



Your success is our success

25

YEARS

**Built on  
TRUST.  
Driven by  
EXPERIENCE.  
Committed to  
VISION.**

Annual Report  
2019-20

Emkay Global Financial Services Limited



# ACROSS THE PAGES

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## Investor Information

○ Market Capitalisation as at 31st March, 2020	: ₹ 61.67 crore
○ CIN	: L67120MH1995PLC084899
○ BSE Code	: 532737
○ NSE Symbol	: EMKAY
○ Bloomberg Code	: EMKAY: Natl India
○ AGM Date	: 28th August, 2020
○ AGM Mode	: Virtual Meeting

Please find our online version at:


<https://www.emkayglobal.com/ir-annual-reports>

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## Disclaimer

This document contains statements about expected future events and financials of Emkay Global Financial Services Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events, to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.



**'The future influences  
the present just as  
much as the past.'**

*- Friedrich Nietzsche*

## **How do you narrate 25 years in a nutshell?**

**Trust and transparency.  
Experience and expertise.  
Commitment and consistency.**

25 years of our spectacular journey has simply been built on trust, driven by experience with a commitment to our vision. Our focus has always been on getting better from what we were yesterday. Our strategies have always had customers as the starting point of our cycle. Everything else we thrive for has then fallen in line around it. With these prime factors at the forefront of our business, growth has easily been a natural consequence with transparency, expertise and consistency following the lead.

Ever since our inception, we have been competing against a generation of financial services companies. Our years rich experience coupled with our expertise has helped us gain a competitive lead in the industry. Our determination has helped us weather storm after storm, building a sense of unbreakable trust amongst all our stakeholders. Our passion has been instrumental in achieving new milestones each time while getting closer to our vision, year after year. And yet, this is just the beginning...



# AT A GLANCE

Founded by two first-generation entrepreneurs and Chartered Accountants, Krishna Kumar Karwa and Prakash Kacholia, Emkay started its journey back in 1995. We commenced equity trading business operations on BSE in 1995. After growing from strength to strength, in over two decades, we have emerged as one of the leading financial services players in India. The service bouquet of Emkay today includes equity broking, asset management, wealth management, currency and commodity advisory and broking, and investment banking, and financial education services. Offered to a wide range of customers, our services cater foreign institutional investors (FIIs), banks, insurance companies, private equity firms, corporate houses, small and medium-sized enterprises, and high net worth individuals (HNWIs). Our high-quality research, expertise, experience, strong infrastructure, and digital platform, add to our offerings while ensuring scalability, prompt customer response and effective risk management.



## What Drives Us

### OUR MISSION

To provide our clients with secure, customised and comprehensive financial solutions to achieve sustained growth.

### OUR VISION

- Be amongst the top 5 securities players in India
- Deliver top tier financial performance creating superior value for all stakeholders
- Ensure client comes first, all else follows
- Deploy cutting-edge digital solutions to positively impact the industry
- Be an employer of choice – 'a job here is never just a job'
- Be admired by all stakeholders

## Key Performance Indicators

# 74.55%

Promoter stake as on  
31st March, 2020

# 3,88,760

Total no. of website page views in  
2019-20

# 79

City presence

# 12

Total no. of QIPs executed  
till 2019-20

QIP: Qualified Institutional Placement

## 2019-20: Crowning Achievements



## ASIAMONEY

### Equity broking

Team	Rank
Energy	2nd
Media	2nd
Healthcare	3rd
Corporate Access	5th



@NSE

**Best performing  
member in  
Commodity  
Segment – West**

# MANAGEMENT'S MESSAGE



**We are certain of navigating through the corona pandemic crisis using our expertise and experience and hopeful of bringing prosperity to our shareholders and customers while adding even more reliability to our business model. Our steady commitment towards customers will further help us improve and move ahead seamlessly in the years to come.**

## Dear Shareholders,

The year 2019-20 has been a remarkable one for us at Emkay. As we celebrate 25 glorious and uninterrupted years in business, there is a sense of high spirit and pride at what we have achieved so far. Adopting the best industry practices has helped us keep in sync with the change all this while. Our clients are always at the core of everything we do. This approach is the reason behind the excellence of our journey despite various headwinds at different intervals. Together these factors have helped us evolve and mature while creating value for all the key stakeholders: employees, investors and society.

Over the last two decades, the Indian capital markets have witnessed varied developments right from dematerialisation and screen-based trading to the growth of derivative market, mutual funds, and Exchange Traded Funds (ETF). Earlier in 1990's, stock market was surrounded by a lot of stigma as most Indians associated it with distrust and risk. This belief gradually changed with time and instead managed to evince a tremendous amount of interest amongst general public. This change was because of the growing knowledge and awareness about the financial market. It was only a matter of time before retail investors from both, metropolitan and tier-II and III cities, started contributing to the stock market's success story. Today, people from a wider age bracket, right from young college enthusiasts to middle class salaried people, are seen channelling a part of their household savings into the stock market.

## Driven by Experience

Having worked in other brokerages for over 7-8 years, we gained an insight of observing and understanding the

industry closely. Making this work to our advantage, in the mid-90s after the era of Liberalisation, Privatisation and Globalisation (LPG), we embarked on our journey with a 20-member team in a 300 square feet office. What started out as a standalone brokerage house has, over the years, grown into a full-fledged and all round financial services company with the ability to offer a gamut of services across equity research/broking, commodity and currency advisory and broking, equity capital market and merchant banking, debt advisory, asset management, wealth management and succession and estate planning to training of budding and seasoned investors.

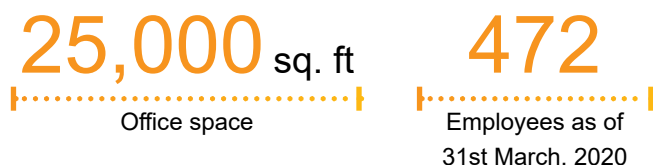
### Principles of Growth Then, Now and for the Future:

- Client always comes first
- Honest communications with all stakeholders
- Never cut corners
- Always think and act long term
- Constantly keep reinvesting earnings in the business
- Change is a constant, keep reinventing yourself and the firm to stay relevant
- Always be compliant with all laws and regulatory requirements
- It takes years to earn trust of clients/employees/regulators. Always work on maintaining that trust and transparency

Our successful launch of the ₹ 75 crore IPO and the firm's listing on BSE/NSE in 2006, created waves and made it to the news headlines. A listing brings its own sense of respect and responsibility. It also gave us the resources to expand the business. We commenced commodity broking in 2006, followed by Emkay Investment Managers in 2008, to drive our asset management business and Investment Banking division which has attracted many Equity Capital Markets (ECM) and merchant banking transactions over the years. In 2012, we commenced currency broking. In the same year we acquired our corporate office, a 25,000 square feet state of the art space, that was truly reflective of the cutting-edge solutions we deliver to our clients. In 2017, we inked a pact with DBS Vickers Singapore for co-branding and distribution of equity research to the latter's global clients. The remarkable journey continued with setting up of the wealth management vertical in 2018. Further, with the acquisition of 27 per cent stake in Finlearn Edutech Pvt. Limited, we forayed into the business of Trading & Investment education. All this progress resulted in the

total income of ₹ 119.72 crore in 2019-20 from ₹ 4.58 crore in 1998-99. During the same period, our net worth increased from ₹ 6.57 crore to ₹ 120.27 crore. Today, we compete on a larger scale through our strong network of 173 retail outlets across the country.

Now:



As it is rightly said, achievements always give you the energy to accelerate further. But, emerging out of bad experiences and challenging scenarios, makes you stronger and resilient. Over the past 25 years, we have been through several challenging encounters. During the 2008 Lehman crisis, we had to downsize our operations to restrict losses. Then came the major error trade of 5th October, 2012, leading to a case of legal battle. We took a hit of ₹ 52 crore on the chin and were still up and running, without impacting any of our financial or other obligations. Our efforts and commitment were recognised by all the stakeholders. The foundation of the Company was strong, and this event proved beyond doubt that the trust and respect the Company had earned over the years was impeccable. We also overcame the instance of increasing 'shadow banking', causing a ripple effect across the industry and economy. Realising this brink, we reinforced our internal control and risk management infrastructure. We also further reviewed our strategies to sharpen our focus towards the Company's vision.

