 3 (three) listed entities.

None of the Directors held directorship in more than 20 (twenty) Indian companies, with not more than 10 (ten) public limited companies.

None of the Directors is a member of more than ten committees or chairperson of more than five committees across all the public limited companies in which he/she is a Director.

All IDs of the Company have been appointed as per the provisions of the Companies Act, 2013 (the Act) and Listing Regulations. The Chairman of the Company is a Executive Director (Non-Promoter)

Classification of Category of Board as on 31 March 2023

Category	No. of Directors
Promoter, Executive Director	1 (One)
Promoter, Non-Executive Director (NED)	1 (One)
Non-promoter, Executive Director (Chairman)	1(One)
Non-Executive, Independent Directors	3 (Three)
Total	6 (Six)

(iii) The composition of the Board is in compliance with the requirements of Regulation 17 of the Listing Regulations read with Section 149 and 152 of the Act. The profile of the Directors can be accessed on our website at <https://kapstonservices.com/investors/#board-committees>

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

Board meetings are scheduled as required under the Listing Regulations, the Act and the Rules made thereunder and as required under business exigencies. The Board met four (4) times during the year under review and the gap between two consecutive meetings did not exceed one hundred and twenty days as stipulated under Section 173(1) of the Act and Regulation 17(2) of the Listing Regulations and the Secretarial Standards issued by The Institute of Company Secretaries of India (“ICSI”).

These meetings were held on:

- 1. 20-05-2022
- 2. 10-08-2022
- 3. 11-11-2022
- 4. 09-02-2023

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

a) **Attendance of each director at the Board meetings held during the year 2022-2023 and at the last Annual General Meeting:**

S. No.	Name of the Director	Category	No of Board Meetings during the Year 2022-2023		Attendance at AGM held on September 23, 2022	1No. of Directorships held in other Companies	2No. of Committee positions held		No of shares held in the Company	Directorship in other Listed Companies
			Held	Attended			Chairmanship	Membership		
1	Dr. Cherreddi Ramachandra Naidu	Chairman, ED (Non-Promoter)	4	4	Yes	2	0	0	641200	-
2	Mr. Srikanth Kodali	MD (Promoter)	4	4	Yes	NIL	0	2	7203693	-
3	Mr. Naveen Nandigam	NED (I)	4	4	Yes	2	2	2	2800	Avantel Limited
4	Mrs. Vanitha Nagulavari	NED (I)	4	3	Yes	2	0	2	16200	Genesis IBRC India Limited
5	Mrs. Doddapaneni Kanti Kiran	NED (Promoter)	4	4	No	NIL	1	1	188002	-
6	Mr. Nageswara Rao Koripalli	NED (I)	4	4	Yes	NIL	0	0	6000	-

1 Excludes directorship in foreign Companies and Companies incorporated u/s. 8 (non-profit companies) of the Companies Act, 2013, including private limited companies.

2 Pertains to memberships / chairpersonships of the AC and SRC of Indian public companies (excluding the Company) as per Regulation 26(1)(b) of the Listing Regulations. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all listed companies in which they are Directors.

b) Disclosure of Relationships between the Directors inter-se

Except the promoter directors Mr. Srikanth Kodali and Mrs. Kanti Kiran Doddapaneni who are related to each other, no other Director has any relationship with any other Director.

c) Board qualifications, expertise and attributes

Pursuant to corporate governance provisions of the Act and the Listing Regulations, our Board has an optimum combination of Executive and Non-Executive Directors with 50% of the Board comprising Independent Directors. The Nomination and Remuneration Committee (“NRC”) along with the Board identifies the right candidate with the right qualities, skills and experience required for an individual member to possess and also the Board as a whole.

The Board comprises qualified members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees. The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- a. Business and Administration
- b. Finance and accounts
- c. Legal and governance
- d. Industry knowledge
- e. Risk management
- f. Analytical skills
- g. Decision making skills
- h. Leadership skills

Name of Director	Designation	Years of experience	Field of expertise
Dr. Cherreddi Ramachandra Naidu	Chairman, Executive	46 years	Business and Administration
Mr. Srikanth Kodali	Managing Director - Promoter	21 years	Business, Administration. Human Resource Management and Strategic Business Planner
Mr. Naveen Nandigam	Independent Director	33 years	Financial, Audit and Accounting
Mrs. Vanitha Nagulavari	Independent Director	14 years	Legal, Secretarial and Compliance
Mrs. Kanti Kiran Doddapaneni	Non-Executive Director (Promoter)	15 years	Human Resource Management.
Mr. Nageswara Rao Koripalli	Independent Director	35 years	Taxation and Legal Aspects

d) Independent Directors

(i) Criteria of Independence

IDs are NEDs as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, IDs have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the IDs, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management. Further, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the IDs of the Company have included their names in the Independent Director’s Database maintained with the Indian Institute of Corporate Affairs.

(ii) Number of Directorships

The number of Companies in which each Independent Director of the Company holds office as an Independent Director is within the limits prescribed under Regulation 17A and 25 of the Listing Regulations.

(iii) Tenure

None of the Independent Directors have exceeded the tenure prescribed under Regulation 25 of the Listing Regulations and Section 149(10) of the Act.

Mr. Naveen Nandigam was re-appointed as Independent Director for a term of another Five consecutive years with effect from 22nd February, 2023 through postal ballot notice dated 09th February, 2023.

(iv) Separate meeting of Independent Directors

As stipulated under Section 149(8) read with Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on February 09, 2023 without the presence of Non- Independent Directors and members of the management to inter-alia discuss matters pertaining to:

- The performance of the Chairperson of the Company, taking into account the views of Executive and Non- Executive Directors:
- The performance of the Non-Independent Directors and the Board as a whole.
- The quality, quantity and timeliness of the flow of the information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- The Independent Directors expressed satisfaction on the Board’s freedom to express views on matters transacted at meetings and the manner in which the management discusses various subject matters specified in the agenda of meetings.

Web link where details of familiarization programmes imparted to Independent Directors

Our Directors, at the time of their appointment, are provided with information about the Company and its organizational structure, business model, vision and values, latest published results and internal policies to enable them to familiarize themselves with the Company’s procedures and practices.

The details of the programmes conducted by the Company for the familiarization of Independent Directors are posted on the Company’s website under the weblink: <https://kapstonservices.com/wp-content/uploads/2023/06/Familiarization-Programme-For-Independent-Directors-n.pdf>

e) Agenda for the meetings and information furnished to the Board

Information is provided to the Board Members on a continuous basis for their review, inputs and approval from time to time. Information to the Directors is submitted along with the agenda papers well in advance of the Board meeting by the Company Secretary.

COMMITTEES OF DIRECTORS

Board Committees

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, if required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose.

Statutory Committees

The Board has the following statutory Committees:

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholders Relationship Committee
- (iv) Corporate Social Responsibility Committee

A. Audit Committee (AC)

Brief description and terms of reference

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

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

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

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

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

Composition

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

As required under Regulation 18 of the Listing Regulations, the Chairman of the Audit Committee is an Independent Director.

Meetings and attendance during the Financial Year 2022-23

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

Date of the Meeting	Number of Committee Members attended
May 20, 2022	3
August 10, 2022	3
November 11, 2022	3
February 09, 2022	3

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

The necessary quorum was present at all the meetings.

B. Nomination and Remuneration Committee (NRC)

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

The Nomination and Remuneration Committee reviews the profiles & experience, performance appraisals and recommends the remuneration package payable to executive director(s), Key Managerial Personnel and other senior executives in the top level management of the Company and other elements of their appointment and acts in terms of reference of the Board from time to time. The Company's Remuneration Policy as applicable to directors, key managerial persons and other senior management personnel of the Company is posted on the company's website at the following web address: <https://kapstonservices.com/wp-content/uploads/2023/06/Nomination-and-Remuneration-Policy-n.pdf>

Composition, name of members and chairperson

During the year, One (1) meeting of Nomination and Remuneration Committee was conducted.

The composition of the Committee and attendance details at meeting held on February 09, 2023 during FY23, is as follows:

S. No.	Name of the Director	Nature of Directorship	Designation	No of Meeting(s) Attended
1	Ms. Vanitha Nagulavari	Independent Director	Chairperson	1
2	Mr. Naveen Nandigam	Independent Director	Member	1
3	Ms. Kanti Kiran Doddapaneni	Non-Executive Director	Member	1

Company Secretary of the Company acts as Secretary to the Committee

The minutes of the meetings of the Committee are placed before and noted by the Board. All the recommendations made by the Committee during the year under review were accepted by the Board.

Performance evaluation criteria for Independent Directors:

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

- Governance
- Control
- Guidance

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

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

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

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

Further, the Nomination and Remuneration Committee reviewed/evaluated the balance of skills, knowledge and experience on the Board and identified the role and capabilities required of an Independent Director and considered that re-appointment of Mr. Naveen Nandigam for another term of Five Consecutive Years.

Performance evaluation was done by the respective bodies on February 09, 2023. The minutes of the meetings of the Committee is placed before and noted by the Board. All the recommendations made by the Committee during the year under review were accepted by the Board.

Remuneration of Directors

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

Category of Payment	Amount in INR	
	Mr. Kodali Srikanth (Managing Director)	Dr. Chereddi Ramachandra Naidu (Executive Chairman)
Fixed Component	1,20,00,000	15,00,000
Total	1,20,00,000	15,00,000

Apart from the above, Executive Chairman and Managing Director are also eligible for other benefits in terms of his appointment and as per the HR policies of the Company.

Sitting Fee paid to Non-Executive Directors and their shareholding as on 31 March 2023 is as follows:

Name of the Director	Designation	Sitting fees paid (Amount in INR)	No. of Shares held on 31-03-2023
Mr. Naveen Nandigam	Independent Director	2,00,000	2800
Ms. Vanitha Nagulavari	Independent Director	1,50,000	16200
Ms. Kanti Kiran Doddapaneni	Non- Executive Director (Promoter Group)	Nil	188002
Mr. Nageswara Rao Koripalli	Independent Director	2,00,000	6000

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

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

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

C. Stakeholders' Relationship Committee (SRC)

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

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

Company Secretary of the Company acts as Secretary to the Committee

During the year under review, the meeting of Stakeholder Relationship Committee was held on February 09, 2023, and all the members of the Committee have attended the meeting.

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

Name of the Non-Executive Director heading the committee	Ms. Kanti Kiran Doddapaneni
Name and designation of the Compliance Officer	Ms. Kalluru Manaswini, Company Secretary and Compliance Officer
Number of Shareholders' Complaints received in FY 2022-23	Nil
Number not solved to the satisfaction of shareholders	Nil
Number of pending complaints	Nil

D. Corporate Social Responsibility Committee (CSRC)

The CSR Committee of the Company functions in accordance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereof. The composition of the CSRC is as under:

S. No.	Name of the Director	Nature of Directorship	Designation
1	Mr. Srikanth Kodali	Executive Director	Chairman
2	Ms. Vanitha Nagulavari	Independent Director	Member
3	Dr. Chereddi Ramachandra Naidu	Executive Director	Member

Company Secretary of the Company act as Secretary to the Committee

Meetings and attendance during the year 2022-23

During the year Three (03) meetings of the Corporate Social Responsibility Committee were held and the details of attendance of the directors in such meetings are as follows:

Date of the Meeting	Number of Committee Members Attended
August 10, 2022	3
November 10, 2022	3
February 09, 2023	3

E. Particulars of senior management including the changes therein since the close of the previous financial year: The particulars of the Senior Management is provided in the Company overview section of the Annual Report.

GENERAL BODY MEETINGS

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

Financial Year	Date Time	Venue	Special Resolution Passed
2021-22	23rd September 2022 03.00 P.M	Plot No 75, Kavuri Hills, Madhapur, Hyderabad, Telangana-500034	No Special Resolution was passed during the said AGM
2020-21	18th September 2021 11.00 A.M.	Plot No 75, Kavuri Hills, Madhapur, Hyderabad, Telangana-500034	Re-appointment of Dr. Ramachandra Naidu Chereddi as Chairman of the company
2019-20	30th September 2020 11.30 A.M	Plot No 75, Kavuri Hills, Madhapur, Hyderabad, Telangana-500034	No Special Resolution was passed during the said AGM

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

Financial Year Ended	Date	Venue	Time	Special Resolution passed
2019-20	11th of January, 2020	Corporate Office of the company situated at Plot No 75, Kavuri Hills, Madhapur, Hyderabad – 500034	10.30 A.M	<ul style="list-style-type: none"> Authorisation to the Board of Directors to Mortgage /Charge /Hypothecate Property(ies) / Undertaking(s) of the Company – Special Resolution. Increase in the borrowing powers of the company – Special Resolution

*During the year the company has not conducted any EGMs.

The details of General Meetings (other than AGMs) held through Postal Ballot are given:

Financial Year Ended	Date of Declaration of Results	Person who conducted the Postal ballot Exercise	Procedure for Postal Ballot	Whether any Special Resolution is proposed and Passed through postal Ballot – details of voting pattern	
2022-2023	March 27, 2023	CS D S Rao, Practicing Company Secretary, (CP No. 14487)	The Postal ballot is conducted in accordance with the provisions of Sec 110 of The Companies Act, 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time	Re-appointment of Mr. Naveen Nandigam, (DIN: 02726620) as an Independent Director of the Company	
				No. of valid postal ballot and electronic votes	42
				No of Equity Shares	85,49,539 (all votes are in favour)

MEANS OF COMMUNICATION

a. Financial Results

Prior intimation of the Board Meeting to consider and approve Unaudited /Audited Financial Results of the Company is given to the Stock Exchanges and also disseminated on the official website of the Company at www.kapstonservices.com. The aforesaid Financial Results are immediately intimated to the Stock Exchange after the same is approved at the Board Meeting.

b. Newspapers wherein results normally published

The quarterly, half-yearly and annual Financial Results of the Company are published in widely circulated daily Newspapers viz., Business Standard (English), Financial Express (English) and Nava Telangana (Telugu).

c. Website

The website of the Company www.kapstonservices.com contains a dedicated section “Investors” which contains details / information of interest to various stakeholders, including Financial Results, Shareholding Pattern, Company Policies, etc. The Members/ Investor can view the details of electronic filings done by the Company on the respective website of NSE i.e., www.nseindia.com.

d. Annual Report

The Annual Report containing, inter alia, Audited Financial Statement, Boards Report, Auditors’ Report and other important information is circulated to members and others entitled thereto.

e. Whether it also displays official news releases

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

f. Presentations made to institutional investors or to analysts

The presentations made to institutional investors or to analysts, if any are displayed in the Company’s website.

g. SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redressal system. Centralised database of all complaints received, online upload of the Action Taken Reports (ATRs) by the Company and online viewing by investors of actions taken on the complaint and its current status are updated/resolved electronically in the SEBI SCORES system.

GENERAL SHAREHOLDER’S INFORMATION

CIN Number	L15400TG2009PLC062658		
Registered Office	Plot No. 287, MIG-2, IX Phase KPHB, Kukatpally, Hyderabad - 500072, Telangana, India.		
Corporate Office	Plot No 75, Kavuri Hills, Madhapur, Hyderabad – 500034 Telangana, India.		
Annual General Meeting Date and Time:	September 25, 2023 and 04.00 PM		
Venue:	Corporate office of the Company Plot No 75, Kavuri Hills, Madhapur, Hyderabad 500034 TG IN		
Financial Year	April 1, 2022 to 31 March 2023		
Dividend Payment Date	During the year under review, the Company has not declared and paid dividend to the members.		
The name and address of each stock exchange(s) at which the listed entity’s securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s):	National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C/1, ‘G’ Block, Bandra-Kurla Complex Bandra(E), Mumbai - 400 051		
	Name of the Stock Exchange	Stock Code	Scrip Code
	NSE	N.A	KAPSTON
	Listing fees to the stock exchanges and Annual custodian fees to depositories for the year 2023-24 have been paid.		