### Indian economy

On the economic frontier, India witnessed a GDP growth rate of 4.2 per cent in 2019-20 as compared to 6.1 per cent in 2018-19. This deceleration was mainly due to subdued consumption triggered by job stress, meagre wage hike and distress in rural India, resulting in weak demand, thereby shrinking the private and public investment in the country while softening the supply. To address this, the Government announced a slew of measures to boost economic growth. Among these were liberalisation of FDI, Corporate, Income and GST tax rate cuts and increase in Minimum Support Price (MSP) for the farmers. RBI too was seen stepping in at various intervals to inject liquidity into the system as it slashed repo rate five times in 2019 and purchased Government bonds. These actions were anticipated to foster some green shoots. But then came March 2020, with the public health scare in the form of Covid-19. The pandemic altered the country's growth outlook in no time.



**In terms of changes, we aspire to expand in every corner of the organisation from technological infrastructure, physical presence to engaging our stakeholders through digital presence.**

This alteration can largely be attributed to the nationwide lockdown which brought the whole 'Just in time' supply system to a screeching halt. The Government then decided to step in to provide some relief to the nation by announcing a handsome fiscal stimulus package.

## Market scenario

A prevailing weak economy and a polarised equity market saw a select few stocks outperforming and hence, resulted into a general investor apathy. The large cap indices touched new all-time highs during the year while the small cap/mid cap indices delivered negative returns. By the end of the financial year, the Sensex and Nifty indices witnessed a downfall in the range of 22-26 per cent as compared to the previous year's, in the light of Covid-19. With this, overseas investors started divesting from the emerging markets to move back to the safety of Dollar-backed assets. Even the domestic mutual fund industry saw decrease in the net inflows as compared to the year earlier. However, on the positive side, there was an increase in the number of Demat accounts and IPO fund raised. This indicated a positive sign from both institutional and non-institutional investors. With every other crash in the Indian stock market like the Asian crisis, Tech bubble and Lehman crisis, our indices bounced back to grow stronger. Going forward, we are expecting similar results in the case with Covid-19 as well.

## Committed to vision

### 1. Acquisition

We acquired 27 per cent stake in FinLearn Edutech, wherein customers are educated in trading and investment through

physical classroom and online platform. This acquisition offers a tremendous opportunity as an increasing number of people, from non-financial background, are seen taking interest in the stock market. Therefore, we offer our users the most affordable and effective learning methodologies and resources so they can master the nuances of the stock market. We want our customers to move beyond theoretical concept and apply those skills in real market scenarios. Our goal is to primarily facilitate a sense of self-sufficiency amongst our customers, in the longer term, by way of tools, platforms and continuous flow of education. Adding to this, under the current Covid-19 landscape, a sudden shift towards online learning has been seen. With the growing digital adoption, we are sure online learning will persist even post-pandemic.



### 2. Catalysing change, driving progress

In terms of changes, we aspire to expand in every corner of the organisation from technological infrastructure, physical presence to engaging our stakeholders through digital presence:

During the year, we opened new wealth office branches at key strategic locations like New Delhi, Bengaluru, Chennai and Hyderabad. The team was further strengthened with the addition of right resources across locations. Technology has been our greatest assistance on our path of progress through change. For this, we upgraded our core firewall for maximum throughput. We also moved to NTT Netmagic at our administrative office for better stability and performance of internet-based trading and other internet-based applications. At the same time, several initiatives were taken to strengthen the cyber security to safeguard our end-users. Moreover, through our virtual presence, websites, and social media platforms, we were able to actively engage with our stakeholders. Every now and then, our spokespersons share insights on economy, sectors and stocks on our social media channels while our websites are updated with the operational and financial highlights.

Scan the below QR code to access our YouTube channel:



## Business Highlights: Built on Trust

- Our team of 36 analyst did a research coverage of 347 stocks in 18 sectors
- Our institutional research team won significant awards and accolades in the recently concluded Asiamoney Polls
- Our institutional equities' team touched a new milestone with the highest single day cash equities volume of ₹ 1,200 crore in September 2019
- Asset management: Launched two new products 'Emkay's 12 and GEMS' under 'Smart alpha approach'
- Our flagship annual conference 'Emkay Confluence' featured 2,000 meetings across 2 days, with 100 corporates and over 400 investors
- Launched Emkay Wealth mobile app to improve clients' transaction and portfolio viewing experience
- Continued growth trajectory in currency segment with 63 per cent and 81 per cent growth in revenue and volumes, respectively. Commodity business grew by 21 per cent

## Outlook

We have never seen or experienced any crisis like this before. And this is exactly what makes it challenging to determine how each one of our business verticals will pan out. Given the scenario, we quickly adapted the arrangement of working from home (WFH) in a secured manner by strengthening our technology setup. We must mention here that in the course of our 25 years' experience, we have faced several headwinds and yet, Covid-19 is one of its kind. But despite the uncertainty looming over Covid-19 pandemic, we are certain of navigating through this crisis using our expertise and experience. We are hopeful of bringing prosperity to our shareholders and customers while adding even more reliability to our business model. Our steady commitment towards customers will further help us improve and move ahead seamlessly in the years to come.

In the near term, financial sector is expected to remain under pressure due to the weak investor sentiments caused by Covid-19. But we are a country with vast opportunities and for years to come, the economy will gradually start unlocking its real potential. With the companies now trading at attractive valuation, a plethora of opportunities, for DII and FII to invest in the market, have also cropped up. Similarly, the current situation may also unleash a wave of merger and acquisition activities going forward. Being a diversified financial services Company, we take an active role in catering the needs of the institutional and non-institutional clients in an efficient way and guiding them in the right direction.



**Being a diversified financial services Company, we take an active role in catering the needs of the institutional and non-institutional clients efficiently and guide them in the right direction.**

## Acknowledgement

We wish to extend our appreciation to the Board Members. Over the years they have been extremely supportive and understanding of all business initiatives. They have shared their expert opinions and guided the Company well through its thick and thin. We would like to record our appreciation of all previous and current Board Members for their continuing advice.

We would also like to acknowledge our Team for their continued efforts and dedication. All this would not have been possible without many team members who joined in this journey at various points of time. We appreciate them for the faith and belief they had in the organisation's vision, principles and the approach. We have always believed in a collaborative and partnership-based growth model. Several of our team members have enjoyed the fruits of ESOPs vested in them over the years. As the Company continues its growth journey, several employees will further look forward to the vesting of the ESOPs granted to them. We would like to take this opportunity to thank each and every team member who has contributed to Emkay over the years. We wish all of them the best, at Emkay and in their future endeavours.

Finally, we wish to express our gratitude for the undeterred support and patience shown by our shareholders. We wish to continue with the same determination and focus to create new landmarks and success stories for the next 25!

Best wishes

**Krishna Kumar Karwa**  
**Prakash Kacholia**  
 Managing Directors



# 25 YEARS OF EVOLVEMENT...

## Milestones

### Product portfolio

**1996**

- Commenced equity broking on BSE

**1999**

- Commenced equity broking on NSE

**2000**

- Executed first trade in Sensex Futures and Sensex Options

### Inception, expansion and tie-ups

**1995**

- Year of incorporation

**1995-2000**

### Investor confidence

**2005**

- Converted into a public limited company

**2001-2005**

### Product portfolio

**2006**

- Incorporated and launched RBI approved NBFC; commenced commodity broking

**2008**

- Launched investment banking business

### Investor confidence

**2006**

- Successfully launched ₹75 crore IPO and listed on BSE/NSE

**2008**

- Crossed the landmark of ₹100 crore topline

**2010**

- Successfully closed first QIP as Co-manager of Jubilant Organosys

**2006-2010**

**Product portfolio****2012**

- Commenced currency broking

**Inception, expansion and tie-ups****2012**

- Acquired own office space of 25,000 sq. ft in the heart of Mumbai

**Investor confidence****2014**

- First PIPE deal of Somany Ceramics and First QIP as BRLM of Dynamatic Technologies