Market price data & Share performance of the Company

The monthly high, low and trading volumes of the Company’s equity shares during the financial year 2022-23 and Closing share price performance in comparison to broad based indices – NSE Nifty at National Stock Exchange of India Limited (NSE) are given below:

Month	Company’s Share Price			NSE Nifty	
	High (INR)	Low (INR)	Volume (In Lakhs)	High (INR)	Low (INR)
April, 2022	190.00	101.40	2.52	18114.65	16824.70
May, 2022	177.00	140.00	0.79	17132.85	15735.75
June, 2022	159.00	140.00	0.31	16793.85	15183.40
July, 2022	164.50	137.15	0.59	17172.80	15511.05
August, 2022	157.00	140.05	0.44	17992.20	17154.80
September, 2022	147.50	127.55	0.48	18096.15	16747.70
October, 2022	144.50	126.00	0.33	18022.80	16855.55
November, 2022	134.90	115.25	0.48	18816.05	17959.20
December, 2022	124.50	108.80	0.33	18887.60	17774.25
January, 2023	193.90	116.55	5.15	18251.95	17405.55
February, 2023	145.00	130.00	0.32	18134.75	17255.20
March, 2023	151.20	130.60	0.53	17799.95	16828.35

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

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

Registrar to an Issue and Share Transfer Agents

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

Share Transfer System

Bigshare Services Private Limited, Hyderabad, is the Company’s Registrar and Share Transfer Agent. Share transfers are registered and processed in the normal course in line with Schedule VII to the Listing Regulations. The Registrar and Share Transfer Agent has been delegated the power of share transfer to expedite the transfer formalities, which is in line with Schedule VII and Regulation 40 of the SEBI (Listing Obligations and Disclosure Regulations) 2015.

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

Compliance certificate pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying the compliance of share transfer/ transmission formalities is being obtained from a Practicing Company Secretary on yearly basis and is filed with the Stock Exchanges.

Compliance certificate pursuant to Regulation 7(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, jointly signed by the Company Secretary/ Compliance Officer and the Registrar & Share Transfer Agent is also filed with the stock exchanges on yearly basis.

Distribution of shareholding (in Rupees) as on 31 March 2023

S. No.	Shareholding of Nominal (INR)	No of Shareholders	% of total	Share amount (INR)	% to Total share amount
1.	1-5000	2125	90.3871	1649210	1.6258
2.	5001-10000	66	2.8073	514980	0.5077
3.	10001-20000	70	2.9775	1009210	0.9949
4.	20001-30000	18	0.7656	489180	0.4822
5.	30001-40000	12	0.5104	434280	0.4281
6.	40001 - 50000	5	0.2127	225650	0.2224
7.	50001-100000	21	0.8932	1454060	1.4334
8.	100001 and above	34	1.4462	95664040	94.3055
	Total	1418	100	101440610	100

The total no of shareholders i.e 2351 inclusive of the shareholders who hold more than one Demat account with same PAN. However, the actual number of shareholders as on 31 March 2023 is equal to 2310.

Shareholding Pattern as on 31 March 2023

Category	No of Shares Held	Percentage of Capital
Promoters (Individuals)	7391695	72.87
Directors and their relatives (Non- Promoter)	1131550	11.15
Banks, Financial Institutions, and Mutual Funds	Nil	-
Foreign Portfolio Investors and Foreign Institutional Investors	Nil	-
Indian Public and HUF	1606454	15.84
Private Corporate Bodies/Body Corporate	12175	0.12
NRI/OCB’s/FCB and Foreign Nationals	1937	0.02
Total	10144061	100

Dematerialization of shares and liquidity

Number of shares	% of total shares	Number of Shareholders	% of total shareholders
10144061	100	2351	100

The breakup of Shares in De-mat and physical form as on 31st March, 2023 is as follows.

Particulars	No. of shares of Rs.10 /- each	% of Shares
Demat Segment		
NSDL	9591228	94.55
CDSL	552833	5.45
Sub-total	10144061	100.00
Physical Segment	Nil	----
Total	10144061	100.00

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on 31 March 2023, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities.

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated 15 November 2018 is not required to be given.

Our Branches

In addition to our Registered Office, Corporate Office and Recruitment Office situated at Hyderabad, we have several other branches from where we operate. Details are as follows:

S. No.	Branch	Address	Nature of Operation
1	Corporate Office	Plot No 75, Kavuri Hills, Madhapur, Hyderabad - 500034	Administration, Back end operation
2	Registered office (Recruitment Centre-1)	Plot No. 287, MIG - 2, IX Phase, KPHB, Kukatpally, Hyderabad - 500 072	Recruitment, Administration, Training
3	Recruitment Centre -2	Flat # 201, 9/HIG-A & 10/HIG Vasista Bhavan, APHB Colony, Gachibowli, Hyderabad - 500 032	Recruitment, Training
4	Vizag	50-49-25/1, 2nd Floor, TPT Colony, Seethammadhara, Opp. NRI Hospital Vishakapatnam – 530013.	Regional Operation
6	Guntur	Plot No. 50, Door No.133-171, 3rd Lane, Sai Nath Colony,Mahatma Gandhi Inner Ring Road, Guntur Dist, AP-522034	Regional Operation
6	Bengaluru	No. 472/7, Balaji Arcade, 1st floor, AVS Compound, 80 feet Road, 4th Block, Ejipura, Koramangala, Bengaluru -560034	Regional Operation
7	Chennai	Ten Square Building’ Second Floor, West Wing, Shop Nos. 322, Jawaharlal Nehru Road, Koyambedu, Chennai - 600 107.	Regional Operation
8	Bhubaneshwar	4th Floor, Flat No. 10, Plot No A/181, Janardhan House, Shaheed Nagar, Landmark : Opp to OPDC Building, Shaheed Nagar, Bhubaneshwar District – Khurda, Odisha -751007	Regional Operation
9	Pune	Office No. 03, Wing B, 4th Floor, Office No. 3, B Wing, City Vista, Kharadi, Pune – 411014	Regional Operation
10	Mumbai	UNIT NO. 216, ‘The Summit Business Park, 2ND Floor, Near W.E.H. Metro Station, Andheri, Mumbai 400093	Regional Operation
11	Kolkata	12th Floor, Tower II, Godrej Waterside, DP – 5, DP Block, Sector V, Bidhannagar Godrej Waterside, Kolkata – 700091	Regional Operation
12	Delhi	Office Space No. 820, 8th Floor, DLF Tower –A, Jasola, New Delhi 110025	Regional Operation
13	Jaipur	Ward No 08, Dabarwas Village, Neemrana Taluk, Alwar District, Rajasthan State, PIN 301704	Regional Operation
14	Ahmedabad	Awfis, 1st & 2nd Floor, RE 11, Near Vikramnagar, Iscon, Ambli Rd, Ambli, Ahmedabad, Gujarat 380058	Regional Operation

Our Training Centers

S. No.	State	Location	Address
1	Telangana	Hyderabad	Kapston Training Academy, H.No. 1-1-31/1, Under GHMC, Rajendranagar Circle, Rangareddy, Hyderabad, Telangana - 500030
			Kapston Training Academy, Plot No. 287, MIG - 2, IX Phase, KPHB Colony, Hyderabad, Telangana - 500072
			Kapston Training Academy, Flat # 201, 9/HIG-A & 10/HIG Vasista Bhavan, APHB Colony, Gachibowli, Hyderabad ,Telangana - 500 032

Address for Correspondence

Corporate Office	Kapston Services Limited (Formerly known as Kapston Facilities Management Limited) Plot No 75, Kavuri Hills, Madhapur, Hyderabad - 500034
Telephone Numbers	+919848778243 +91 40 29806955 +91 9640504050
Website	www.kapstonservices.com
Email ID	cs@kapstonservices.com

Credit rating

Kapston Services Limited has obtained credit rating from CRISIL, an S & P Global Company and they have given their credit rating vide its letter dated April 03, 2023, the credit rating details are as follows :

Long Term Rating	CRISIL BBB/Negative
Short Term Rating	CRISIL A3+

OTHER DISCLOSURES

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

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

The Remuneration paid to Managing Director and Executive Chairman is approved by Shareholders as per the provisions of Companies Act, 2013.

Policy for Related Party Transactions is hosted on the Company’s website at <https://kapstonservices.com/wp-content/uploads/2023/06/RPT-Policy-n.pdf>

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

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. No penalty has been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on such matters.

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

The Company has adopted the Whistle-Blower Policy pursuant to which employees of the Company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the Company.

The Policy is placed on the website of the Company under the web link: <https://kapstonservices.com/wp-content/uploads/2023/06/Whistle-Blower-Policy-n.pdf>

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

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

E. Web link of the Policy for determining “material” subsidiaries is disclosed.

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

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

The Board has formulated a policy on Related Party Transactions and has revised it from time to time in the light of amendments to the Listing Regulations and the same is available on the Company’s website under the web link:

<https://kapstonservices.com/wp-content/uploads/2023/06/RPT-Policy-n.pdf>

G. Disclosure of Commodity Price Risks and Commodity Hedging Activities: The Company is not dealing in any commodities.

H. A certificate from VCAN and Associates, Practicing Company Secretaries, Hyderabad stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority, has been enclosed separately to this Report.

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

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

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

Particulars	Amount (In Lakhs)
Name of Auditor	NSVR & Associates LLP.
Statutory Audit	10,00,000

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

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

The disclosure pertaining to the complaints are given hereunder:

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

M. Disclosure by listed entity and its subsidiaries of ‘Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: The Company has not given any loans and advances to firms/company in which directors are interested.

N. Details of material subsidiaries of the listed entity: Not Applicable

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

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

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

(i) The Board

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

(ii) Shareholders Rights

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

(iii) Modified opinion(s) in audit report

There are no modified opinions in the Audit Report for the financial year ended 31 March 2023.

(iv) Reporting of Internal Auditor

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

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

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

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

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

A copy of the Code of Conduct has been placed on the Company's website www.kapstonservices.com. All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is annexed to this Report.

Particulars of senior management including the changes therein since the close of the previous financial year: Not Applicable

MD and CFO Certification

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

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

Compliance Certificate on the compliance of conditions of corporate governance pursuant to Para E of Schedule V to the SEBI (LODR) Regulations, 2015 from VCAN and Associates, Practising Company Secretaries, Hyderabad, is enclosed as an annexure to this Report.

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

This provision is not applicable to the Company as the Company has declared dividend only in the year 2020-21 and seven years have not elapsed from the date of declaration of dividend.

Unclaimed Equity Dividends and Shares

This provision is not applicable to the Company as the Company has declared dividend only in the year 2020-21 and seven years have not elapsed from the date of declaration of dividend.

Guidance for Investor to file claim: Not Applicable

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

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

Disclosure of certain types of agreements binding listed entities under clause 5A of paragraph A of Part A of Schedule III of SEBI (LODR) Regulations, 2015:

There were no such agreements entered which has effect either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity.

For and on behalf of the Board of Directors
Kapston Services Limited
 (Formerly known as Kapston Facilities Management Limited)

Sd/-
Dr. Chereddi Ramachandra Naidu
Chairman
 DIN: 02096757

Date : July 31, 2023
 Place : Hyderabad

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members,
Kapston Services Limited,
(Formerly Known as Kapston Facilities Management Limited),
Hyderabad.

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

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and the explanations furnished to us by the Company & its officers, we hereby certify that none of the directors on the Board of the Company for the financial year ended **31 March 2023** have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other statutory authority.

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

*Re-appointed as an independent director w.e.f. February 22, 2023.

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

For **VCAN & Associates**
Company Secretaries
Sd/-
Ajay Naga Chowdary Vemuri
M. No.: F11106
C.P. No.: 15460
UDIN: F011106E000710464
PR CER NO.: 1193/2021

Date : July 31, 2023
Place : Hyderabad

**COMPLIANCE CERTIFICATE
MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION**

To
The Board of Directors
Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Kapston Services Limited (Formerly known as Kapston Facilities Management Limited) ("the Company"), to the best of our knowledge and belief certify that:

- We have reviewed financial statements and the cash flow statement for the financial year ended 31 March 2023 and that to the best of our knowledge and belief, we state that:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - significant changes in internal controls over financial reporting during the year.
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Sd/-
Srikanth Kodali
Managing Director
(DIN 02464623)
Date : July 31, 2023
Place : Hyderabad

Sd/-
Kapil Sood
Chief Financial Officer

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

I, Srikanth Kodali, Managing Director, hereby declare that the Company has received declarations from all the Board Members and Senior Managerial Personnel affirming Compliance with the Code of Conduct for the Members of the Board and Senior Managerial Personnel for the year ended 31st March, 2023.

Date : July 31, 2023
Place : Hyderabad

Sd/-
Srikanth Kodali
Managing Director
(DIN 02464623)

PRACTISING COMPANY SECRETARY'S CERTIFICATE REGARDING CORPORATE GOVERNANCE

To
The Members,
Kapston Services Limited
(Formerly Known as Kapston Facilities Management Limited)
Plot No.287, MIG-2, IX Phase KPHB, Kukatpally,
Hyderabad- 500072

We have examined the compliance of the conditions of Corporate Governance by **Kapston Services Limited** (Formerly Known as Kapston Facilities Management Limited) (hereinafter referred to as "the Company") for the year ended **31 March 2023** as stipulated in Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

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

For **VCAN & Associates**
Company Secretaries
Sd/-
Ajay Naga Chowdary Vemuri
M. No.: F11106
C.P. No.: 15460
UDIN: F011106E000710475
PR CER NO.: 1193/2021

Date : July 31, 2023
Place : Hyderabad

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies
(Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. A brief outline of the company's CSR policy

In pursuance of the Companies Act, 2013 and in alignment with its vision, the Company through its CSR initiatives continues to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community. The Company's Vision Statement is to actively contribute to the social and economic development of the communities of the area in which we operate. In doing so, build a better, sustainable way of life for the underprivileged, and raise their overall standard of living.

Key Focus Areas of the CSR Policy are:

- To promoting health care including preventive health care
- Rural Development Projects
- Slum area development
- To help underprivileged children to access quality education.
- To promote gender equality and empowering women.
- To contribute to the Swachh Bharat Kosh set-up by the Central Government, any other Government authority for the promotion of sanitation.

2. Composition of CSR Committee

S. No.	Name of the Director	Designation / Nature of Directorship	Number of CSR Meeting held during the year	Number of meetings attended by Committee members
1	Mr. Srikanth Kodali	Chairman (Managing Director)	3	3
2	Mrs. Vanitha Nagulavari	Member (Non-Executive Independent Director)	3	3
3	Dr. Chereddi Ramachandra Naidu	Member (Executive Director)	3	3

3. a. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

The web link to the composition of CSR Committee is available at <https://kapstonservices.com/investors/#board-committees>

The web link to the CSR policy is available at <https://kapstonservices.com/wp-content/uploads/2023/06/CSR-Policy-n.pdf>

The web link to the projects/Annual Report of activities as approved by the Board of Directors is available at <https://kapstonservices.com/investors/#annual-report>

4. Provide the executive summary along with weblink(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

5. a. Average Net Profit of the Company as per Section 135(5) of the Act: **INR 655.68 Lakhs**
- b. Two percent of average net profit of the Company as per Section 135(5) of the Act: **INR 13.11 Lakhs**
- c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil.**
- d. Amount required to be set off for the Financial Year, if any: **0.02**
- e. Total CSR obligation for the Financial Year (a+b-c): **INR 13.09 Lakhs**

6.
- a.

Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) -
INR 14.10 Lakhs
- b.

Amount spent in Administrative Overheads - **NIL**
- c.

Amount spent on Impact Assessment, if applicable. – **NOT APPLICABLE**
- d.

Total amount spent for the Financial Year [(a)+(b)+(c)] - **INR 14.10 Lakhs**
- e.

CSR amount spent or unspent for the Financial Year:

Total amount spent	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
INR 14.10 Lakhs	--	--	NA	--	NA

- f.
- Excess amount for set-off, if any:

S. No.	Particulars	Amount (INR) (In Lakhs)
	Two percent of average Net Profit of the Company as per Section 135(5) of the Act	13.11
	Total amount spent for the Financial Year	14.10
	Excess amount spent for the Financial Year [(ii)-(i)]	0.99
	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
	Amount payable for set off in succeeding financial years [(iii)-(iv)]	0.99

*INR 0.02 Lakhs pertains to previous year

7.
- Details of Unspent CSR amount for the preceding three Financial Years:

S. No.	Preceding Financial Year	Amount Transferred to Unspent CSR Account under Section 135(6) (INR in Lakhs)	Amount spent in the Reporting Financial Year (INR in Lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			Amount remaining to be spent in remaining Financial Years (INR in Lakhs)
				Name of the Fund	Amount	Date of Transfer	
Not Applicable							

8.
- Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year: No

If yes, enter the number of Capital Assets created/acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short Particulars of the property or asset(s) {including complete address and location of the property}	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

9.
- Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of Section 135: Not applicable

For and on behalf of the Board
Kapston Services Limited

(Formerly known as Kapston Facilities Management Limited)

Sd/-
Srikanth Kodali
Managing Director & Chairman of CSR Committee
DIN: 02464623

Sd/-
Chereddi Ramachandra Naidu
Chairman
DIN: 02096757

Annexure III

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

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2022-23 and the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year

(Rs. In Lakhs)

S. No.	Name of Director / Key Managerial Personnel	Remuneration 2021-22 (p.a) INR	Remuneration 2022-23 (p.a) INR	Percent-age (%) Change	Ratio to Median Remuneration
1	Mr. Srikanth Kodali	1,20,00,000	1,20,00,000	0	29.54
2	Dr. Cherreddi Ramachandra Naidu	15,00,000	15,00,000	0	3.69
3*	Mr. Kapil Sood	23,47,415	39,65,536	N.A.	N.A.
4**	Ms. Kalluru Manaswini	1,16,161	7,80,612	N.A.	N.A.

Note: Mrs. Kanti Kiran Doddapaneni has abstained from receiving remuneration from the Company and hence, not stated

*Mr. Kapil Sood was appointed as Chief Financial Officer of the Company, effective November 8, 2021.

Hence, his remuneration for last financial year was not comparable since it was only for 5 months.

**Ms. Kalluru Manaswini was appointed as Company Secretary and Compliance Officer of the Company, effective from February February 14, 2022. Hence, her remuneration for last financial year was not comparable since it was only for 2 months.

The company has not paid any remuneration (except sitting fee) to the Non-Executive Directors of the company during the financial year under review (i.e. FY 2022-2023)

(Rs. in Lakhs)

Independent, Non-Executive Directors	Sitting fee	Ratio to Median Remuneration
Mr. Naveen Nandigam	2.00	0.49
Mrs. Vanitha Nagulavari	1.50	0.37
Mr. K Nageswara Rao	2.00	0.49

- ii) The percentage of increase in the median remuneration of employees in the financial year: 13%
- iii) The number of permanent employees on the rolls of the Company: 348
- iv) The median remuneration of employees of the Company during the financial year was: INR 406188
- v) Affirmation that the remuneration is as per the remuneration policy: The Company affirms that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board
Kapston Services Limited
 (Formerly known as Kapston Facilities Management Limited)

Sd/-
Cherreddi Ramachandra Naidu
Chairman
 (DIN 02096757)

Annexure IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

To
 The Members
Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)
 Hyderabad

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the Financial Year ended **31 March 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- The Companies Act, 2013 (the Act) (applicable Sections as on date) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the regulations and bye-laws framed by the Securities and Exchange Board of India ('SEBI') thereunder;
- The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the Financial Year under review:
 - The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(vi) The industry-specific laws that are applicable to the Company are as follows:

- (a) Contract Labour (Regulation & Abolition) Act, 1970
- (b) Private Security Agencies (Regulation) Act, 2005

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

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

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

We further report that

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

S. No.	Name of the Director	Appointment / Reappointment / Change in designation / Cessation	Our Comments
1	Mr. Naveen Nandigam	Re-Appointment	Reappointed as an independent director w.e.f. February 22, 2023 vide shareholders resolution dated March 25, 2023.
2	Mrs. Doddapaneni Kanti Kiran	Re-Appointment	Retired by rotation and being eligible, reappointed as a Director in the AGM held on September 23 rd , 2022.

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

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

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

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

For **VCAN & Associates**
Company Secretaries

Sd/-
Ajay Naga Chowdary Vemuri
M. No.: F11106
C.P. No.: 15460
UDIN: F011106E000710486
PEER REVIEW CER. No.: 1193/2021

Date : July 31, 2023
Place : Hyderabad

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

'Annexure A'

To
The Members
Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)
Hyderabad

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

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

For **VCAN & Associates**
Company Secretaries

Sd/-
Ajay Naga Chowdary Vemuri
M. No.: F11106
C.P. No.: 15460
UDIN: F011106E000710486
PEER REVIEW CER. No.: 1193/2021

Date : July 31, 2023
Place : Hyderabad

INDEPENDENT AUDITOR’S REPORT

To
The Members of Kapston Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **KAPSTON SERVICES LIMITED** (“the Company”), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How the Matter was addressed in Audit
<p>Accuracy of recognition, measurement, presentation & disclosures of revenue</p> <p>The company’s revenue for the financial year ending 31 March 2023 is Rs 39,896.37 Lakhs.</p> <p>A significant portion of the company’s revenue is derived from contracts with customers which consist of rendering of services.</p> <p>Revenue is recognized when the control is transferred to the customer and when the Company has completed its performance obligations in accordance with the contractual terms.</p> <p>Revenue is measured at the fair value of consideration received or receivable.</p> <p>Further, the contractual terms also determine the measurement and recognition of revenue and profit. The Company is therefore required to make operational and financial assumptions and various judgements.</p>	<p>Principal Audit Procedures</p> <p>Our audit procedures include testing and evaluation of the internal control system implemented in respect of revenue and related activities. Our audit also consists of performing analytical procedures, review of contracts and agreements with the customers to understand the performance obligations of the parties.</p> <p>We have also performed testing of key controls over the contract process including contract monitoring, measurement of critical elements of the contract based on which revenue is recognized, invoicing and authorizations over certain systems used to generate the information. The basis for the evaluation of internal control has been performed on sample basis</p> <p>We have performed the following audit procedures:</p> <p>Obtained a sample of contracts to confirm that revenue had been appropriately recognized. Tested the revenue recognized with supporting documentation which includes attendance records, customer acceptance, reviewing customer correspondence where necessary and ensuring cut-off had been appropriately applied.</p>

Key Audit Matters	How the Matter was addressed in Audit
<p>The nature of services provided by the company also give rise to accrued/unbilled revenue with corresponding profit recognition. Accrued/unbilled income for 31 March 2023 is Rs 106.11 Lakhs</p> <p>Judgements include:</p> <ul style="list-style-type: none">• Interpretation of contract terms.• Allocation of revenue to performance conditions; and• Combining of obligations where the services are related. <p>Trade Receivable</p> <p>Trade receivables, as indicated in Note No 7 comprise a significant portion of the total assets of the Company and serve as security for a majority of the Company’s short-term debt. Total debtors constitute 58.19% of the total assets of the company and the outstanding trade receivable are about 96 days of the total revenue.</p> <p>Accordingly, the value of receivables comprises a significant portion of the total assets of the company.</p>	<p>Based on our audit, no significant observations have been noted which have resulted in reporting to the audit committee. Our overall conclusion is that there are, in all material respects, proper processes in place to recognize the correct billed and unbilled revenue in the financial statement.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none">• Evaluate and test the controls for managing trade receivables like credit limits and subsequent recovery,• Assessing the recoverability of long out Standings,• Evaluation of status of disputes and possibility of recovery,• Seek independent confirmations and apply alternate audit procedures in case of non replies. <p>Conclusion</p> <p>Our procedures did not identify any material exceptions.</p>
<p>Deferred tax assets</p> <p>The company has recognised Rs 714.66 Lakhs of deferred tax assets as at 31 March 2023 .the recognition of deferred tax asset involves judgment by management regarding the likelihood of the realization of these assets. The expectation that these assets will be realized is dependent on a number of factors, including whether there will be a sufficient taxable profit in future periods that support the utilization of these assets.</p> <p>For details refer note 5 of the financial statements.</p>	<p>Our audit procedure in relation to recognition of deferred tax assets/liabilities includes:</p> <ul style="list-style-type: none">• Evaluation of design and testing the operating effectiveness of key controls implemented by the company over recognition of deferred tax assets based on the assessment of the company’s ability to generate sufficient taxable profit’s in the foreseeable future allowing the use of deferred tax assets.• Tested the arithmetical accuracy of the calculations performed by the management.• Evaluated management’s assessment for adjustment of such deferred tax assets as per the provisions of Income tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income taxes.• Evaluated the appropriateness of the disclosures made in the financial statements in respect of deferred tax assets.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our auditor’s report there on. The other information is expected to be made available to us after the date of this auditor’s report.

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

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

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, and cash flows of the Company in accordance with the accounting principles generally accepted in India, referred to in Section 133 of Companies Act 2013, read with the Companies (Indian Accounting standard) Rules, 2015. This responsibility also includes maintenance of adequate accounting

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020, issued by the central government, in terms of section 143 (11) of the companies Act, 2013, and on the basis of our examination of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Companies Act 2013, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and Statement of Profit and Loss including Other comprehensive income and Cash flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financials comply with the Accounting Standards specified under of Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder
 - e) On the basis of written representations received from the directors as on 31 March 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There are no pending litigations for or against the Company which would impact its financial position.

- ii. The Company does not have any derivatives contracts. Further there are no long-term contracts for which provisions for any material foreseeable losses are required to be made.
- iii. There are no amounts pending that are required to be transferred to Investor Education and Protection Fund.
- iv. A) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- B) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

For **NSVR & ASSOCIATES LLP.**,
Chartered Accountants
Firm Registration No: 008801S/S200060

Sd/-
R Srinivasu
Partner

M.No: 224033
UDIN: 23224033BGPMUV2902

Date : May 20, 2023
Place : Hyderabad

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 KAPSTON SERVICES LIMITED of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that.

- i. (a) In respect of the Company's Property, Plant and Equipment:
 - (A) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has maintained proper records full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of Right of Use Assets.
 - (B) Maintenance of Proper records for Intangible records is not applicable to the company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular program of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this program, certain property, plant, and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed Provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee).
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets).
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) The inventory, except stock lying with third parties, has been physically verified by the management during the year. For stock lying with third parties at the year end, written confirmation have been obtained or the stock listing is obtained from third parties. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions agree with the books of accounts of the Company.
- iii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, During the year the company has not given any advances in the nature of loan, provided any guarantee or given any security to its subsidiaries, Joint ventures, other companies, firms, Limited Liability Partnerships or any other parties.
- (b) The company has not made investments, provided guarantees, provided security and granted advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the order is not applicable to the company to that extent.
- (c) The company has not made investments, provided guarantees, provided security and granted advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the order is not applicable to the company to that extent.

- (d) In the absence of any loans or advances in the nature of loans outstanding as at the year end, the question of whether there are amounts overdue for more than ninety days as the balance sheet date and reasonable steps have been taken by the company for recovery of the principal and interest does not arise and accordingly this sub clause 3(iii)(d) is not applicable.
- (e) In the absence of any loans or advances in the nature of loans fallen due during the year and hence the question of whether the loan has been renewed or extended or fresh loans are granted to settle the overdue of existing loan given to the same parties does not arise and accordingly this sub clause is not applicable.
- (f) In the absence of any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence the questions of aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to promoters, related parties as defined in clause 76 of section 2 of the companies Act, 2013 does not arise and accordingly, this sub clause 3(iii)(f) is not applicable.
- iv. The company has not advanced any loans or guarantees to the directors of the company. Hence this clause is not applicable to the company.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. As per information & explanation given by the management, The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the order is not applicable to the Company.
- vii. In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub clause (a) above which have not been deposited as on 31 March 2023 on account of disputes are given below.

Name of the Statute	Nature of dues	Amount (Rs in Lakhs)	Period to which the amount relates FY	Forum Where the dispute is Pending
The Income tax Act, 1961	Income tax	121.12	2016-17	High Court for the state of Telangana

- viii. According to the information and explanation given to us and on the basis of our examination of the records of the company, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purpose for which they have been obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that the company has not use any short-term funds raised for long term purposes during the year.
- (e) According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company has not taken any funds from any entity or person on account of or to meet the obligations.

- (f) The Company does not have any subsidiary, associate, or Joint venture. Accordingly, the requirement to report on clause (ix)(f) of the order is not applicable to the company.
- x. (a) The Company has not raised money by way of an initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) No whistle blower complaints received by the Company during the year (and up to the date of this report).
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are Opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **NSVR & ASSOCIATES LLP.**,
Chartered Accountants
Firm Registration No: 008801S/S200060

Date : May 20, 2023
Place : Hyderabad

Sd/-
R Srinivasu
Partner
M. No.: 224033
UDIN: 23224033BGPMUV2902

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 **KAPSTON SERVICES LIMITED**.)

Report on the Internal Financial Controls Over Financial Reporting under Clause(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

We have audited the internal financial controls over financial reporting of **KAPSTON SERVICES LIMITED** (“the Company”) as of 31 March 2023, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, 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.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

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

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

Meaning of internal financial Controls over Financial reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purpose in accordance with generally accepted accounting principles. A company’s internal financial controls over financial reporting includes those policies and procedures that.

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

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.