**2015**

- Acted as the sole book running Lead manager for QIP of MPS Limited

**Product portfolio****2016**

- Emkay Emerging Stars Fund - Series I closed successfully with commitments of ₹ 200+ crore

**Inception, expansion and tie-ups****2017**

- Tie-up with DBS Vickers securities for co-branding and distribution of Emkay Research

**2020**

- Acquisition of 27 per cent stake in Finlearn Edutech Pvt. Ltd by Emkay Fincap Ltd, a 100% subsidiary

**Investor confidence****2016**

- Acted as sole manager to the preferential issue of ₹ 150 crore of Time Technoplast

**2016-2020****2011-2015**

# BUSINESS MODEL

*Over the last 25 years we have built a....*

*Which determines the direction of...*

*That is further supported by our...*

## Competitive edge (Details on pg: 12-13)



- Well established in capital market
- Good corporate governance
- Seasoned team base
- Robust network
- Diverse clientele
- Succession planning

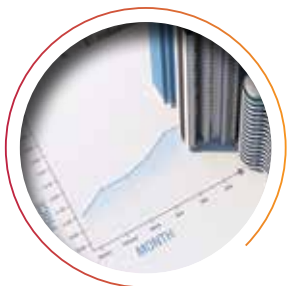
## Our diversified product offering (Details on pg: 14-19)



Institutional Equities



Non-Institutional Equities



Asset Management



Wealth Management



Equity Capital Markets (ECM) & Merchant Banking Services



Other Business



## Strong digital infrastructure (Details on pg: 20-21)



## Powerful research (Details on pg: 22)



## Preparedness (Details on pg: 23)

**Allowing us to  
deliver value  
through...**

**Wherein, we interact with  
our clients through...**

**To...**



**Stakeholders  
engagement**

(Details on pg: 20-21)



Telephony



Website



Mobile App



Intermediary



Branches



Roadshows



**Create a positive  
outcome**

**₹ 118.38 crore**

Revenue from operation

\*Standalone numbers



# COMPETITIVE EDGE



When an organisation observes, learns, and rapidly puts that same learning into action, that is when the competitive edge is developed. Over the last 25 years, we have learnt to trust our instincts, leveraged our experiences, and constantly focused towards moving closer to our commitments. These have helped us stand out in the market, adding to our competitive advantage.

### Well established in capital market

Having been in operation since the mid-90's has helped us gain deep insights and know-how of the Capital market. Moreover, our investment into infrastructure, technology, processes, and talent pool has assisted us in scaling up. This has enabled us to deliver value even amidst challenging conditions.

### Good corporate governance

The governance of risk management starts with the Board and is interlinked around a strong management structure. We abide by transparency in all our activities and reporting initiatives. And, by embracing best practices in our day-to-day operations, we have developed a strong sense of trust amongst our stakeholders.

**31** years

Average experience of management

### Seasoned team base

Our experienced and motivated team emphasises on generating value for customers through extensive and in-depth research. Consequently, various initiatives are often undertaken to further strengthen our customer relationship. This is achieved by engaging and guiding our customers through different modes of communication channel.

### Robust retail network

Our strong network, across the country through distributors, sub brokers and franchisee, has exposed our business to tremendous opportunities. This wide distribution channel empowers us to mine more customers while growing our business in a controlled and calibrated manner.

**154**

Franchisees

**19**

Branches

### Mixed range of clients

An increasing number of middle-class population and business activities in India stand to our advantage, as we cater institutional and non-institutional clients. Additionally, our vast range of products and services suit the needs of each customer.

### Succession planning

Succession planning is vital as it allows us to ensure leadership continuity and avoid long and costly leadership vacuum. We prefer promoting in-house talent so that we can create greater career opportunities for our people.

# DIVERSIFIED PRODUCT OFFERINGS



1

## INSTITUTIONAL EQUITIES

### Overview

- Offer brokerage service in cash and derivatives segments to institutions across the globe
- Provide high quality investment ideas, based on in-depth research to clients and execute hassle-free trade
- Regulatory development in the derivatives market has attracted increasing number of institutional clients

### Achievements: 2019-20

- Awards bagged by the research and sales team at the Asiamoney Brokers Poll
- Implemented bespoke low-latency solutions for a High-Frequency Trading (HFT) client
- Completed one year since the launch of our one-of-its-kind Emkay Alpha Portfolios (EAP) product

### Outlook

- Steady expansion of client base
- Expect activity in the derivatives segment to remain a key contributor to our business growth

394

No. of institutional clients



## 2

## NON-INSTITUTIONAL EQUITIES

### Overview

- Provide equity-based research advice for undervalued stocks to HNWI, corporates, family offices and Foreign Portfolio Investors (FPIs)
- Improved client base quality over the years
- Strong presence in nearly 80 cities through branches and franchisees

### Achievements: 2019-20

- Enhanced focus on building a stable revenue stream through a higher focus on non-speculative and non-leveraged clients, highlighted by a 25 per cent Y-o-Y growth in corporate accounts

### Outlook

- Consciously move away from the micro-retail customer segment
- Keep improving and refining the traditional portfolio advisory service
- Focus on improving the execution tools for the client to reduce the manual execution load on the network

# 1.43 lac

No. of non-institutional clients



### 3

## ASSET MANAGEMENT

### Overview

- Wide range of clients including large corporate investors, HNWIs, NRIs and Trusts
- Fund managed by highly experienced and qualified portfolio managers to deliver consistent long-term returns
- Investment strategies broadly classified into two distinct approaches: The *Classical Alpha* and the *Smart Alpha*

### Achievements: 2019-20

Successfully launched two products under the *Smart Alpha* approach

Products	Launch date	Objective
Emkay's 12	August 2019	Comprises 12 stocks, based on equi-weighted large-cap strategy, aiming to generate better returns than large cap mutual fund strategies
Emkay GEMS	February 2020	Comprises 20 stocks, based on equi-weighted midcap strategy, aiming to get high performing emerging leaders out of the NIFTY Midcap 150 universe

### Outlook

India, in the next few years, is going to be the epicentre of creating wealth, globally. The Country's low participation in stock market and the past 'total market cap to GDP' ratio indicates an undervalued market, pointing towards a high likely demand for discerning, high quality asset management products delivering consistent, risk adjusted returns. Further, global interest in India's story from UHNIs, family offices and sovereign wealth firms is highly anticipated. We can cater such demand as we have the processes, people, and products. Being aligned with the strong brand equity of Emkay Global Ltd, we are looking at a manifold growth of business and hoping to touch USD 1 billion in the next 5 years.



## 4

## WEALTH MANAGEMENT

## Overview

- Offer a diverse bouquet of investment solutions like Portfolio Creation, Investment Planning, Portfolio Monitoring, Transactional Support, MIS and Information Support and Advisory for treasury management to corporate
- Provide full-fledged solution for family offices under Registered Investment Advisor (RIA) license
- Dedicated professional team to understand client's financial needs and advice accordingly to generate wealth for them
- In-house research publications, *Navigator & Finsight*, well received amongst clients and industry at large

## Achievements: 2019-20

- Expanded wealth business footprint by setting up offices in key cities of New Delhi, Dehradun, Bengaluru, Chennai and Hyderabad
- Strengthened team across different locations
- Launched Emkay Wealth mobile app for clients to compare funds, see factsheets, portfolio overlaps, and most importantly, manage risk on-the-go

## Outlook

- To engage and communicate with clients to sustain their confidence in the tough economic scenario with the motto to see them emerge as winners in the medium to long-term period
- Over the period of next 5-7 years, India's wealth management market is expected to record a CAGR of around 11 per cent, largely due to rising internet and social media penetration, rising population of HNWIs, and adoption of innovative tools by individuals to manage finances

₹ **1,164** crore

AUM



# 5

## EQUITY CAPITAL MARKETS (ECM) & MERCHANT BANKING SERVICES

### Overview

- Undertake advisory and execution services for private equity funds, mutual funds, foreign institutional investors, hedge funds, and HNWI's to bankers
- Team of 8 senior members
- Actively engaged with financial sponsors for various transaction opportunities
- Been raising funds for mid-cap companies from both public and private space, successfully