For **NSVR & ASSOCIATES LLP.**,
Chartered Accountants
Firm Registration No: 008801S/S200060

Date : May 20, 2023
Place : Hyderabad

Sd/-
R Srinivasu
Partner
M. No.: 224033
UDIN: 23224033BGPMUV2902

Statement of Audited Balance Sheet as at 31 March 2023

(All amounts are in INR Lakh, except share data and where otherwise stated)

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
ASSETS			
(1) Non-current assets			
a) Property plant and Equipment	2	521.56	671.18
b) Right of Use Assets	3	159.66	435.43
c) Investment Property	4	1,138.29	1,138.29
d) Deferred Tax Assets (Net)	5	714.66	444.13
e) Other Non current Assets		-	-
Total Non current Assets		2,534.17	2,689.03
(2) Current assets			
(a) Inventories	6	489.98	360.23
(b) Financial assets			
(i) Trade receivables	7	10,451.02	9,240.72
(ii) Cash and cash equivalent	8	26.90	106.06
(iii) Bank Balance other than (ii) above	9	574.41	531.07
(iv) Other financial assets	10	1,452.69	1,294.77
c) Other current assets	11	2,431.36	2,023.06
Total Current Assets		15,426.36	13,555.91
Total Assets		17,960.53	16,244.94
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share Capital	12	1,014.41	1,014.41
b) Other Equity	13	4,851.83	4,339.98
		5,866.24	5,354.39
LIABILITIES			
1) Non-current liabilities			
a) Financial Liabilities			
(i) Borrowings	14	878.70	1,171.80
(ii) Lease Liabilities	15	133.45	322.72
(iii) Other Financial Liabilities		-	-
b) Provisions	16	281.40	176.03
Total Non current Liabilities		1,293.55	1,670.55
2) Current liabilities			
a) Financial Liabilities			
(i) Borrowings	17	8,140.38	6,798.67
(ii) Lease Liabilities	18	72.68	177.89
(iii) Trade payables			
a) Total outstanding dues of micro, small and medium enterprises	19	53.26	-
b) Total outstanding dues of creditors other than micro, small and medium enterprises	19	145.11	236.00
(iv) Other financial liabilities	20	1,066.18	993.38
b) Other current liabilities	21	1,221.37	950.64
c) Provisions	22	101.76	63.42
Total Current Liabilities		10,800.74	9,220.00
Total Equity and Liabilities		17,960.53	16,244.94

Significant accounting policies 1
The accompanying notes are an integral part of financial information

For **NSVR AND ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 008801S/S200060

For and on behalf of the Board of directors of
KAPSTON SERVICES LIMITED
(Formerly known as Kapston Facilities Management Limited)

Sd/-
R Srinivasu
Partner
M No: 224033
UDIN: 23224033BGPMUV2902

Sd/-
Srikanth Kodali
Managing Director
DIN: 02464623

Sd/-
Kanti Kiran Doddapaneni
Director
DIN: 07420023

Date : May 20, 2023
Place : Hyderabad

Sd/-
Kapil Sood
Chief Financial Officer

Sd/-
Kalluru Manaswini
Company Secretary
M.No: A56890

Statement of Profit & Loss account for the Year Ended 31 March 2023

(All amounts are in INR Lakh, except share data and where otherwise stated)

Particulars	Note No	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Income			
Revenue from contract with customers	23	39,896.37	27,224.96
Other income	24	207.31	52.82
Total Income		40,103.68	27,277.77
Expenses			
Cost of materials consumed	25	793.91	549.41
Employee benefit expense	26	36,935.49	24,654.43
Finance costs	27	905.52	665.38
Depreciation and amortization expense	28	430.40	545.68
Other expenses	29	803.49	764.11
Total Expenses		39,868.81	27,179.00
Profit before tax and exceptional items		234.87	98.77
Exceptional items		-	-
Profit before tax		234.87	98.77
Tax expense			
(1) Current tax		-	-
(2) Deferred tax		(272.16)	(148.57)
Net Profit for the Period		507.03	247.34
Other comprehensive income (OCI)			
(a) (i) Items that will not be reclassified to profit or loss		6.44	22.64
(ii) Tax on items that will not be reclassified to profit or loss		(1.62)	(5.70)
(b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive income		4.82	16.94
Total Comprehensive income		511.85	264.28
Earnings per share			
Basic earnings per share of Rs.10/-each		5.00	2.44
Diluted earnings per share of Rs.10/- each		5.00	2.44
Weighted average equity shares used in Computing Earnings per Equity shares			
Basic		1,01,44,061.00	1,01,44,061.00
Diluted		1,01,44,061.00	1,01,44,061.00

Significant accounting policies 1
The accompanying notes are an integral part of financial information

For **NSVR AND ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 008801S/S200060

For and on behalf of the Board of directors of
KAPSTON SERVICES LIMITED
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R Srinivasu
Partner
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UDIN: 23224033BGPMUV2902

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Srikanth Kodali
Managing Director
DIN: 02464623

Sd/-
Kanti Kiran Doddapaneni
Director
DIN: 07420023

Date : May 20, 2023
Place : Hyderabad

Sd/-
Kapil Sood
Chief Financial Officer

Sd/-
Kalluru Manaswini
Company Secretary
M.No: A56890

Cash Flow Statement for the Year Ended 31 March 2023

(All amounts are in INR Lakh, except share data and where otherwise stated)

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation, and extraordinary items	234.87	98.77
Adjusted for :		
Interest debited to P&L A/c	861.49	605.09
Interest on Lease Liabilities	44.02	60.29
Gain on termination of Lease	(14.16)	-
Gratuity Provision	150.79	74.43
Profit on Sale Fixed Assets	-	0.45
Depreciation	430.40	545.68
Operating profits before working capital changes	1,707.42	1,384.70
Changes in Assets and Liabilities		
Increase/(Decrease) in Inventories	(129.75)	(63.02)
Increase/(Decrease) in Trade Receivables	(1,210.30)	(2,856.15)
Increase/(Decrease) in Other current financial Assets	(303.66)	(113.66)
Increase/(Decrease) in Other current Assets	(738.10)	(1,303.02)
Increase/(Decrease) in Trade Payables	(90.88)	(166.11)
Increase/(Decrease) in Other Financial Liabilities	72.80	38.76
Increase/(Decrease) in Other Current Liabilities	270.72	304.94
Increase/(Decrease) in Long term and short term provision	(0.63)	69.07
Cash generated from operations	(422.37)	(2,704.49)
Income tax paid	(524.33)	(417.33)
Net cash generated from operating activities	101.96	(2,287.16)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property,Plant and Equipment	(128.65)	(163.33)
Proceeds from Sale of Property, Plant and Equipment	6.14	3.00
Net cash utilised in investing activities	(122.51)	(160.33)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of Long Term Borrowings	(293.10)	(113.53)
Proceeds/(Repayment) of short Term Borrowings	10.79	-
Interest paid	(861.49)	(605.09)
Repayment of Lease Liabilities (Including interest)	(250.46)	(91.35)
Net cash utilised in financing activities	(1,394.27)	(809.97)
D. Net increase / (decrease) in cash and cash equivalents	(1,414.82)	(3,257.45)
E. Cash and cash equivalents at the beginning of the year	(5,572.60)	(2,315.14)
F. Cash and cash equivalents at the end of the year	(6,987.42)	(5,572.60)

Notes:

1) Cash and Cash equivalents includes:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash on hand	17.82	18.87
Cash Equivalents		
Current accounts	9.08	87.19
Deposit accounts	546.23	531.07
Deposits against Bank Guarantee	117.56	137.46
Short Term Borrowings from banks	(7,678.11)	(6,347.19)
	(6,987.42)	(5,572.60)

The accompanying notes are an integral part of financial information

For **NSVR AND ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 008801S/S200060

For and on behalf of the Board of directors of
KAPSTON SERVICES LIMITED
(Formerly known as Kapston Facilities Management Limited)

Sd/-
R Srinivasu
Partner
M No: 224033
UDIN: 23224033BGPMUV2902

Sd/-
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Managing Director
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DIN: 07420023

Date : May 20, 2023
Place : Hyderabad

Sd/-
Kapil Sood
Chief Financial Officer

Sd/-
Kalluru Manaswini
Company Secretary
M.No: A56890

1. NOTES TO FINANCIAL STATEMENTS

Description of the Company and Significant Accounting Policies

1.1 Corporate information

KAPSTON SERVICES LIMITED (“the Company”) (CIN: L15400TG2009PLC062658) is engaged in the business of rendering security and related services, training and facility management, Housekeeping and cleaning services and IT staffing services. The company has registered office at Hyderabad and provides services in major cities all over India.

The financial statements were authorized by the directors on May 20, 2023.

Significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

1.2 Basis of preparation and presentation of Financial Statements

The financial statements of **Kapston Services Limited** have been prepared and presented in accordance with and in compliance in all material aspects, with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (the “Act”) read along with the Companies (Indian Accounting Standards) Rules 2015, and presentation requirements of Division II of Schedule III to the Companies Act, 2013, and as amended from time to time together with the comparative period data as at and for the year ended 31 March 2022.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date, 31 March 2023. These financial statements for the year ended 31 March 2023 were approved by the Company’s Board of Directors on 20th May 2023.

1.3 Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- b. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation and
- c. Long-term borrowings are measured at amortized cost using the effective interest rate method.
- d. Right of use assets are recognized at the present value of lease payments that are not paid at that date. This amount is adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs, incurred if any.

1.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs except share data or as otherwise stated.

1.5 Use of estimates and judgments.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.19- lease classification.
- Note 1.19 - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 37 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 1.10 - determining an asset’s expected useful life and the expected residual value at the end of its life

1.6 Measurement of fair values

Accounting polices and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 40 - Financial instruments

1.7 Current and non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets: An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current. 'Deferred tax assets/liabilities are classified as non-current.

1.8 Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

1.9 Foreign Currency Transaction

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.

1.10 Property Plant & Equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, asset retirement obligation and costs directly attributable towards bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value only when it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year during which such expenses are incurred.

Depreciation

The Company depreciates property, plant and equipment over the estimated useful lives using the written down value method from the date, the assets are available for use.

Category	Useful Life
Mobiles	5 Years
Office Equipment	5 Years
Computers	3 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Plant and Machinery	5 Years
Livestock	8 Years
Lease Hold Improvement	5 Years or useful life of asset whichever is lower

1.11 Intangible assets

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is recognized in the statement of profit and loss on a written down value basis over the estimated useful lives of intangible assets Intangible assets that are not available for use are amortized from the date they are available for use.

1.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the Purpose of Subsequent measurement, Financial assets are classified in four categories.

- Debt Instrument at amortized cost
- Debt Instrument at FVTOCI
- Debt instruments, Derivatives and Equity instruments at FVTPL and
- Equity Instruments measured at FVTOCI.

Debt instruments at amortised cost

A “debt instrument” is measured at the amortised cost if both the following conditions are met:

- a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method and are subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit and loss and presented in other income. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A “debt instrument” is classified as at the FVTOCI if both of the following criteria are met:

- a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) the asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned while holding a FVTOCI debt instrument is reported as interest income using the effective interest rate method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as an “accounting mismatch”).

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made upon initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, on sale the Company may transfer the cumulative gain or loss within equity. Equity investments designated as FVTOCI are not subject to impairment assessment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company’s balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise

the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

Financial Liabilities at Fair value through Profit and Loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains or losses attributable to changes in own credit risk are recognised in OCI. These gains or losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as FVTPL.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Inventories

Inventories (raw materials, consumables and stores and spares) are valued at lower of cost and net realisable value. Cost of inventories comprises purchase price and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell

1.13 Impairment of non-financial assets

'The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

'For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

1.14 Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

1.15 Employee Benefits

a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined Contribution Plan

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

c. Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

d. Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

e. Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

1.16 Provisions, contingent liabilities and contingent assets

a. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

b. Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

c. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.17 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts recognised as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties.

At the inception of the new contractual arrangement with the customer, the Company identifies the performance obligations inherent in the agreement. The terms of the contracts are such that the services to be rendered represent a series of services that are substantially the same with the same pattern of the transfer to the customer.

Revenue is recognized when the control is transferred to the customer and when the Company has completed its performance obligations under the contracts. Revenue is recognized in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue is recognized as follows:

- (i) Revenue from services represents the amounts receivable for services rendered.
- (ii) For non-contract-based business, revenue represents the value of goods delivered or services performed.
- (iii) For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognized in the period in which the service is rendered.
- (iv) Unbilled revenue (contract assets) net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.
- (v) Unearned revenue (contract liabilities) represents revenue billed but for which services have not yet been performed and is included under Advances from customers. The same is released to the statement of profit and loss as and when the services are rendered.

a. Rendering of Services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

b. Other Income

- (i) Miscellaneous Income
Miscellaneous Income includes Rounding off and other non operating income these are recognized as and when accrued.

1.18 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of *time* to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

1.19 Leases

Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. For any new contracts entered into or changed on or after April 1, 2019, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- (iii) The Company has the right to direct the use of the identified asset throughout the period of use. the Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset ('ROU') and a corresponding lease liability on the balance sheet. The right-of-use asset is measured at cost, which comprises of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets using the written down value method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist

Ind AS116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with an option to extend or terminate the lease, if the use of such option is reasonably certain. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances

Extension and termination options are included in a number of leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprises of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the rightof-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straightline basis over the lease term.

1.20 Tax Expenses

Tax expense consists of current and deferred tax.

a. Income Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

b. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and

Deferred tax assets are recognised for deductible temporary differences, the carry forwards of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1.21 Earnings Per Share

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

1.22 Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance

costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

1.23 Cash flow Statements

Cash flows are reported using the indirect method, whereby net profit/ (loss) 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

1.24 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company’s trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115 “Revenue from Contracts with Customers”.

1.25 Determination of fair values

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

a. Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

b. Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the “relief of royalty method”). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

c. *Inventories*

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

d. *Derivatives*

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

e. *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company’s borrowings that have floating rates of interest, their fair value approximates carrying value.

Recent pronouncements

Ministry of Corporate Affairs (MCA), vide notification dated 31st March, 2023, has made the following amendments to Ind AS which are effective 1st April, 2023

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The company does not expect this amendment to have any significant impact in its standalone financial statements.

For **NSVR AND ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 008801S/S200060

Sd/-
R Srinivasu
Partner
M No: 224033
UDIN: 23224033BGPMUV2902

Date : May 20, 2023
Place : Hyderabad

For and on behalf of the Board of directors of
KAPSTON SERVICES LIMITED
(Formerly known as Kapston Facilities Management Limited)

Sd/-
Srikanth Kodali
Managing Director
DIN: 02464623

Sd/-
Kapil Sood
Chief Financial Officer

Sd/-
Kanti Kiran Doddapaneni
Director
DIN: 07420023

Sd/-
Kalluru Manaswini
Company Secretary
M.No: A56890

Note No. 2: Property, Plant and Equipment

Particulars	Office Equipments	Computers	Mobiles	Furniture and Fixtures	Printers	Inverters	Plant and Machinery	Vehicles	Live stock	Lease Hold Improvements	Total
Gross carrying amount											
Balance as at 1 April 2022	293.96	141.34	50.09	272.57	7.44	8.21	1.96	702.17	1.43	532.79	2,011.97
Additions for the year	31.54	13.56	28.21	44.74	-	3.99	5.40	0.26	-	0.94	128.65
Disposals for the year	-	-	-	-	-	-	-	14.38	-	-	14.38
Balance as at 31 March 2023	325.49	154.91	78.31	317.31	7.44	12.21	7.36	688.05	1.43	533.74	2,126.24
Accumulated Depreciation											
Balance as at 1 April 2022	211.35	115.61	36.45	140.34	5.50	7.62	1.77	557.69	0.92	263.54	1,340.80
Depreciation charge for the year	41.94	17.49	10.70	34.74	0.84	0.27	1.89	42.27	0.20	121.78	272.13
On Disposals	-	-	-	-	-	-	-	8.25	-	-	8.25
Balance as at 31 March 2023	253.29	133.10	47.15	175.08	6.34	7.90	3.67	591.71	1.12	385.32	1,604.68
Net Carrying Value											
As at 31 March 2022	82.61	25.73	13.64	132.23	1.94	0.59	0.19	144.48	0.51	269.25	671.18
As at 31 March 2023	72.20	21.81	31.15	142.23	1.10	4.31	3.70	96.34	0.31	148.41	521.56

Note No. 3: Right of Use Asset

Particulars	Buildings
Gross carrying amount	
Balance as at 1 April 2022	751.99
Additions for the year	-
Disposals for the year	196.06
Balance as at 31 March 2023	555.93
Accumulated Depreciation	
Balance as at 1 April 2022	316.56
Depreciation charge for the year	158.27
On Disposals	-78.56
Balance as at 31 March 2023	396.27
Net Carrying Value	
As at 31 March 2022	239.37
As at 31 March 2023	159.66

Note No. 4: Investment Property

Particulars	Land
Gross carrying amount	
Balance as at 1 April 2022	1,138.29
Additions for the year	-
Disposals for the year	-
Balance as at 31 March 2023	1,138.29
Accumulated Depreciation	
Balance as at 1 April 2022	-
Depreciation charge for the year	-
On Disposals	-
Balance as at 31 March 2023	-
Net Carrying Value	
As at 31 March 2022	1,138.29
As at 31 March 2023	1,138.29

Note No. 5: Deferred Tax Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Asset on 80JJAA	454.89	242.38
Deferred Tax Asset on Property,plant& equipment	153.10	130.62
Deferred Tax Asset on Right of Use Assets	11.70	16.41
Deferred Tax Asset on Gratuity	94.82	54.57
Deferred Tax Asset on Others	0.16	0.16
Total	714.66	444.13

Note No. 6: Inventories

Particulars	As at 31 March 2023	As at 31 March 2022
Closing Stock	489.98	360.23
Total	489.98	360.23

Note No. 7: Trade Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, Considered Good		
Trade Receivable	10,498.70	9,294.12
Less: Allowance for expected credit loss	(47.68)	(53.40)
Total	10,451.02	9,240.72

Note

Trade Receivables are non interest bearing.

Refer Note no:30 for trade receivable ageing schedule

Note No. 8: Cash and Cash Equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	17.82	18.87
Balances with banks in		
- Current accounts	9.08	87.19
Total	26.90	106.06

Note No. 9: Bank Balance other than (ii) above

Particulars	As at 31 March 2023	As at 31 March 2022
- Fixed Deposits in Banks with maturity more than 3 months but less than 12 months	546.23	531.07
Interest Receivable on Fixed Deposit	28.18	-
Total	574.41	531.07

Note No. 10 Other Financial Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Rental and other deposits	234.08	214.92
Receivables for training projects	1,084.94	921.49
Deposits against Bank Guarantee	117.56	137.46
Interest Accrued on Deposits against Bank Guarantee	16.10	20.90
Total	1,452.69	1,294.77

Note No. 11: Other Current Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Advances to Employees	1,090.48	958.27
Advance to Suppliers	26.29	46.11
Balances with Govt Authorities - TDS Receivable	1,098.68	880.90
Prepaid Expenses	206.84	125.65
TDS Recoverable On Financial Charges	-	1.83
Other Advances	9.06	10.29
Total	2,431.36	2,023.06

Note No. 12

(All amounts are in INR Lakh, except share data and where otherwise stated)

a. Equity Share Capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	Number	Amount (Rs.)
Authorised				
11,50,00,00 Equity Shares of Rs.10 each	1,15,00,000	1,150.00	1,15,00,000	1,150.00
Total	1,15,00,000	1,150.00	1,15,00,000	1,150.00
Issued,Subscribed & Paid Up				
1,01,44,061 Equity Shares of Rs.10 each	1,01,44,061	1,014.41	1,01,44,061	1,014.41
Total	1,01,44,061	1,014.41	1,01,44,061	1,014.41

b. Reconciliation of number of Shares

Equity Shares	As at 31 March 2023	As at 31 March 2022
Shares outstanding at the beginning of the year	1,01,44,061	1,01,44,061
Add: Shares issued during the year	-	-
Less: Shares bought back during the year	-	-
Balance outstanding at the end of the year	1,01,44,061	1,01,44,061

Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share.

c. Details of shares held by promoters

Shares held by Promoters at the end of the Year

Promoter Name	As at 31 March 2023		As at 31 March 2022	
	No of shares held	% of Share Holding	No. of Shares held	% of Share Holding
Mr. Srikanth Kodali	72,03,693	71.01%	72,03,693	71.01%
Mrs. Kanti Kiran Doddapaneni	1,88,002	1.85%	1,88,002	1.85%

d. Details of share held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Share holder	As at 31 March 2023		As at 31 March 2022	
	No. of Shares held	% of Share Holding	No. of Shares held	% of Share Holding
Mr. Srikanth kodali	72,03,693	71.01%	72,03,693	71.01%
Mr. Chereddi Ramachandra Naidu	6,41,200	6.32%	6,41,200	6.32%

Note No. 13: Other equity

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	Retained Earnings	Actual gain/Loss on account of Defined benefit plans	
Balance as at 31 March 2021	755.81	3,260.82	59.07	4,075.70
Profit for the year	-	247.34	-	247.34
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	16.94	16.94
Balance as at 31 March 2022	755.81	3,508.16	76.01	4,339.98
Profit for the year	-	507.03	-	507.03
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	-	4.82	4.82
Balance as at 31 March 2023	755.81	4,015.19	80.83	4,851.83

Note No. 14: Non-current borrowings

Particulars	As at 31 March 2023	As at 31 March 2022
a) Loans from Banks & Financial Institutions		
Secured*	132.88	221.69
Unsecured**	745.82	950.11
Total	878.70	1,171.80

Note No. 15: Non-current lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Lease Liabilities	133.45	322.72
Total	133.45	322.72

Note No. 16: Non-current provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Gratuity	281.40	176.03
Total	281.40	176.03

Note No. 17: Current borrowings

Particulars	As at 31 March 2023	As at 31 March 2022
a) Borrowings from Banks & Financial Institutions		
Secured*	7,678.11	6,347.19
b) Current maturities of Long term Borrowings	462.27	451.48
Total	8,140.38	6,798.67

Details of Borrowings

Out of the above secured borrowings (a)Rs 2407.14 Lakhs (Previous year Rs 2659.60 Lakhs) were obtained from Axis Bank Limited (b) Rs 921.37 Lakhs (Previous year Rs 836.00 Lakhs) were obtained from Bandhan Bank (c) Rs 2352.57 Lakhs (Previous year Rs 2458.27 Lakhs) obtained from HDFC bank Limited (d) Rs 1997.03 Lakhs (Previous year Rs 393.32 lakhs) obtained from ICICI Bank Limited.

- a) Primary security

i. The loan from all the lenders are ranked with pari passu, by primarily secured by hypothecation of all the current assets of the company including inventory and book debts less than 90 days
- b) Collateral security

i. Existing fixed deposits with pari passu charge
- c) Personal Guarantees

i. Mr Srikanth Kodali

ii. Mrs Kanti Kiran Doddapaneni

Note No.19: Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Total Outstanding dues of Micro, Small and Medium Enterprises (MSME)	53.26	-
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises (Others)	145.11	236.00
Total	198.37	236.00

Refer Note no 31 for ageing schedule as per schedule III format

Note No. 18: Current lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	72.68	177.89
Total	72.68	177.89

Note No. 20: Other current financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Rent payable	14.96	15.54
Expenses Payable	43.69	5.60
Audit fee Payable	13.50	
Expenses payable of projects	4.60	7.92
Salaries Payable	134.12	133.32
Wages Payable	824.36	802.99
Interest Accrued on Bank borrowings	30.95	28.00
Total	1,066.18	993.38

Note No. 21: Other current liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	1221.37	902.89
Advance Received for Training Projects	-	47.75
Total	1,221.37	950.64

Note No. 22: Current provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Gratuity	101.76	63.42
Total	101.76	63.42

Note No. 23: Revenue from contract with customers

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Sale of services		
(a) House Keeping	11,866.09	8,301.29

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
(b) Security Service Charges	15,889.78	13,589.24
(c) Contract Staffing Income	11,823.20	4,510.28
(d) Grants Received from Ministry of Rural Development and Government of India for DDU -GKY skill Projects	211.20	173.77
(e) Unbilled Revenue	106.11	650.38
Total	39,896.37	27,224.96

Note No. 24: Other Income

Particulars	For the Year ended 31 March 2023	For the Year Ended 31 March 2022
Interest Received	40.85	23.79
Interest on Income tax Refund	34.52	0.00
Misc Income	0.00	0.10
Profit on Sale of Fixed Assets	-	0.45
Income from NAPS programme	107.08	14.68
Gain on Termination of Leases	14.16	
Grant Deferred Income	10.70	13.80
Total	207.31	52.82

Note No. 25: Cost of Materials consumed

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Opening Stock	360.23	297.21
Purchases	923.66	612.43
Closing Stock	489.98	360.23
Cost of Materials consumed	793.91	549.41

Note No. 26: Employee Benefits

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Wages	31,630.83	20,871.69
Expenses for Ministry of Rural Development and Government of India for DDU -GKY skill Projects	211.20	173.77
Salaries	1,625.09	1,401.68
Directors Remuneration	120.00	120.00
Other Employee Benefits	3,342.87	2,081.29
Director's Sitting Fees	5.50	6.00
Total	36,935.49	24,654.43

Note No. 27: Finance cost

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Interest on Vehicle loans and other Term loans	139.10	140.37
Interest on Bank O/D	697.59	418.18
Bank Charges	24.80	24.82
Bills Discounted charges	-	21.72
Interest On lease liabilities	44.02	60.29
Total	905.52	665.38

Note No. 28: Depreciation and Amortization

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Depreciation on Property,Plant and Equipment	272.13	386.05
Depreciation on Right of use assets	158.27	159.63
Total	430.40	545.68

Note No. 29: Other Expenses

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Advertisement Charges	7.96	4.55
Professional Fees	15.40	10.00
Internal Audit Fees	2.00	2.00
Business Promotion Expenses	7.96	32.92
Consultancy Charges	109.04	82.17
Conveyance	43.69	41.36
Electricity Charges	27.18	23.03
Donation	10.26	23.18
CSR Expenses	14.10	18.80
Bad Debts	-	28.10
Insurance	136.71	53.34
Rates and Taxes	87.65	20.90
Office Maintenance	50.05	52.17
Postage and Telegram	1.71	1.83
Printing and Stationery	24.86	27.68
Rent	57.31	62.94
Internet Charges	2.80	12.79
Telephone Charges	20.89	19.62
Travelling Expenses	46.52	41.88
Computer Maintenance	8.28	11.48
Vehicle Maintenance	31.96	52.99
NSDC Expenditure	28.20	29.25
Kennels (Dog Training Exp)	0.56	3.64
Recruitment expenses	14.90	24.42
Annual Maintenance Charges	4.14	4.67
Software Expenses	13.60	0.00
Expected Credit Loss	-	53.40
Other expenses	22.74	19.99
Audit Fees		
Statutory Audit	10.00	3.00
Tax Audit	3.00	2.00
Total	803.49	764.11

Note No. 30: Trade Receivable

Particulars	Trade Receivables Outstanding as at 31 March 2023						
	Not Due	Less than 6 months	6 Months- 1 year	1-2 years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	3,535.11	6,721.45	-	-	-	51.23	10,307.79
(ii) Undisputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered good	-	-	-	-	29.46	161.46	190.92
(v) Disputed Trade Receivables- which have significant increase in Credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables-Credit impaired	-	-	-	-	-	-47.68	-47.68
Total	3,535.11	6,721.45	-	-	29.46	165.01	10,451.02

Particulars	Trade Receivables Outstanding as at 31 March 2022						Total
	Not Due	Less than 6 months	6 Months- 1 year	1-2 years	2-3 Years	More than 3 years	
(i) Undisputed Trade receivables -considered good	2,844.35	6,207.62	-	-	-	51.23	9,103.20
(ii) Undisputed Trade Receivables- which have significant increase in Credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables-Credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-Considered good	-	-	-	29.46	161.46	-	190.92
(v) Disputed Trade Receivables- which have significant increase in Credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables-Credit impaired	-	-	-	-	-53.40	-	-53.40
Total	2,844.35	6,207.62	-	29.46	108.07	51.23	9,240.72

Note No. 31: Trade Payable

Particulars	Trade Receivables Outstanding as at 31 March 2023						Total
	Not Due	Less than 1 Year	1-2 years	2-3 Years	More than 3 years		
(i) MSME	53.26	-	-	-	-	-	53.26
(ii) Others	94.87	50.24	-	-	-	-	145.11
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	140.02	58.35	-	-	-	-	198.37

Particulars	Trade Receivables Outstanding as at 31 March 2022						Total
	Not Due	Less than 1 Year	1-2 years	2-3 Years	More than 3 years		
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	227.43	8.57				236.00
(iii) Disputed Dues-MSME	-	-	-	-	-	-	-
(iv) Disputed Dues- Others	-	-	-	-	-	-	-
Total	-	227.43	8.57	-	-	-	236.00

32. Changes in liabilities arising from financing activities

For the year ended 31 March 2023

Particulars	Current Borrowings	Non-current Borrowings	Lease Liabilities
As at 01 April, 2022	6,347.19	1,623.28	500.62
Borrowings made during the year	1,330.92	167.00	-
Borrowings repaid during the year	-	(449.31)	-
Recognition/termination of Lease Liability during the year	-	-	-
Payment of lease liability including interest	-	-	(294.49)
As at 31 March, 2023	7,678.11	1,340.97	206.13

For the year ended 31 March 2022

Particulars	Current Borrowings	Non-current Borrowings	Lease Liabilities
As at 01 April, 2021	2,992.43	1,736.81	409.27
Borrowings made during the year	3,354.76	-	-
Borrowings repaid during the year	-	(113.53)	-
Recognition/termination of Lease liability during the year	-	-	228.91
Payment of lease liability including interest	-	-	(137.56)
As at 31 March, 2022	6,347.19	1,623.28	500.62

33. Earnings per Share

Basic EPS amounts are computed by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) attributable to equity holders by the weighted average number of equity shares outstanding during the period/year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Earnings		
Profit attributable to equity holders	507.03	247.34
Shares		
Number of shares at the beginning of the year	1,01,44,061	1,01,44,061
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	1,01,44,061	1,01,44,061
Weighted average number of equity shares outstanding during the year – Basic (Nos)*	1,01,44,061	1,01,44,061
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
Weighted average number of equity shares outstanding during the year – Diluted (Nos)*	1,01,44,061	1,01,44,061
Earnings per share of par value ₹ 10/- Basic	5.00	2.44
Earnings per share of par value ₹ 10/- Diluted	5.00	2.44

*For Earning Per Share Computation, shares in (No's) were considered for Weighted average number of shares.

34. Auditor Remuneration

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Audit Fees	10.00	3.00
Tax Audit	3.00	2.00
Taxation Matters	-	-
Other services	-	-
Total *	13.00	5.00

* Excluding Taxes

35. Related Party Transaction

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, key managerial personnel defined as per section 2(51) of the Companies Act, 2013 are considered as related parties of the Company.