### Achievements: 2019-20

- Helped a private equity fund exit its position
- Executed share buyback services for some of the listed companies
- Inducted two highly experienced personnel into the team

### Outlook

- With the emergence of the economy post lockdown, activate a healthy pipeline for both public and private transactions, which was created prior to lockdown
- Plan to double the team size in the next 3-5 years
- Revive sectors with muted growth (like infrastructure and capital goods) to attract fund, thereby pushing more transactions, leading to increasing deal volumes
- Uncertain business environment likely to cause consolidation, indicating increase in the Mergers & Acquisition opportunities
- Government efforts to support MSMEs, through equity, can invite fund from Private Equity, Venture Capital or Alternate Investment Fund (AIF) routes, opening up an opportunity for increasing investment banking services



## 6

OTHER  
BUSINESSES

## Overview

- Offer trading services and effective risk management strategies for derivatives market
- Growing well since foraying into Currency & Commodities segment

Achievements:  
2019-20

- Currency & Commodities segments yielded faster-than-expected returns
- Growth in the currency segment took place on the back of increased exposure by FPI clients, looking to hedge their currency exposure
- Increased focus on technology, in the form of hardware and algorithms, played out in favour of the segment

## Outlook

- Focus on increasing the institutional participants in commodity business
- Expect more volatility going into the next fiscal year owing to Coronavirus, and US Presidential election, among others.
- Expecting to bring in more participants in the market as more people will look to hedge their risks

81%

Volume growth in currency  
on Y-o-Y basis

63%

Revenue growth in  
currency on Y-o-Y basis

21%

Revenue and volume growth  
in commodity on Y-o-Y basis





# STRONG DIGITAL INFRASTRUCTURE...

## Fundamental of our future growth

Over the last 25 years, we have built a strong IT infrastructure to handle larger workload with speed, precision, and safety. This has been made possible by adopting new technology and promoting innovation to reduce complexity in operations. Additionally, our licensed software also helps achieve economies of scale in our business model. During the year, we placed a great emphasis on reinforcing our IT infrastructure, including hardware and software.



## Benefits across the value chain

	Initiatives	Result
 <b>Business</b>	<ul style="list-style-type: none"> <li>Integrated customer relationship management (CRM) for Institutional vertical</li> <li>Introduced digital signature in research reports</li> <li>Launched Miles software for wealth division</li> </ul>	<ul style="list-style-type: none"> <li>360-degree view of our customers</li> <li>Helped in achieving optimal performance for customers</li> <li>Increased authenticity</li> </ul>
 <b>Consumer</b>	<ul style="list-style-type: none"> <li>Upgraded Tradeplus, from standalone system to much advanced tier-II architecture</li> <li>Built-up support system for U-trade software for HNWI's clients</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced smart financial trading (Arbitrage &amp; Algo trading)</li> <li>Increased customer acquisition prospect</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Adopted Sun system for accounting</li> <li>Launched new human resource management software</li> </ul>	<ul style="list-style-type: none"> <li>Better efficiency in administration</li> <li>Increased productivity</li> </ul>
 <b>Risk</b>	<ul style="list-style-type: none"> <li>Integrated RMS system HawKeye</li> <li>Strengthened firewall system</li> </ul>	<ul style="list-style-type: none"> <li>Improved risk identification and mitigation</li> <li>Better surveillance system</li> <li>Safeguarded the organisation</li> </ul>

## The road ahead

- By reinforcing our trading platforms for individual investors, we are looking to improve the execution efficiency, making it richer in terms of the information available. Hence, help investors take independent and more informed decisions
- Our electronic execution team works closely with the institutional traders and clients to take crucial inputs on the development of trading algorithms and decision support tools
- Looking to consolidate our operational efficiencies by splitting our data centres/IT infrastructure from our existing site
- Consciously put effort towards moving all non-core applications to SAAS/Cloud models, ensuring an easy access to latest features to our users, even on-the-move



# POWERFUL RESEARCH...

## Testament of our clients' building trust on us

Our research team base holds immense experience and knowledge in their specific domain. Being equipped with robust licensed data analytics tools, allows our research team to provide insightful, in-depth and objective research to assist clients with the best investment decision. Alliance with DBS Vickers Securities further enhanced our reach, enabling us to cater global clients. The team's unique product - Emkay Alpha Portfolios (or EAP) - where analyst recommendations are tracked in real-time, is followed by many of our clients. Together, these combinations make us an award-winning research house. We are proud to say that our research team is ranked amongst the top 5 major domestic financial institutions.

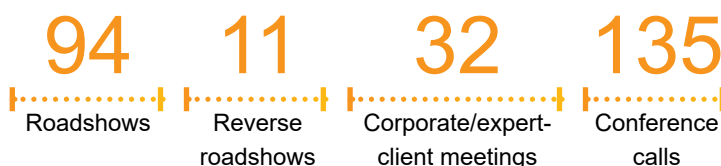
Clients have access to variety of research products. Some are dedicated to a single company, while some talk about the economy or the entire sector.

- **Perspective research:** Real-time analysis ranging from macro to micro themes such as key economic, industry and financial market developments
- **Corporate research:** Extensive research of the sector and companies with the forecasted target price of the stock, along with the forecasted period
- **Alternative research:** Quantitative research on wide range of topics like Cost of carry, Put-call ratio analysis, Volume and open interest analysis, and Implied volatility analysis, among others.
- **Wealth research:** Comprehensive coverage of domestic and global economy, markets and products, by way of regular reports and updates.

### KPIs



### Event highlights



### Success of flagship investor conference 'Emkay Confluence'

Participation of...	Resulted in..
○ 100 companies	○ 2,000 corporate-investor meetings
○ ~300 Institutional investors	
○ ~50 Non-institutional clients	



# PREPAREDNESS

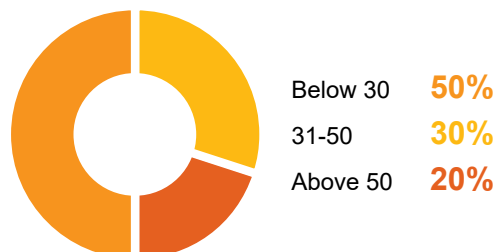
## To overcome future headwinds

Having been around the industry for the last 25 years, we know for a fact that headwinds are always paired with opportunities. Our preparedness goes beyond the strong IT/digital infrastructure and research team.

### 1. Strategic campus hiring

We recruit young emerging talent from premier institutes such as NMIMS and SP Jain for internships and as full-time resources. With this, we are building a pipeline of future workforce. They bring in new knowledge and skill, which help us deal with the issues that the Company may be facing today. Moreover, they quickly grasp any inputs and thoughts shared by our senior members. The different skills-set amongst varying age profiles also denotes our strong diverse workforce.

Diverse workforce (%)



### 2. FinLearn Edutech: acquisition of 27 per cent stake

FinLearn Edutech, offers trading and investment education initiatives, delivered through multiple modes: physical, live and recorded. This, along with the best in-class faculty and attractive package, holds a good prospect. Further, the following factors also play out in the Company's favour:

- **Pandemic situation:** With Covid-19, the learning space is evolving from conventional to digital. This e-learning behaviour can persist owing to the flexibility it offers to students and workers to watch videos at their own time, will and convenience.
- **Enthused millennials:** Right from the college days, increasing number of students are conscious about their financial planning. Stock market is considered a better way to create wealth, considering the young who have risk appetite. For this, they are looking to add value in their knowledge bucket through stock market education.

### 3. Remote work facility

The 'Work from home' facility has proved that it can be successful for us in the long haul. Even in the post-pandemic world, we see this transition persisting like a win-win solution for both, the organisation and employees. On one hand, it helps us save on the establishment cost while building a diverse workforce. As for the employees, it gives them better flexibility with regards to work-life balance.

**40.8 million,**  
**+13.65 per cent Y-o-Y growth**







No. of Demat accounts opened in India in 2019-20

(Source: Livemint, 2nd May 2020)



# STAKEHOLDER ENGAGEMENT

Across all our activities, we maintain an open dialogue with all our stakeholders. We believe this dialogue and the development of strategic partnerships are not only fundamental sources of information but also important for responsible corporate governance.