List of related parties of the Company is as below:

(a) Names of related parties	Nature of Relationship
Dr. Chereddi Ramachandra Naidu	Chairman
Mr. Srikanth Kodali	Managing director
Mr. Naveen Nadigam	Independent director
Ms. Vanitha Nagulavari	Independent director
Mr. Nageswara Rao Koripalli	Independent director

(a) Names of related parties	Nature of Relationship
Ms. Doddapaneni Kanti Kiran	Non-Executive director
Mr. Kapil Sood	Chief Financial officer
Ms. Kalluru Manaswini	Company Secretary

(b) Transactions during the year

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Remuneration		
Mr. Chereddi Ramachandra Naidu	15.00	15.00
Mr. Srikanth Kodali	120.00	120.00
Mr. Kapil Sood	39.65	23.47
Ms. Kalluru Manaswini	7.80	1.16
Sitting fee		
Mr. Naveen Nandigam	2.00	2.00
Mr. Vanitha Nagulavari	1.50	2.00
Mr. NageswaraRao Koripalli	2.00	2.00
Professional charges for advisory services		
Mr. Nageswara Rao Koripalli	-	1.00

(c) Balance Outstanding at

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Remuneration		
Mr. Srikanth Kodali	6.73	6.72
Mr. Chereddi Ramachandra Naidu	1.04	-
Mr. Kapil Sood	1.86	-
Ms. Kalluru Manaswini	0.63	-

36. Segment Reporting

The Company concluded that there is only one operating segment i.e., Facility Management & staffing services. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable.

37. Details of Employee Benefits

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Wages	31,630.83	20,871.69
Salaries	1,625.09	1,401.68
Director remuneration	120.00	120.00
Other employee benefits	3,342.87	2,081.29
Expenses for Ministry of Rural Development and Government of India for DDU-GKY skill Projects	211.20	173.77
Total	36,929.99	24,648.43

Notes

- The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. However, effective date and the final rules/interpretation have not yet been notified/ issued. The Company is in the process of assessing the impact of the Code and will recognize the impact, if any, based on its effective date.
- The Company operates defined benefit plan i.e., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

Gratuity and other Post employment benefits

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation.

(a) Change in Present Value of Defined Benefit Obligation (Gratuity)

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Defined Benefit obligation at the beginning	239.45	170.38
Interest cost	16.89	11.77
Adjustment	-	-
Current service cost	133.26	80.50
Benefits Paid	-0.60	-0.56
Actuarial/losses on obligation	-5.84	-22.64
Obligation at the end of the year	383.16	239.45

(b) Amount recognised in Profit and Loss account and other comprehensive income recognised for defined benefit contribution Plan

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Current Service Cost	133.26	80.50
Past Service cost	-	-
Gain/(Loss) on settlements	-	-
Reimbursement of service cost	-	-
Total Service cost	133.26	80.50
Interest expense on DBO	16.89	11.77
Interest (income) on Plan assets	-	-
Interest (income) on Reimbursement rights	-	-
Interest expense on Asset ceiling /Onerous Liability	-	-
Total Net Interest cost	16.89	11.77
Reimbursements of Other Long term benefits	-	-
Defined benefit cost Included in P&L	150.83	92.27
Remeasurements - Due to Demographic assumptions	-	-
Remeasurements - Due to Financial assumptions	-0.60	-2.45
Remeasurements - Due to Experience adjustments	-5.84	-20.19
(Return) on Plan assets (Excluding interest income)	-	-
(Return) on Reimbursement Rights	-	-
Changes in Asset ceiling /Onerous Liability	-	-
Total Remeasurements in OCI	-6.64	-22.64
Total Defined Benefit Recognised in P&L and OCI	143.16	69.63

(c) Amount recognised in the statement of Financial Position

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Defined Benefit Obligation	383.16	239.45
Fair value of plan assets	-	-
Net asset/(Liability) recognised in Balance sheet	383.16	239.45

(d) The assumptions used in accounting for the Gratuity Plan are set out as below:

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Discount rate	7.51%	7.32%
Retirement age	58	58
Future salary increases	5.00%	5.00%

38 Income taxes

Income tax Expense/(Benefit) recognised in the Statement of Profit and Loss Account

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Current Tax Expense	-	-
Deferred tax Expense	-	-
Deferred tax Expense Benefit	-272.16	-148.57
Total income tax Expense/(Benefit) recognised	-272.16	-148.57

Income tax Expense/(Benefit) recognised in the Statement of other comprehensive income

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Tax Effect on remeasurement of defined benefit Plans	1.62	5.70
Total income tax Expense/(Benefit) recognised	1.62	5.70

Reconciliation of Effective Tax Rate

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Profit Before Income tax	234.87	98.77
Enacted tax Rate in India	25.17%	25.17%
Computed Expected Tax Expense/(Benefit)	59.12	24.86
Tax Effect on		
Expense Not deductible for tax Purpose	214.46	277.45
Expense deductible for tax Purpose	99.40	97.78
Other deductions	314.60	226.32
Income tax Expense/(Benefit)	-140.42	-21.79
Effective tax rate	-	-

Deferred tax (Asset)/Liabilities(Net)

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Deferred tax asset on 80JJAA	454.89	242.38
Deferred tax asset on Property, Plant and Equipment	153.10	130.62
Deferred tax Assets on Right of Use assets	11.70	16.41
Deferred tax asset on Employee benefit obligations	94.82	54.57
Deferred tax asset on others	0.16	0.16
Net Deferred Tax Asset	714.66	444.13

39 Contingent Liabilities

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
Claims against the Company/Disputed Liabilities not acknowledged as debts	-	-
Bank Guarantee	117.56	137.46
Total	117.56	137.46

40. Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2023 and 31 March 2022 were as follows:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying value	Fair value / Amortised cost	Carrying value	Fair value / amortised cost
Trade Receivables	10451.02	10451.02	9240.72	9240.72
Loans and advances	-	-	-	-
Cash and cash equivalents	26.90	26.90	106.06	106.06
Other Bank balances	574.41	574.41	531.07	531.07
Other Financial Assets	1452.69	1452.69	1294.77	1294.77
Total	12,505.02	12,505.02	11,172.62	11,172.62
Borrowings	9,019.08	9,019.08	7970.47	7970.47
Trade payables	198.37	198.37	236.00	236.00
Lease Liabilities	206.13	206.13	500.62	500.62
Other financial liabilities	1066.18	1066.18	993.38	993.38
Total	10,489.76	10,489.76	9,700.47	9,700.47

Fair value hierarchy

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

41 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

A) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, loans and advances and financial instruments. The Company strives to promptly identify and reduce concerns about collection due to a deterioration in the financial conditions and others of its main counterparties by regularly monitoring their situation based on their financial condition. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 12,505.02 Lakhs and 11,172.62 Lakhs as at 31 March 2023 and 31 March 2022 respectively, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables, margin money and other financial assets.

a. Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed

through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The total Trade Receivable as on 31 March 2023 is Rs 10451.02 Lakhs and Rs.9240.72 lakhs as on 31 March 2022.

Particulars	As at 31 March 2023	As at 31 March 2022
Neither Past Due nor Impaired	3535.11	2,844.35
Past Due but no Impaired		
Less than 365 days	6721.45	6,207.62
More than 365 days	194.46	188.75
Credit Impaired	47.68	53.40
Less: Allowance for credit Losses	-47.68	-53.40
Total	10451.02	9,240.72

None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31 March 2023.

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

Reconciliation of allowance for credit losses

The details of changes in allowance for credit losses during the year ended 31 March 2023 and 31 March 2022 are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	53.40	-
Impairment of Trade receivables	-5.72	53.40
Balance at the end of the year	47.68	53.40

Credit quality of financial assets and impairment loss

The ageing of trade receivables as of balance sheet date is given in Note No 30. The age analysis has been considered from the due date.

B) Liquidity Risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

The below table summarises company's long-term debt that will mature in less than one year based on the carrying value of borrowings reflected in the financial statements.

Particulars	As at 31 March 2023	As at 31 March 2022
Company's Long-term debt	878.70	1,170.80
Company long term debt that will mature in less than one year from the reporting period	462.27	451.48
	52.61%	38.53%

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Carrying Value	On demand	1 to 5 years	> 5 years
As at 31 March 2023				
Long term borrowings	1,340.97	462.27	878.70	-
Other financial liabilities	1,066.18	1,066.18	-	-
Trade payables	198.37	198.37	-	-
Lease Liabilities	206.13	72.68	133.45	-
Short term borrowings	7,678.11	7,678.11		
As at 31 March 2022				
Long term Borrowings	1,623.28	451.48	1171.80	-
Other financial liabilities	993.38	993.38	-	-
Trade payables	236.00	236.00	-	-
Lease Liabilities	500.62	177.89	322.72	-
Short term borrowings	6,347.19	6,347.19		

The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and significant portion of short-term debt maturing within 12 months can be rolled over with existing lenders. The Company believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

C) Market Risks

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

D) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

Expenditure in Foreign Currency is as follows

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
FOB value of Imports	-	-
Professional Fees	-	-
Other Expenses	-	-
Total	-	-

Earnings in Foreign Exchange

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
FOB value of Exports	-	-
Professional Fees	-	-
Dividend Income	-	-
Total	-	-

42. Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

Particulars	As at 31 March 2023	As at 31 March 2022
Total Debt	9,019.08	7,970.47
Total Equity	5,866.24	5,354.39
Debt to Equity Ratio	1.54:1	1.49:1

43. Corporate Social responsibility expenses

The CSR expenditure comprise of the following

- Gross Expenditure required to be spent during the Financial year 2022-23 is Rs.13.11 lakhs and Rs 18.80 lakhs of Previous Financial Year 2021-22.
- Amount spent during the year is given below:

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Preventing Health care including preventive health care	-	6.82
Slum Area Development- Development of roads in slum areas	-	12.00
Rural area development	2.50	-
Eradicating hunger, poverty and malnutrition, promoting education, including special education and employment enhancing vocation skills	11.00	-
Kasturba Gandhi National memorial trust	0.60	-
Total amount spent	14.10	18.82

44. Micro Small and Medium Enterprises disclosure

The following details relating to micro, small and medium enterprises shall be disclosed in the notes.

Particulars	For the Period Ended 31 March 2023	For the Period Ended 31 March 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	53.56	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest	-	-
Dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	53.56	-

Note: The list of undertakings covered under MSMED Act was determined by the Company on the basis of information available with the Company.

45. Leases

The Company take lease contracts for buildings. The leases generally have lease terms between 3-5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and sub-leasing the leased assets. There lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Refer Note 3 for details of carrying amounts of right-of-use assets recognised and the movements during the year. Set out below are the carrying amounts of lease liabilities (included under interest-bearing borrowings) and the movements during the year.

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
At the beginning of the year	500.62	409.27
Additions	-	228.91
Leases terminated	-	-
Payments including interest	294.49	137.56
At the end of the year	206.13	500.62
Current	72.68	177.89
Non-current	133.45	322.72

The maturity analysis of lease liabilities is disclosed in Note 32. The following are the amounts recognized in the statement of profit or loss:

The Company had total cash outflows for leases of Rs 294.49 Lakhs.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The effective interest rate for lease liabilities is 11%, with maturity between 2024-25.

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
Expense relating to leases of low-value assets	57.31	62.94
Expense relating to short-term leases	-	-
Variable lease payments	-	-
Total Lease Payments not considered as Lease payments under Ind AS 116	-	-

46. Other statutory information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with struck off companies.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- f. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- g. The Company has not entered into any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- h. The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- i. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- j. No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, during the year.
- k. The Company has borrowings from banks against security of its current assets. The reports or statements of Current assets filed by the company with banks are in agreement with the books of accounts.
- l. The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

47. Ratios as per the Schedule III requirements

S. No.	Particulars	FY 2022-23	FY 2021-22	Change%	Items Included in Numerator	Items Included in Denominator	Reason for change
1	Current Ratio (No of times)	1.43	1.47	-2.86%	Current Assets	Current Liabilities	
2	Debt Equity Ratio (No of times)	1.54	1.49	3.28%	Total Debt	Share holders Equity	
3	Return on Equity Ratio (No of times)	0.09	0.05	90.82%	Net profit after tax	Average Shareholders's Equity	Due to increase of Profits from business operations
4	Trade Receivable Turnover Ratio (No of times)	4.03	3.46	16.41%	Credit Sales	Average trade receivables	
5	Inventory Turnover Ratio (No of times)	1.87	1.67	11.74%	Raw Material consumed	Average Inventory	
6	Debt service coverage Ratio (No of times)	1.17	1.80	-34.82%	Earnings available for debt service	Interest on borrowings + Repayment of borrowings	Due to increase of repayment and interest
7	Trade Payable turnover Ratio (No of times)	3.66	1.72	112.28%	Cost of material Consumed	Average Trade Payable	Due to increase in raw material consumption and increased business operations
8	Net Capital turnover Ratio (No of times)	8.58	6.24	37.52%	Revenue from Operations	Working capital	Due to increase in turnover by 47% compared with previous year
9	Net Profit Ratio %	1.28	0.91	39.74%	Net profit after tax	Revenue from Operations	Due to increase of profit from business operations
10	Return on Capital employed (No of times)	0.14	0.11	27.76%	Earnings before interest and taxes (EBIT)	Capital Employed (pre cash)	Due to increase of profit from business operations

Notice of the Annual General Meeting

Notice is hereby given that the Fifteenth (15th) Annual General Meeting (AGM) of the Shareholders of Kapston Services Limited (Formerly known as Kapston Facilities Management Limited) “Company” will be held on Monday, the 25th Day of September, 2023 at 04.00 P.M. at the Corporate Office of the Company situated at Plot No 75, Kavuri Hills, Madhapur, Hyderabad, Telangana- 500034, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 March 2023 together with the Reports of the Board of Directors (‘the Board’) and Auditors thereon.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Audited Financial Statement of the Company for the financial year ended 31st March, 2023 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To appoint a Director in place of Dr. Ramachandra Naidu Cherredi (DIN: 02096757), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 152 of the Companies Act, 2013, Dr. Ramachandra Naidu Cherredi (DIN: 02096757), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Special Business

3. Re-appointment of Ms. Vanitha Nagulavari (DIN: 07271674) as an Independent Director of the Company.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of sections 149, 150 and 152 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Companies Act, 2013 as amended from time to time and Regulation 17 and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members be and is hereby accorded for re-appointment of Ms. Vanitha Nagulavari (DIN: 07271674) as an Independent Director, who has submitted a declaration that she meets the criteria for independence under section 149(6) of the Act, and Regulation 16(1)(b) of listing regulations for a second term of five (5) Consecutive years commencing from August 30, 2023 to August 29, 2028 and the term shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to the above said resolution, the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard) or the Key Managerial Personnel of the Company be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to filling of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

4. Re-appointment of Mr. Srikanth Kodali (02464623) as Managing Director of the Company.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Schedule V (as amended from time to time) to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and pursuant to the recommendation of Nomination and Remuneration Committee, prior approval of Audit Committee and approval of the Board of Directors of the Company, the approval of the Members be and is hereby accorded for re-appointment of Mr. Srikanth Kodali (DIN 02464623) as Managing Director for a period of three (3) years with effect from 29th January,2024 at such remuneration and on such terms and conditions as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors of the Company may revise the remuneration payable to the Managing Director, in any Financial year during his tenure of office, in such manner as agreed between the Board of Directors and Managing Director subject to provision of the Companies Act, 2013.”

“RESOLVED FURTHER THAT Mr. Srikanth Kodali (DIN 02464623) shall be the Key Managerial Personnel of the Company as defined under Section 203 of the Companies Act, 2013 read with rules made thereunder. Moreover, as long as Director holds position of Managing Director, he shall not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.”

RESOLVED FURTHER THAT for the purpose of giving effect to the above said resolution, the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard) or the Key Managerial Personnel of the Company be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to filling of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.

By order of the Board
for Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)

Sd/-
Kalluru Manaswini
Company Secretary and Compliance Officer
M.No. A56890

Date : July 31, 2023
Place : Hyderabad

Notes

1. A shareholder entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on poll on behalf of him and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Corporate Office of the Company, duly completed and signed, not less than 48 hours before the commencement of meeting. A person can act as proxy on behalf of shareholders not exceeding fifty (50) in number and holding in aggregate not more than 10% of the total share capital of the company.
2. In terms of the provisions of section 152 of the Companies Act, 2013, **Dr. Ramachandra Naidu Cherredi (DIN: 02096757)**, Executive Director, retires by rotation at the AGM. Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.

Details of **Dr. Ramachandra Naidu Cherredi (DIN: 02096757)**, Executive Director retiring by rotation/ seeking re-appointment at the ensuing meeting are provided in the “Annexure” to the Notice.
3. Corporate shareholders intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the AGM.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. The register of directors and key managerial personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, and the register of contracts or arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

Dispatch of Annual Report through Electronic Mode

6. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder and the MCA Circulars, the Notice calling the Annual General Meeting along with the Annual Report 2022-23 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company/RTA, unless the Members have requested for a physical copy of the same. Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant. For any communication, the Members may also send requests to the Company's email id: cs@kapstonservices.com.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.kapstonservices.com. The Notice can also be accessed from the website of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com respectively and the AGM Notice is also available on the website of bigshare (i-vote) (agency for providing the Remote e-Voting facility) i.e. <https://ivote.bigshareonline.com>
8. Pursuant to section 108 of the Companies Act, 2013, read with rules 20 of the Companies (Management and Administration) Rules, 2014 and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer voting by electronic means to the members to cast their votes electronically on all resolutions set forth in this notice. The detailed instructions for e-voting are given separately.
9. Shareholders/proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM.
10. Shareholders are requested to intimate, immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts.
11. Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with

original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circulars, all share transfer requests are therefore to be accompanied with PAN details.

12. Pursuant to section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH-13 to the Registrar and Transfer Agent of the Company. Further, members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the Registrar and Transfer Agent of the Company.
13. All documents referred to in the accompanying notice will be available for inspection at the corporate office of the company during business hours on all working days till the date of AGM of the Company.
14. In case of joint holders attending the AGM, the shareholder whose name appears as the first holder in the order of name appears as per the Register of Members of the Company will be entitled to vote.
15. Route map to the venue of the AGM is published in the Annual Report.

By order of the Board
for Kapston Services Limited
(Formerly known as Kapston Facilities Management Limited)

Sd/-
Kalluru Manaswini
Company Secretary and Compliance Officer
M.No. A56890

Date : July 31, 2023
Place : Hyderabad

Registered Office

Kapston Services Limited
Plot No.287, MIG-2, IX Phase KPHB,
Kukatpally, Hyderabad- 500072.
CIN : L15400TG2009PLC062658
Email: cs@kapstonservices.com
Website:www.kapstonservices.com
Contact : +91 96 4050 4050

Guidelines for Electronic Voting

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to the shareholders to cast their vote on all resolutions set forth in the notice convening the 15th Annual General Meeting (AGM) to be held on Monday, the 25th Day of September, 2023. The Company has engaged the services of Bigshare Services Pvt Ltd to provide the e-voting facility.

Shareholders of the Company as on the cut-off date September 18, 2023 are entitled to vote on the resolutions set forth in this Notice.

The e-voting period begins on September 22, 2023 09:00 at A.M. and ends on September 24, 2023 at 05:00 P.M. During this period, shareholders of the Company, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by Bigshare Services Pvt Ltd for voting thereafter. Members will not be able to cast their votes electronically beyond the date and time mentioned above.

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

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

- i. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- ii. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders’ resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts / websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iii. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

- 1. Pursuant to above said SEBI Circular, Login method for e-Voting **for Individual shareholders holding securities in Demat mode** is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<div>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</div> <div>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of BIGSHARE the e-Voting service provider and you will be re-directed to i-Vote website for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. BIGSHARE, so that the user can visit the e-Voting service providers’ website directly.</div> <div>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</div> <div>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress, and also able to directly access the system of all e-Voting Service Providers. Click on BIGSHARE and you will be re-directed to i-Vote website for casting your vote during the remote e-voting period.</div>
Individual Shareholders holding securities in demat mode with NSDL	<div>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name BIGSHARE and you will be re-directed to i-Vote website for casting your vote during the remote e-Voting period.</div> <div>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</div> <div>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen.</div>
	After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name BIGSHARE and you will be redirected to i-Vote website for casting your vote during the remote e-Voting period.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

2. Login method for e-Voting for shareholder other than individual shareholders holding shares in Demat mode & physical mode is given below:

You are requested to launch the URL on internet browser: <https://ivote.bigshareonline.com>

- Click on **"LOGIN"** button under the **'INVESTOR LOGIN'** section to Login on E-Voting Platform.
- Please enter you **'USER ID'** (User id description is given below) and **'PASSWORD'** which is shared separately on you register email ID.
 - Shareholders holding shares in **CDSL demat account should enter 16 Digit Beneficiary ID** as user ID.
 - Shareholders holding shares in **NSDL demat account should enter 8 Character DP ID followed by 8 Digit Client ID** as user id.
 - Shareholders holding shares in **physical form should enter Event No + Folio Number** registered with the Company as user ID.

Note: If you have not received any user id or password please email from your registered email ID or contact i-vote helpdesk team. (Email id and contact number are mentioned in helpdesk section).

- Click on **I AM NOT A ROBOT (CAPTCHA)** option and login.

NOTE: If Shareholders are holding shares in demat form and have registered on to e-Voting system of <https://ivote.bigshareonline.com> and/or voted on an earlier event of any company then they can use their existing user id and password to login.
- If you have forgotten the password: Click on **'LOGIN'** under **'INVESTOR LOGIN'** tab and then Click on **'Forgot your password?'**
- Enter **"User ID"** and **"Registered email ID"** Click on **I AM NOT A ROBOT (CAPTCHA)** option and click on 'Reset'.

(In case a shareholder is having valid email address, Password will be sent to his / her registered e-mail address).

Voting method for shareholders on i-Vote E-voting portal:

- After successful login, **Bigshare E-voting system** page will appear.
- Click on **"VIEW EVENT DETAILS (CURRENT)"** under **'EVENTS'** option on investor portal.
- Select event for which you are desire to vote under the dropdown option.
- Click on **"VOTE NOW"** option which is appearing on the right hand side top corner of the page.
- Cast your vote by selecting an appropriate option **"IN FAVOUR"**, **"NOT IN FAVOUR"** or **"ABSTAIN"** and click on **"SUBMIT VOTE"**. A confirmation box will be displayed. Click **"OK"** to confirm, else **"CANCEL"** to modify. Once you confirm, you will not be allowed to modify your vote.
- Once you confirm the vote you will receive confirmation message on display screen and also you will receive an email on your registered email id. During the voting period, members can login any number of times till they have voted on the resolution(s). Once vote on a resolution is casted, it cannot be changed subsequently.

- Shareholder can **"CHANGE PASSWORD"** or **"VIEW/UPDATE PROFILE"** under **"PROFILE"** option on investor portal.

3. Custodian registration process for i-Vote E-Voting Website

- You are requested to launch the URL on internet browser: <https://ivote.bigshareonline.com>
- Click on **"REGISTER"** under **"CUSTODIAN LOGIN"**, to register yourself on Bigshare i-Vote e-Voting Platform.
- Enter all required details and submit.
- After Successful registration, message will be displayed with **"User ID and password will be sent via email on your registered email ID"**.

NOTE: If Custodian have registered on to e-Voting system of <https://ivote.bigshareonline.com> and/or voted on an earlier event of any company then they can use their existing user id and password to login.

- If you have forgotten the password: Click on **'LOGIN'** under **'CUSTODIAN LOGIN'** tab and further Click on 'Forgot your password?'
- Enter **"User ID"** and **"Registered email ID"** Click on **I AM NOT A ROBOT (CAPTCHA)** option and click on **'RESET'**.

(In case a custodian is having valid email address, Password will be sent to his / her registered e-mail address).

Voting method for Custodian on i-Vote E-voting portal

- After successful login, **Bigshare E-voting system** page will appear.

Investor Mapping

- First you need to map the investor with your user ID under **"DOCUMENTS"** option on custodian portal.
- Click on **"DOCUMENT TYPE"** dropdown option and select document type power of attorney (POA).
- Click on upload document **"CHOOSE FILE"** and upload power of attorney (POA) or board resolution for respective investor and click on **"UPLOAD"**.

Note: The power of attorney (POA) or board resolution has to be named as the **"InvestorID.pdf"** (Mention Demat account number as Investor ID.)

- Your investor is now mapped and you can check the file status on display.

Investor vote File Upload

- To cast your vote select **"VOTE FILE UPLOAD"** option from left hand side menu on custodian portal.
- Select the Event under dropdown option.
- Download sample voting file and enter relevant details as required and upload the same file under upload document option by clicking on **"UPLOAD"**. Confirmation message will be displayed on the screen and also you can check the file status on display (Once vote on a resolution is casted, it cannot be changed subsequently).
- Custodian can **"CHANGE PASSWORD"** or **"VIEW/UPDATE PROFILE"** under **"PROFILE"** option on custodian portal.

Helpdesk for queries regarding e-voting

Login type	Helpdesk details
Shareholder's other than individual shareholders holding shares in Demat mode & Physical mode.	In case shareholders/ investor have any queries regarding E-voting, you may refer the Frequently Asked Questions ('FAQs') and i-Vote e-Voting module available at https://ivote.bigshareonline.com , under download section or you can email us to ivote@bigshareonline.com or call us at: 1800 22 54 22.

General Instructions

- i.

The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on September 18, 2023.

The Scrutinizer, after scrutinizing the votes cast at the meeting through ballot papers during AGM and after taking into consideration the e-voting will, not later than 48 hours from the conclusion of the Meeting, make a consolidated scrutinizer’s report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company www.kapstonservices.com and on the website of Stock Exchange (NSE).
- ii.

The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM.

A. General Information

1.

Nature of Industry: The Company is primarily engaged in providing Staffing, Private Security Services and Facilities Management Services across the country.
2.

Date of commencement of commercial production: The Company is carrying out its operations since incorporation i.e., January 31, 2009.
3.

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
4.

Financial Performance based on given indicators

Particulars	2022-23 (In INR)	2021-22 (In INR)
Turnover	39,896.37	27,224.96
Net Profit	507.03	247.34

5.

Foreign Investments or Collaborators, if any: The Company does not have any foreign Investments.
6.

Annexure to Item 2 pursuant to Secretarial Standards-2 issued by the Institute of Company Secretaries of India, information about the director who is seeking re-appointment by rotation:

A	Name	Dr. Chereddi Ramachandra Naidu
	Directors Identification Number	02096757
B	Brief Resume	
	i) Age	73 Years (01-02-1950)
	ii) Qualification	Retd. IPS, MA in Sociology and a Doctorate in Commerce & Management.
	iii) Experience (including expertise in specific functional area/Brief Resume)	He joined the Police Services as a Deputy Superintendent of Police in the year 1977 and retired in the year 2007 as Inspector General of Police. He is acting as Director of the Company since 2018.
	iv) Date of initial appointment on the Board of the Company	22.02.2018
C	Names of other companies in which he is acting as Director	CAP Workforce Development Institute Private Limited.*
D	Name(s) of companies in which committee Membership(s)/Chairperson held as on date	Nil
E	Shareholding in the Company	6,41,200 Equity Shares
F	Relationships between other Directors Inter-se	No relationship with other directors.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

Item No: 3

Re-appointment of Ms. Vanitha Nagulavari (DIN: 07271674) as an Independent Director of the Company

Ms. Vanitha Nagulavari (DIN: 07271674) was appointed as an Independent Director of the Company for a period of 5 years w.e.f. 30th August, 2018. Her current term as an Independent Director will end on 29th August, 2023.

As per the provisions of Section 149 of the Act an Independent Director can hold office for a term up to five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing of a special resolution by the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, had in their meeting held on Monday, July 31, 2023, recommended the re-appointment of Ms. Vanitha Nagulavari, as an Independent Director of the Company, for second term of Five (5) years commencing from August 30, 2023 to August 29, 2028, pursuant to Sections 149, and 152 and all other applicable provisions of the Companies Act, 2013 read with Schedule IV thereto and Regulation 17 and 25 of SEBI [(Listing Obligations and Disclosure Requirements Regulations, 2015)] (Listing Regulations) for the approval of the shareholders of the Company.

As required under the aforesaid provisions, the re-appointment of Independent Director shall be approved by the shareholders of the Company by way of passing a special resolution. Accordingly, the re-appointment of Ms. Vanitha Nagulavari is being proposed for the approval of the shareholders in the ensuing Annual General Meeting of the Company.

The Company has received following documents from Ms. Vanitha Nagulavari –

- a)

consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014;
- b)

intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act; and
- c)

a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of Listing Regulations.

In the opinion of the Board of Directors, Ms Vanitha Nagulavari, Independent Director proposed to be re-appointed, fulfils the conditions specified in the Act and the Rules made thereunder and the Listing Regulations for an Independent Director and she is independent of the Management.

She does not hold more than 2% of shares in the Company in her individual capacity or on a beneficial basis for any other person.

Further, the Board on the recommendation of Nomination and Remuneration Committee reviewed/evaluated the balance of skills, knowledge and experience on the Board and identified the role and capabilities required of an Independent Director and considered that re-appointment of Ms. Vanitha Nagulavari with this experience and expertise will be of immense value addition to the Company.

The terms and conditions of re-appointment of Ms. Vanitha Nagulavari as an Independent Director would be made available for inspection to the Members on sending a request along with their DP/Client ID or Folio No. from their registered e-mail address to the Company at cs@kapstonservices.com

The resolution seeks the approval of the shareholders by way of special resolution for the Re-appointment of Ms. Vanitha Nagulavari as an Independent Director of the Company for a second term of Five (5) consecutive years commencing from August 30, 2023 to August 29, 2028, not liable to retire by rotation.

A brief resume and other details, as required pursuant to the Regulation 36 (3) of the Listing Regulations and Secretarial Standards-2, is enclosed as Annexure to this notice.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Ms. Vanitha Nagulavari, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 3 of the Notice.

The Board recommends the Special Resolution set out in Item No. 3 for approval by the shareholders.