		Engagement initiatives	Value created
	Shareholders and investors	<ul style="list-style-type: none"> <li>Investor presentation</li> <li>Media releases</li> <li>Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Increased trust from long term shareholders</li> </ul>
	Government and regulators	<ul style="list-style-type: none"> <li>Regular communication with stock exchanges, SEBI and tax department</li> </ul>	<ul style="list-style-type: none"> <li>Responsible taxpayer</li> <li>Smooth operation</li> <li>Sustainability</li> </ul>
	Business partners and vendors	<ul style="list-style-type: none"> <li>One-on-one meeting</li> <li>Communication through telephone, email, and app, among others</li> <li>Quick response to queries</li> </ul>	<ul style="list-style-type: none"> <li>Regular commission</li> <li>Market penetration</li> </ul>
	Employees	<ul style="list-style-type: none"> <li>Online learning platform</li> <li>Performance linked ESOP</li> <li>E-communication for meetings from home</li> <li>LinkedIn group</li> <li>Feedback survey</li> </ul>	<ul style="list-style-type: none"> <li>Increased performance</li> <li>High retention level</li> </ul>
	Media	<ul style="list-style-type: none"> <li>Insights by our analysts shared on Bloomberg, ET Now, and CNBC, among others</li> <li>Publication of management interviews in newspaper</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy to viewers and readers</li> <li>Strong brand equity</li> </ul>
	Clients	<ul style="list-style-type: none"> <li>Distribution channel: Agents, sub-broker and franchisee</li> <li>Regular post on social networking websites: Twitter and Facebook</li> <li>Call centre</li> <li>Mobile apps for different business divisions</li> <li>Research reports</li> <li>Road shows</li> </ul>	<ul style="list-style-type: none"> <li>Long-term relationship</li> <li>Tailored solutions</li> </ul>

# TESTIMONIALS



**Saket Agrawal**  
Chief Financial Officer

Emkay provides a great platform for career growth, where talent and hard work are recognised and appreciated. For me as well, it has been an educational and fun-filled journey ever since I joined Emkay 14 years ago. I can proudly say this was the best move of my career.



**Rajesh Sharma**  
Chief Operating Officer

Heartiest congratulations to 'Emkay' for completing 25 glorious years of success. It is my pride, pleasure, and honour to be working with the Company for many years. I still remember, when we were taking off with new business verticals, there was a huge competition in the market, but we diligently faced it and built an eminent position in the market. It is the friendly, easily approachable, and very accommodative environment along with caring promoters, which has aided us to achieve new milestones year after year.



**Santosh Chenna**  
Sr. Manager, Accounts

I joined Emkay at a time when it was a sub-broker with a limited employee strength of 12-15 members and now, we have 400+ employees pan India. I have seen the ups and downs all these years, but we survived and emerged stronger. Having supportive promoters like Mr. Karwa and Mr. Kacholia, has really helped me balance my professional and family life perfectly. Even my seniors have been very supportive and guided me to achieve this position today. I wish Emkay to be very successful in future together with its stakeholders resonating our goal 'Your Success is our Success'.



**Nitesh Bhansali**  
Portfolio Advisor

This story started back in January 2003, when I walked into Emkay's office, holding my head high, but nervousness running through my blood, my feet shouting at me to sit and breathe but my brain guiding me to walk in through the door. Working with Emkay for the past 17 years, not only changed my perspective towards work but has also helped to build me as a person. When I walk down the memory lane, from subprime crisis in 2008, to error trade till now, it inspires me to think how we made it out of all the mess without a single scratch on the Company's name, work or fame.

At Emkay, no employee has ever had a complaint because here, office is like a second home. Whether one or all employees fall weak, everyone rises together to emerge stronger. That's exactly what Emkay family looks like! Emkay is the sky and my directors granted me the wisdom to claim it.



## TESTIMONIALS (contd...)



**Bushra Kadri**

*Secretary to the MDs*

12 years at Emkay! Time sure flies and it has been a beautiful journey. I have grown not just professionally but also personally. I am blessed to have bosses like Mr. Karwa and Mr. Kacholia who are very supportive. I am proud and happy to be a part of Emkay.



**Nidhi Verma**

*DVP, Marketing*

Two stints and nearly 12 years of career at Emkay has confirmed one thing – if there is any place outside home, that is like home, its Emkay! From marketing consultancy to IT services, who knew I would land up in the complex world of financial services one day. But I now believe that it was my calling and Emkay made sure the journey was one of immense learning and fun. From supportive and caring seniors to helpful colleagues and amazing teammates, my journey at Emkay has been more fulfilling than at any other place I have had the opportunity to explore. I could write an essay on what makes Emkay an employer of choice, but to summarise, it is the culture of openness, the freedom to explore, experiment and express that gives Emkay the edge.



**Manjiri Muzumdar**

*Equity Derivatives, Sales*

I remember joining Emkay as a fresher from the management college. My only orientation with stock market was limited to television-based information along with my father who was the key person for my inclination to money markets. This in fact indulged me to curiosity on how the stock exchange functions. And, Emkay came to be the perfect platform for me to learn and adapt to the various departments and effective functioning of stock exchange. I began my career as a Dealer and progressed up the ladder to be a Sales Trader. During the 15 years of my fantastic journey here, the one thing that resonates the most is the feeling of a family working towards a common goal – success of the clients.



**Yogesh Mehta**

*Portfolio Advisor*

I have been associated with Emkay for more than 25 years. Through the staunch guidance of Mr. Karwa, I have confidently attained a strong foundation. Here, I have learned to multitask in areas like team management, strategy building, and real-time plan execution, among others. And, after taking on the role of a senior, I have learnt to embrace other people's opinion, to listen and value them with patience.



**Kalpesh Parekh***Senior Sales Trader*

Working with Emkay has been a wonderful experience. The Company has responsibly created value for all its stakeholders for more than 2 decades. The primary focus of the Company, in whatever it does, is customers' success. Emkay's culture and the management's integrity are two of the strongest positives that keep employees hooked to it. I am happy to be a part of such an organisation and hope to add value through my work and dedication.

**Bhavesh Shah***Head, Settlement and Depository*

Emkay always believes in and works with integrity, taking care of employees in their difficult times. Emkay is a great company and I have really enjoyed working here with talented people, good friends, nice place, strong team and the best superior. The support and encouragement from the Management has helped me in managing my team and achieve my current position.

**Rahul Rege***Business Head, Retail*

I joined Emkay amidst an extended downturn, quite unsure about continuing in this profession! And today, a decade later, I can vouch for the advantages of a flat operational structure that makes work more enjoyable. More importantly, being given absolute freedom and financial support to set up a new venture, is the best situation from an employee's perspective. You may say that I got to test my entrepreneurial skills, while getting paid for it! I am pretty certain, this doesn't occur as easily everywhere.

**Prabhakar Bhogate***Senior Manager, Operations*

I am glad to be associated with Emkay for over 25 years now. Right from the time I joined, I've had several opportunities to participate in various Company-wide initiatives. These encouraged me to think outside the box and identify new solutions, while continuing to learn and grow in my role. I am delighted by the diversity of my work, discovering new roles and processes every time. Joining a company early in its growth process is not just motivating for me but I also thoroughly enjoy working with my team members amid such collaborative work environment. My job at Emkay has groomed me both personally and professionally. It has helped me realise my potential to grow while also providing opportunities to do so.

# MANAGEMENT TEAM



## Rahul Rege

*Business Head, Retail*

### Education:

B. Com, Accountancy & Economics

### Roles and responsibilities at Emkay:

With more than two decades of experience in the financial services industry, Rahul spearheads the entire retail division with his sharp business acumen, sound understanding of the segment, leadership and people management skills.



## Bhavesh Sanghvi

*CEO, Emkay Wealth Management*

### Education:

PG - Columbia Business School and NMIMS

### Roles and responsibilities at Emkay:

With nearly three decades of experience, Bhavesh has been known for building, leading and motivating teams to excel in highly demanding and dynamic business environments. At Emkay, he combines his business management and good entrepreneurial skills and puts it to use for driving gains in revenue, market share and profit performance.



## Vikaas M Sachdeva

*CEO, Emkay Investment Managers Limited*

### Education:

MBA - CRKIMR Mumbai, B.com

### Roles and responsibilities at Emkay:

An industry veteran, Vikaas has over two decades of diverse and rich experience. At Emkay, he spearheads the Investment Management business and by virtue of his experience and acumen in the BFSI domain, endeavours to build a customer-centric organisation taking care of the investment management requirements of savvy investors.



## Rajesh Sharma

*Chief Operating Officer*

### Education:

Chartered Accountant

### Roles and responsibilities at Emkay:

With decades of experience across systems and operations, Rajesh leads strategic planning, implementation and execution of systems, procedures, and internal controls at Emkay. He ensures establishment of risk mitigation controls, process re-engineering and automation to ensure scalability of operations.



## Shishir Dhulla

*Chief Technology Officer*

### Education:

CISA, Microsoft Certified Professional

### Roles and responsibilities at Emkay:

With over two decades of diverse experience, Shishir heads Emkay's IT division and puts to good use his experience in setting up and managing mission-critical DMA; algorithmic trading; SOR & IOB trading platforms; middle office; back-office and equity research platforms.



## Saket Agrawal

*Chief Financial Officer*

### Education:

B. Com, FCA, DISA (ICAI) and MBF (ICAI)

### Roles and responsibilities at Emkay:

With over a decade of association with Emkay, Saket brings with him immense knowledge and expertise across accounting, finance, taxation and audit functions, with which he deftly handles all the Emkay Group companies.



### Yatin Singh

*Head, Investment Banking*

#### ○ Education:

B.Tech - IIT Roorkee, MBA - IIM Ahmedabad

#### ○ Roles and responsibilities at Emkay:

Yatin comes with over a decade of experience in investment banking. He has a strong track record of deal closures and has led origination and execution across M&A, Private Equity and ECM transactions. At Emkay, Yatin's prime focus is to ramp up the existing business by leveraging his experience and relationships.



### Sachin Shah

*Fund Manager*

#### ○ Education:

CFA (ICFAI), B. Com

#### ○ Roles and responsibilities at Emkay:

With over two decades of experience in the portfolio management space, Sachin brings expertise in market strategy and sector and company research. He has played a pivotal role in the establishment of a well-documented investment process and philosophy for Emkay PMS.



### Sharanabasappa Jade

*Head, Human Resources*

#### ○ Education:

MHRDM, NMIMS; PGDBM, Gulbarga University

#### ○ Roles and responsibilities at Emkay:

With over two decades of experience across banking and financial services, Sharan brings a wealth of knowledge and understanding at managing the critical and complex function of Human Resources.



### Bhalchandra M. Raul

*Company Secretary*

#### ○ Education:

B.Com (Hon), LLB, FCS, CAIIB

#### ○ Roles and responsibilities at Emkay:

As the Company Secretary of Emkay, Bhalchandra is instrumental in ensuring timely compliance with the Companies Act, the listing requirements as well as the SEBI guidelines.



### S Hariharan

*Head, Sales Trading*

#### ○ Education:

CFA, PGDM (IIM-Bangalore), B.Tech– Civil engineering (IIT-BHU, Varanasi)

#### ○ Roles and responsibilities at Emkay:

Hariharan leads the trading and dealing desk for Emkay's institutional equities division. He has been instrumental in improving process flows, enabling technology upgradation and wider client reach.

## CORPORATE INFORMATION

### Board of Directors

<b>S. K. Saboo</b>	Chairman
<b>R. K. Krishnamurthi</b>	Director
<b>G. C. Vasudeo</b>	Director
<b>Dr. Satish Ugrankar</b>	Director
<b>Dr. Bharat Kumar Singh</b>	Director
<b>Preeti Kacholia</b>	Woman Director
<b>Krishna Kumar Karwa</b>	Managing Director
<b>Prakash Kacholia</b>	Managing Director

### Chief Financial Officer

Saket Agrawal

### Company Secretary & Compliance Officer

B. M. Raul

### Corporate Identification Number (CIN)

L67120MH1995PLC084899

### Website

[www.emkayglobal.com](http://www.emkayglobal.com)

### Statutory Auditors

S. R. Batliboi & Co. LLP. Chartered Accountants

### Secretarial Auditors

Parikh & Associates, Practicing Company Secretaries

### Internal Auditors

Lovi Mehrotra & Associates, Chartered Accountants

### Bankers

AXIS Bank Limited  
Bank of India  
Citibank N A  
HDFC Bank Limited  
ICICI Bank Limited  
Indian Overseas Bank  
IndusInd Bank Limited  
Kotak Mahindra Bank  
State Bank of India

### Registered & Corporate Office

The Ruby, 7th Floor, Senapati Bapat Marg,  
Dadar (West), Mumbai-400028  
Tel. No: 022-66121212

### Administrative Office

"C-06", Ground Floor, Paragon Centre,  
Pandurang Budhkar Marg, Worli, Mumbai – 400013  
Tel. No: 022-66299299

### Registrar & Transfer Agents

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli (West),  
Mumbai 400 083

# REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors presents the Twenty Sixth Annual Report of your Company and the Audited Financial Statements for the year ended 31st March, 2020.

## 1. FINANCIAL RESULTS

An overview of the financial performance of your Company along with its Subsidiaries for the year 2019-20 is as under:

(₹) (Amount in Lacs)

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Total Income	11,971.75	12,965.63	13515.24	14,814.47
EBITDA	(354.47)	1,943.63	(224.25)	2,411.52
Less : Depreciation and Amortization	761.89	695.06	771.63	705.79
Less : Finance Cost	607.86	341.25	685.16	654.68
Profit before exceptional item and tax	(1,724.22)	907.32	(1,681.04)	1,051.05
Exceptional item	(75.50)	(187.00)	-	171.00
Profit before tax	(1,799.72)	720.32	(1,681.04)	1,222.05
Less : Tax expenses	(541.86)	225.86	(490.09)	382.94
Profit after tax	(1,257.86)	494.46	(1,190.95)	839.11
(Less)/ Add : Share of (loss)/ profit of associate	-	-	(71.81)	35.46
Add : Profit/ (Loss) from discontinued operations	-	-	3.39	-
(Loss)/ (Profit) attributable to shareholders of the Company	(1,257.86)	494.46	(1,259.36)	874.57
Opening balance in statement of profit and loss	2,083.09	2,199.44	4,148.77	3,915.18
Other adjustments	-	(17.20)	(5.87)	-
Amount available for appropriation	825.23	2,676.70	2,883.53	4,789.75
<b>Appropriations *</b>				
Dividend paid on equity shares	246.19	492.38	246.19	492.38
Dividend distribution tax on dividend	50.62	101.23	50.62	101.23
Transfer to special reserve u/s 45-IC of RBI Act	-	-	-	47.37
Closing balance in statement of profit and loss	528.42	2,083.09	2,586.72	4,148.77

Note: The Company has adopted Accounting Standards (IND-AS) with effect from 1st April, 2019. Previous Year figures are restated accordingly.

## 2. SILVER JUBILEE YEAR

The year 2020 marks 25 years of the Company's operations. From being a pure equity broking player, the Company, driven by its first generation entrepreneurs, has emerged as one of the leading financial services players, offering a wide bouquet of services that include equity broking, asset management, wealth management, investment banking currency & commodity advisory and broking among others. Emkay's clientele includes foreign institutional investors (FIIs), banks, insurance companies, private equity firms, corporate houses, small and medium-sized enterprises, and high net worth individuals (HNIs). The Company is strongly driven by its vision to be among the top 5 securities

players in India and ensures that client comes first in all its endeavors.

## 3. DIVIDEND

In view of inadequacy of profits during the Financial Year, the Board of Directors has not recommended payment of any dividend for the year on the equity share capital of the company.