Annexure

Brief Profile and other details, as required pursuant to the Regulation 36 (3) of the Listing Regulations and Secretarial Standards-2 are given below:

Particulars	
Name of Director	Ms. Vanitha Nagulavari
Designation	Non-Executive- Independent Director
DIN	'07271674
Date of Birth	15-04-1988
Date of Initial Appointment	Appointed in the Annual General Meeting held on 28th September 2018 with effect from 30 August,2018 for a period of 5 years
Qualifications, Brief Profile, Experience and Expertise in specific functional areas	Ms. Vanitha Nagulavari (Independent Director) is a Commerce graduate and an Associate Member of the Institute of Company Secretaries of India (ICSI), with over a decade of experience in legal, secretarial and capital markets. She is a keen analyst with proven abilities in liaising with government departments, regulatory authorities and external agencies including SEBI, Stock Exchanges, Ministry of Corporate Affairs, etc.
Number of shares held in the company	14400
Disclosure of relationships between directors inter-se	She is not related to any other Director(s) of the Company.
Terms and Conditions of appointment/ reappointment	She shall be paid remuneration in the capacity of Non-Executive, Independent Director, by way of fee for attending meetings of the Board or Committees thereof

Details of Directorship and Chairmanship/Membership in Audit Committee and other Committee

Name of Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Kapston Services Limited (Listed)	Non-Executive- Independent Director	- Audit Committee - Nomination & Remuneration Committee - Stakeholders Relationship Committee - Corporate Social Responsibility Committee	Chairman Member Member Member
Genesis IBRC India Limited (Listed)	Non-Executive	Nomination & Remuneration Committee	Member

*Note: a. Includes only public limited companies & Section 8 companies as defined in the Companies Act, 2013.

Item No: 4

Re-appointment of Mr. Srikanth Kodali (02464623) as Managing Director of the Company

Mr. Srikanth Kodali, founder of Kapston Services Limited is a promoter director on the Board of the Company. He has rich experience over a decade in Manpower Solutions, Facilities Management, and Security Services. Under his leadership, Kapston has grown significantly and is now listed on the National Stock Exchange (NSE). He also has diverse experience in field of Advertising, Digital Designing, Printing, Construction, Marketing, Financial Management, and Client Retention. He is a firm believer in Diversity and Inclusion (DNI) and has created an ecosystem that helps job seekers find employment opportunities easily, providing social security benefits to a wider employable population. He has been the key guiding force behind all the strategic decisions of our Company and has been 'Instrumental' in formulating the overall business strategy and developing a Business & Client relations module, for the company.

Mr. Srikanth Kodali was appointed as Managing Director of the Company for a period of three years with effective from 29th January, 2021 and holds office upto 28th January, 2024.

Keeping in view his long association with the Company, his expertise, qualifications and experience, your Board of Directors on the recommendations of Nomination and Remuneration Committee, approved and recommend for your approval for re-appointment and payment of remuneration as detailed in the resolution with effect from 29th January, 2024 to 28th January, 2027.

I. Remuneration

- Gross Remuneration not exceeding Rs.1,80,00,000/- (One Crore and Eighty Lakhs) per annum (The Board shall fix the monthly/ yearly remuneration within the overall limit and shall give increment and other incentives based on Industrial standards and his performance)
- Reimbursement of Expenses: Reimbursement of reasonable expenses actual and properly incurred in connection with the business of the Company.
- He will be provided chauffeur driven car, driver mobile and telephone at residence to carry out his responsibilities. All personal long distance calls on the telephone shall be recovered by the company. The provisions of car, driver and telephone will not be considered as perquisites.

II. Other Conditions

- As long as Mr. Srikanth Kodali, functions as the Managing Director of the Company, no sitting fees will be paid to him for attending the meetings of the Board of Directors or Committees (if any) thereof.
- Mr. Srikanth Kodali, will exercise the management control over the whole of the affairs of the Company to carry out day to day affairs of the Company to regulate all business activities.
- The Managing Director shall devote his time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and direction of the Board in connection with and in the best interest of the business of the Company.
- Mr. Srikanth Kodali, is not related to any other Director of the Company except Mrs. Kanti Kiran Doddapaneni (spouse).
- The Committees considers it desirable that the Company should avail his services as Managing Director.
- Mr. Srikanth Kodali is liable to retire by rotation.

A brief resume and the profile of Mr. Srikanth Kodali is enclosed as Annexure to this notice.

The statement containing information as required under Section II of Part II of Schedule V of the Companies Act, 2013, to the extend applicable, is given here under:

A. General Information

- Nature of Industry - Support Services to various organizations i.e Private Security Services, Housekeeping services, Staffing solution (including other soft services) and Training.
- Date of Commencement of Commercial Production- NA.

- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus- N.A.
- Financial performance based on given indicators- the net profit of the Company for the year 2022-23 is Rs. 5,07,02,836/- as against Rs. 2,47,33,204/- in the previous year.
- Foreign Investments or Collaborators, if any- NIL

B. Information about the Appointee

1. Background details

Mr. Srikanth Kodali, promoter of Kapston Services Limited and he has been managing the Company ever since its incorporation as an Executive Director. He has two decades of experience in the field of Security Services and Facilities Management; his innovative ideas and commitment level helps the Company to achieve more than the expected results. The Company commenced its Business in the State of Telangana in the year 2009 under his management and now it has branches across India.

2. Past Remuneration

2020-21- Rs. 87,00,000

2021-22- Rs. 1,20,00,000

2022-23- Rs. 1,20,00,000

3. Recognition or Awards

Central Board of Direct Taxes, Ministry of Finance, Government of India has honoured Mr. Srikanth Kodali with a Certificate of Appreciation categorising him as taxpayer in the “Silver” category.

Indian Achievers Forum has awarded him for leading most Promising Company in the Year 2022

HR India has awarded him in the Year 2023 for making Kapston as the best place to work.

4. Job Profile and his suitability

Mr. Srikanth Kodali is a firm believer in Diversity and Inclusion (DNI) and has created an ecosystem that helps job seekers find employment opportunities easily, providing social security benefits to a wider employable population.

Mr. Srikanth Kodali is entrusted with substantial powers of the management of the Company subject to superintendence, control and direction of the Board of Directors, the provisions of Memorandum and Articles of Association, and shall do all in his power to promote, develop and extend the business of the Company. Under his leadership, Kapston has grown significantly and is now listed on the National Stock Exchange (NSE).

He has 25 years of experience and he is expert in Business, Administration, Security & FM, Industry Knowledge, Risk Management. His expertise will help the Company to perform better. He is well suited as he is not only experienced, but he is also well versed of entire operations of the Company. The challenging business environment requires review of operations, monitoring and decision making on day to day basis besides strategic guidance and advice on ongoing basis for modernization, technology up-gradation and expansion/diversification activities in which Company would be immensely benefited by his matured and timely advice.

5. Remuneration Proposed

- As specified in the resolution and subject to such conditions as stipulated by/in the Company Policy.
- He will be provided other facilities such as car, driver, mobile and laptop as per the policy of the Company which will not be considered as part of the remuneration.
- He is also eligible for Provident Fund, leave encashment, Gratuity as per the policy of the Company which will not be considered as part of the remuneration.

6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)

The proposed remuneration to the appointee is in line with the remuneration comparable to the size of the industry and of the position and person.

- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any-** He is holding 7,203,693 Equity Shares of Rs.10 each i.e., 71.01% of voting rights.

C. Other Information

1. Reason of Inadequate Profit

The Company is in growing stage, it is continuously investing in the branch expansion activities to increase revenue by creating its presence all over India. The Company is also acquiring talent to meet the organizational needs.

2. Steps taken for improvement

As mentioned above the Company is investing to improve its services and to reach new customers, as per the strategies the profit is expected to improve in future.

3. Expected increase in productivity and profit in measurable terms

The management is very much confident that their client base will increase which will automatically lead to higher profit compare to that of previous years.

None of the Director, Key Managerial Person and their relatives are interested in the above resolution except Mr. Srikanth Kodali, Managing Director and his spouse Mrs. Kanti Kiran Doddapaneni, Director.

Annexure

Brief Profile of Director

A	Name	Mr. Srikanth Kodali
B	Brief Resume a) age b) qualification	47 years Bachelor of Commerce
i)	Experience in specified functional area	Field of Expertise: Business, Administration, Security & FM, Industry Knowledge, Risk Management. 19 Years of experience in Security and Facility management, 4 years of experience in other field
ii)	Date of appointment on present Board of the Company	Since Incorporation i.e., since 31 st January, 2009
C	Name of the other Companies in which directorship held (as per section 165 of the Companies Act, 2013)	Nil
D	Names of the Companies in which committee Membership(s) held	Nil
E	No of Shares of Rs.10/- each held by the Directors	7,203,693 Equity Shares only
F	Disclosure of relationships between directors inter-se	Spouse of Ms. Kanti Kiran Doddapaneni, Non-Executive Director
G	Terms and Conditions of appointment/reappointment	As per the details provided under the resolution and explanatory statement for business item no. 4.
H	Details of Remuneration sought to be paid	As per the details provided under the resolution and explanatory statement for business item no. 4.
I	In the case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	NA

KAPSTON SERVICES LIMITED

(Formerly known as Kapston Facilities Management Limited)

CIN: L15400TG2009PLC062658

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

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

E-mail : cs@kapstonservices.com **Website :** www.kapstonservices.com

Attendance slip for Annual General Meeting

(To be surrendered at the venue of the meeting)

I hereby state that I am a registered shareholder/proxy/representative for the registered shareholder(s) of the company. I hereby record my presence at the 15th Annual General Meeting of the company held on Monday, the 25th Day of September, 2023 at 04.00 P.M. at the Corporate Office of the Company situated at Plot No 75, Kavuri Hills, Madhapur, Hyderabad, Telangana - 500034.

DP ID*	Regd. Folio No.
Client ID*	No. of Shares

*Applicable if shares are held in electronic form.

Name & Address of the Shareholder

Signature of Shareholder/Proxy/

Representative (Please Specify)

Note

- Shareholders/proxy holders are requested to bring the attendance slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature on them.
- Shareholders are informed that no duplicate attendance slips will be issued at the venue of the meeting.

KAPSTON SERVICES LIMITED

(Formerly known as Kapston Facilities Management Limited)

CIN: L15400TG2009PLC062658

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

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

E-mail : cs@kapstonservices.com **Website :** www.kapstonservices.com

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

I / We, holding _____ shares of **Kapston Services Limited**, hereby appoint

- Name: _____
Address: _____
Email ID: _____
Signature: _____ or falling him/her
- Name: _____
Address: _____
Email ID: _____
Signature: _____ or falling him/her
- Name: _____
Address: _____
Email ID: _____
Signature: _____ or falling him/her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 15th AGM of the company to be held on Monday, the 25th Day of September, 2023 at 04.00 P.M. at the venue of AGM i.e., Corporate office: Plot No. 75, Kavuri Hills, Madhapur, Hyderabad-500034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Vote (optional see note2) (please mention no of shares)	
Ordinary Business		For	Against
1	To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2023 together with the Reports of the Board of Directors ('the Board') and Auditors thereon		
2	To appoint a Director in place of Dr. Ramachandra Naidu Cherredi (DIN: 02096757), who retires by rotation and being eligible, offers himself for re-appointment as a Director		
Special Business			
3	Re-appointment of Ms. Vanitha Nagulavari (DIN: 07271674) as an Independent Director of the Company.		
4	Re-appointment of Mr. Srikanth Kodali (02464623) as Managing Director of the Company		

Affix
Revenue
Stamp

Signed this _____ day of _____ 2023

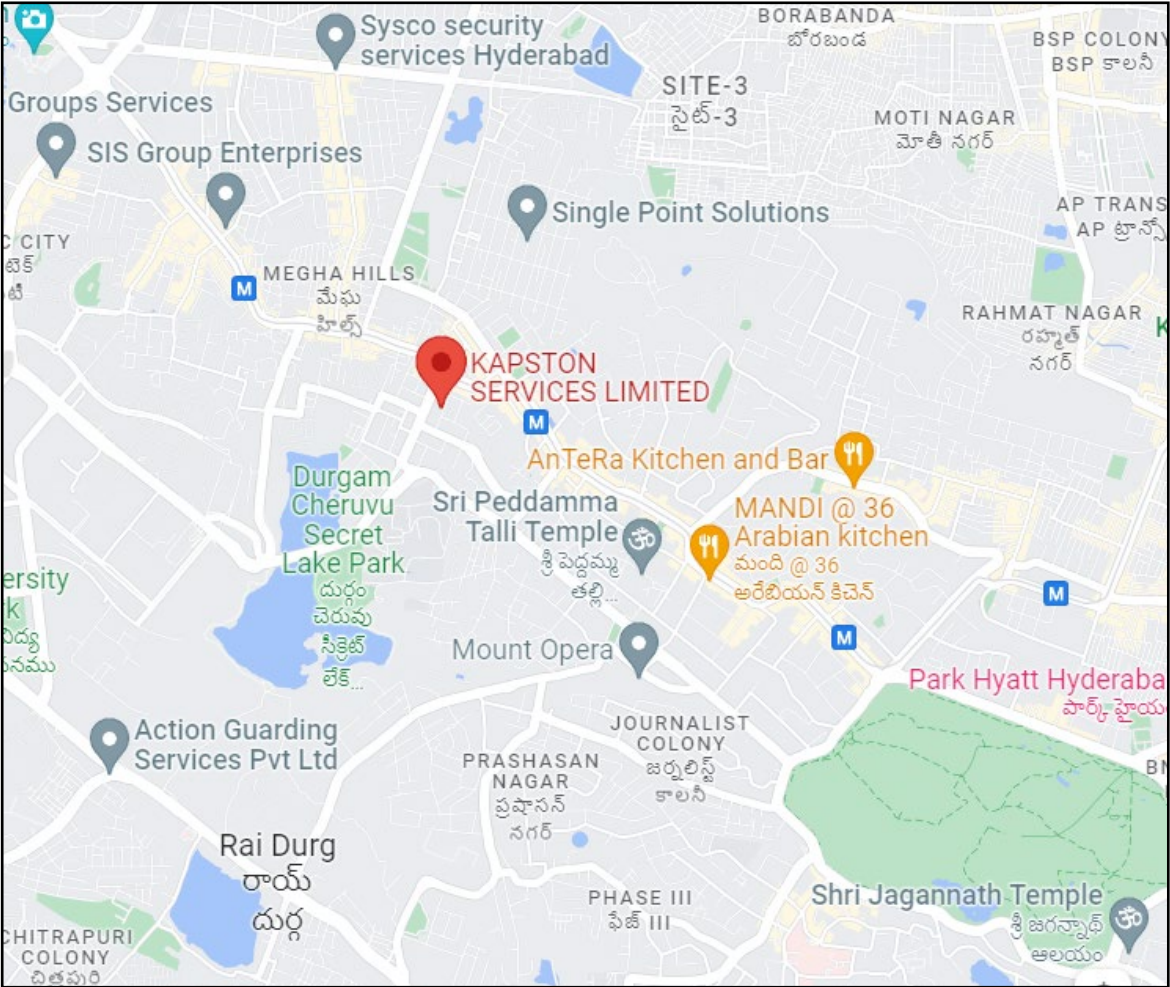
Signature of the shareholder: _____

Signature of Proxy holder(s): _____

Note

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

ROUTE MAP OF ANNUAL GENERAL MEETING VENUE





(Formerly known as Kapston Facilities Management Limited)

CIN : L15400TG2009PLC062658

Registered Office

Plot No.287,MIG-2, IX Phase KPHB, Kukatpally, Hyderabad- 500072.
Contact : +91 96 4050 4050

Corporate Office

Plot No 75, Kavuri Hills, Madhapur, Hyderabad - 500034
Ph : +91 98487 78243 / +91 96405 04050 | E-mail: cs@kapstonservices.com
Website: www.kapstonservices.com