## 4. REVIEW OF OPERATIONS

During the year, our Asset Management business successfully launched two new products under the Smart Alpha approach – Emkay's 12 (a 12 stock, equi-weighted

## Report of the Board of Directors (Contd.)

large-cap strategy which aims to generate better returns than large cap MF strategies) and Emkay GEMS (a 20 stock, equi-weighted midcap strategy which aims to get high performing emerging leaders out of the NIFTY Midcap 150 universe). Our wealth business increased its presence in the country by setting up offices in key cities of New Delhi, Dehradun, Bengaluru, Chennai & Hyderabad. The team was further strengthened with the right resources across locations.

Emkay continued with its high revenue trajectory in the Currency segment, with revenues increasing by 63% YoY and volumes increasing by 81%. Commodity business grew by 21% with our focus solely on attracting institutional participants. During the year, the Company also acquired a 27% stake in Finlearn Edutech, a trading and investment education start-up. This business will give us a perfect opportunity to positively impact the growing Indian middle class, bring back those customers who have burnt their fingers basis tips & shortcuts, and most importantly financialize the economy.

### Standalone

During the year under review, your Company recorded a total income of ₹11971.75 Lac as compared to ₹12,965.63 lac in the previous financial year, lower by 7.67 %. The Loss for the same period stands at ₹1257.86 lac as compared to the Profit of ₹ 494.46 Lac in the previous financial year.

### Consolidated

During the year under review, your Company recorded a total income of ₹ 13,515.24 Lac as compared to ₹ 14,814.47 Lac in the previous financial year, lower by 8.77 %. The Loss for the same period stands at ₹1259.36 Lac as compared to the Profit of ₹ 874.57 Lac in the previous financial year.

There has been a decline in profitability owing to a flat topline in a challenging year with fixed costs and employee costs remaining escalated.

COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The Indian Government announced a 21-day complete lockdown on March 24, 2020, across the country, to contain the spread of the virus. The lockdown was thereafter extended from time to time with gradual relaxations. Stock Broking services, being part of Capital Market operations were declared as essential services. During the period, the Company faced no business interruption on account of the lockdown.

## 5. MATERIAL CHANGES BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF REPORT

There have been no material changes and commitments

between the end of the financial year 2019-20 and the date of this report, adversely affecting the financial position of the Company.

## 6. COPY OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in the prescribed Form MGT-9 is annexed herewith as "Annexure A" and copy of the Annual return is available on the Company's website at <http://www.emkayglobal.com/> Investor relation

## 7. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2019-20, 4 meetings were held on 28th May, 2019, 12th August, 2019, 14th November, 2019 and 24th January, 2020.

The details of the attendance of Directors at these meetings were as under:

Name of the Director	Category	Board Meetings during Financial Year 2019-20	
		Held	Attended
Mr. S. K. Saboo	NED	4	4
Mr. R. K. Krishnamurthi	NED (I)	4	3
Mr. G. C. Vasudeo	NED (I)	4	3
Mr. Krishna Kumar Karwa	ED	4	4
Mr. Prakash Kacholia	ED	4	4
Mrs. Preeti Kacholia	NED	4	4
Dr. Satish Ugrankar	NED (I)	4	4
Dr. Bharat Kumar Singh	NED (I)	4	3

Category: NED - Non Executive Director, NED(I) - Non Executive Director & Independent, ED - Executive Director

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- The directors 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 at the end of the financial year and of the profit of the Company for the year under review;

## Report of the Board of Directors (Contd.)

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The directors have prepared the annual accounts on a going concern basis;

e) The directors had 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) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 9. AUDIT COMMITTEE

The Committee comprises of Mr. G. C. Vasudeo as the Chairman and Mr. R. K. Krishnamurthi, Dr. Satish Ugrankar, Dr. Bharat Kumar Singh and Mr. Prakash Kacholia as the members of the Committee. More details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms part of this report.

All the recommendation made by the Audit Committee during the year were accepted by the Board of Directors of the Company.

### 10. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE:

The Nomination, Remuneration and Compensation Committee constituted by the Board in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 comprises of Mr. G. C. Vasudeo, an Independent Director as the Chairman and Mr. R. K. Krishnamurthi, Dr. Satish Ugrankar and Mr. S. K. Saboo as the members of the Committee.

The Committee consists of only Non-Executive Directors as its members. All the members of the Committee are Independent Directors except Mr. S. K. Saboo who is a Non-Executive Non- Independent Director.

The Remuneration Policy of the Company is available on the Company's website i.e. [www.emkayglobal.com/](http://www.emkayglobal.com/) Investor relations. The details of composition, terms of reference of the Nomination, Remuneration and Compensation Committee, numbers and dates of meeting held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report forming part of the Directors' Report.

### 11. PERFORMANCE EVALUATION

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Regulation 25 of SEBI (LODR) Regulations, 2015 and further circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 05/01/2017 issued by SEBI on "Guidance note on Board Evaluation", evaluation process was carried out internally for the performance of the Board, its Committees and Individual Directors.

The Nomination, Remuneration and Compensation Committee carried out evaluation of performance of each Director in their meeting held on 17th June, 2020. The Board of Directors carried out performance evaluation of the Board, each Director and the Committees for the financial year ended 31st March, 2020 in their meeting held on 17th June, 2020 based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the effectiveness of their contribution.

### 12. AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 ("the Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. S. R. Batliboi & Co. LLP, Chartered Accountants bearing Firm Registration Number 301003E/ E300005 with the Institute of Chartered Accountants of India (ICAI) were appointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting (AGM) held on 11th August, 2017 for a period of Five years commencing from the conclusion of the 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting of the Company to be held for the financial year 2021-2022 subject to ratification of their appointment by the members at every subsequent AGM. In accordance with the amendment to section 139 of the Act, the requirement of ratification of appointment by members every year is no longer required.

M/s. S. R. Batliboi & Co LLP have confirmed their eligibility and qualification required under section 139 and 141 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, for their continuation as statutory auditors.

In terms of the Listing Regulations, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

## Report of the Board of Directors (Contd.)

There are no qualifications or observations or remarks made by the Auditors in their report.

### Reporting of Fraud

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

### Change In Accounting Policy

As per MCA Notification G.S.R. 365 (E) dated 30.03.2016 stock broking companies were covered under Non-Banking Finance Companies and the IND-AS was applicable to NBFC listed entities having net worth below Rs 500 crores effective from April 2019.

Accordingly, the Company has adopted Indian Accounting Standards (IND - AS) with effect from April 1, 2019. The effective date of such transition is April 1, 2018.

## 13. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Parikh & Associates, Company Secretaries, Mumbai to carry out Secretarial Audit of the Company for the financial year 2019-2020. The Secretarial Audit Report received from them is appended as "Annexure B" and forms part of this report.

The comments made by the Secretarial Auditors in their report are self-explanatory. Unspent amount on CSR activities will be spent during the next Financial year.

## 14. INTERNAL AUDIT

As per the requirements of Section 138 of the Companies Act, 2013 and rules made there under, M/s. Lovi Mehrotra & Associates, Chartered Accountants, Mumbai were appointed as Internal Auditors of the Company for the financial year 2019-2020.

The internal control systems are supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Management Information System (MIS) forms an integral part of the Company's control mechanism. The Company has regular checks and procedures through internal audit periodically. The reports are deliberated and executive summary of the same along with action taken report (ATR) for steps taken by the Management to address the issues are placed before the Audit Committee meeting/ Board meeting for their review. Reports of internal auditors are reviewed by the Audit

Committee, and corrective measures, if any, are carried out towards further improvement in systems and procedures in compliance with Internal Control System. The Board also recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

## 15. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

The Company has complied with the applicable mandatory secretarial Standards issued by the Institute of Company Secretaries of India.

## 16. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management Discussion and Analysis, which forms part of the Annual Report.

## 17. PUBLIC DEPOSITS

During the year, your Company has not accepted and/or renewed any public deposits in terms of the provisions of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 as amended.

## 18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees or Investments covered under Section 186 of the Companies Act, 2013, are given under notes to the Financial Statements.

## 19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013:

The details of the related party transactions, as per requirement of Accounting Standards -18 are disclosed in notes to the financial statements of the Company for the financial year 2019-20. All the directors have disclosed their interest in Form MBP-1 pursuant to Section 184 of the Companies Act, 2013 and as and when any changes in their interest take place, such changes are placed before the Board at its meetings. None of the transactions with any of the related parties was in conflict with the interest of the Company. The particulars of contracts or arrangements with related parties referred to in Section 188 (1), in prescribed Form AOC - 2 under Companies (Accounts) Rules, 2014 are appended as "Annexure C".

## Report of the Board of Directors (Contd.)

### 20. INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has constituted an Internal Complaint Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year no complaint was filed before the said Committee.

### 21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo required under Section 134 (3) (m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as "Annexure D" and forms part of this Report of Directors.

### 22. LEVERAGING DIGITAL TECHNOLOGY

Innovative ideas and technology is introduced continuously to provide great user experience to our customers, business associates and employees.

In association with the IT Team, the Company with active support from management has been investing time and effort in information technology solutions to demonstrate technological leadership.

### 23. BUSINESS RISK MANAGEMENT

Pursuant to section 134(3) (n) of the Companies Act, 2013 and as per provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the Company has adhered to the principles of sound risk management and already has a Risk Management Policy in place. An ongoing exercise is being carried out to identify, evaluate, manage and for monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework. The details of the same are set out in the Corporate Governance Report forming part of the Boards' Report.

### 24. CORPORATE SOCIAL RESPONSIBILITY

In view of applicability of Corporate Social Responsibility (CSR) provisions in the year 2016-2017, in compliance with the requirements of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility) Rules, 2014, the Board at its meeting held on May 23,

2016, had constituted a Corporate Social Responsibility Committee comprising three Directors of the Company including one Independent Director. The members of the Committee are Mr. G. C. Vasudeo, Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia. The Company has evolved a Corporate Social Responsibility Policy and is actively practicing the same. The objectives of CSR Policy are to contribute to social and economic development of the communities in which the Company operates, to improve the quality of life of the communities through long term value creation for stakeholders and to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as "Annexure - E" and forms part of this report of Directors.

### 25. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has implemented a Vigil Mechanism Policy to deal with instances of fraud and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link <http://www.emkayglobal.com/> Investor relations. There were no complaints received during the year 2019-20.

### 26. DIRECTORS & KEY MANAGERIAL PERSONNEL

#### Appointments

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mrs. Preeti Kacholia (DIN:03481747), a Non-Executive woman Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment. Your Board recommends her re-appointment to the Shareholders.

A brief profile of Mrs. Preeti Kacholia (DIN:03481747), Director of the Company as required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and justification for her re-appointment are given in the explanatory statement to Notice of the 26th Annual General Meeting.

Dr. Satish Ugrankar (DIN 00043783) was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 for first term of 5 years at

## Report of the Board of Directors (Contd.)

the Annual General Meeting held on 10th August, 2016 and will be holding office upto 9th August 2021. Dr. Ugrankar (DOB 18th September, 1945) will be completing the age of 75 years on 18th September, 2020.

Mr. R.K.Krishnamurti (DIN 00464622) was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 for his second term of 5 years at the Annual General Meeting held on 12th August, 2019 and will be holding office upto 12th August 2024. Mr. R.K.Krishnamurti (DOB 17th January, 1946) will be completing the age of 75 years next year on 17th January, 2021.

Dr. Bharat Kumar Singh (DIN 00274435) was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 for first term of 5 years at the Annual General Meeting held on 14th August, 2018 and will be holding office upto 13th August 2023. Dr. Bharat Kumar Singh (DOB 23rd July, 1946) will be completing the age of 75 years next year on 23rd July, 2021.

As per Regulation 17(1A) of the SEBI (LODR) Regulations, with effect from 1st April, 2019, no listed Company shall appoint or continue the Directorship of any person as a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment/continuation. In view of the above provision of Regulation 17(1A), it is necessary to pass a special resolution to enable Dr. Satish Ugrankar (DIN 00043783), Mr. R. K. Krishnamurti (DIN 00464622) and Dr. Bharat Kumar Singh (DIN 00274435) to continue their directorship as Independent Director after attainment of age of 75 years till expiry of their respective term of office.

Considering the knowledge, expertise and vast experience and the valuable contribution made by Dr. Satish Ugrankar, Mr. R.K.Krishnamurthi and Dr. Bharat Kumar Singh during their respective tenure as Independent Directors, the Nomination, Remuneration and Compensation Committee and the Board have recommended continuation of Directorship of them as Independent Directors from the date of attainment of age of 75 years by each of them for the residual term of their office.

The above continuation of Directorships of these three Independent Directors forms part of the Notice of the forthcoming 26th Annual General Meeting and the resolutions for continuation of their directorship are recommended for your approval.

The Company has received declaration from all the

Independent directors that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 read with the Schedule and Rules issued there under and Regulation 16 of SEBI (LODR) Regulations, 2015, as amended.

The profile of the Independent Directors forms part of the Corporate Governance Report.

The following four persons were formally noted as Key Managerial Personnel of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013.

- Mr. Krishna Kumar Karwa - Managing Director
- Mr. Prakash Kacholia - Managing Director
- Mr. Saket Agrawal - Chief Financial Officer
- Mr. B. M. Raul - Company Secretary

## 27. PARTICULARS OF REMUNERATION

Details of the ratio of remuneration of each Director to the median employee's remuneration is provided in "Annexure – F".

## 28. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

Pursuant to the provisions of Section 134 (5) (f) of the Act, the Company has devised proper systems to ensure compliance with the provisions of all applicable laws. Each department of the organization ensured that it had complied with the applicable laws and furnished its report to the Head of department who then along with the Company Secretary discussed on the compliance status of the department. Any matter that required attention was immediately dealt with. The Company Secretary reported to the Audit Committee and the Board on the overall compliance status of the Company. In effect, such compliance system was largely found to be adequate and operating effectively. The directors have in the Directors' Responsibility Statement under paragraph (f) also confirmed the same to this effect.

## Report of the Board of Directors (Contd.)

### 29. SUBSIDIARY COMPANIES

The Company has 5 subsidiaries as on 31st March, 2020. Besides, there are two associate companies within the meaning of Section 2(6) of the Act.

Pursuant to the provisions of Section 129 (3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

#### Emkay Commotrade Limited (ECL)

##### - a 100% subsidiary:

Emkay Commotrade Limited is a member of three major commodity exchanges viz. Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX) and National Spot Exchange Limited (NSEL).

As on date Company's Paid up Capital is ₹ 8.50 crores divided into ₹ 6 crores in Equity Shares and ₹ 2.50 crores in Redeemable Non-cumulative Preference shares (RNCPS) issued to the holding company. The Company has discontinued its business from February, 2019. The Company has a net worth of ₹ 287.36 Lacs as on 31st March, 2020.

#### Emkay Fincap Limited (EFL) - a 100% subsidiary:

Emkay Fincap Limited is a RBI registered Non-Deposit taking NBFC. EFL has a net worth of ₹ 4678.54 Lacs as on 31st March, 2020.

#### Emkay Wealth Advisory Limited (EWAL) (formerly known as Emkay Insurance Brokers Limited (EIBL))

##### - a 100% subsidiary:

Emkay Wealth Advisory Limited is in the business of providing wealth and investment advisory services and other ancillary services. EWAL has received necessary approval from RIA on 16th September, 2019 for commencement of its activities. EWAL has a net worth of ₹ 212.82 Lacs as on 31st March, 2020.

#### Emkay Investment Managers Limited (EIML) - a 100% subsidiary:

EIML is registered with Securities and Exchange Board of India (SEBI) for conducting the business of Portfolio Management Services and has commenced the business of Portfolio Management Services with effect from 1st January, 2011. EIML has a net worth of ₹ 1635.17 Lacs as on 31st March, 2020.

#### Emkayglobal Financial Service IFSC Private Limited (EGIFSC) – a 100% subsidiary :

EGIFSC set up in the Gujarat International Finance Tech

City (Gift City) at Gandhinagar in the State of Gujarat is a SEBI Registered Trading member & provides financial services as capital market intermediary in International Financial Services Centre (IFSC). EGIFSC is registered as trading Member of India International Exchange (IFSC) Limited (India INX) and NSE IFSC Limited (NSE International Exchange), who have set up International Exchanges in the GIFT City.

The company has received necessary approvals from SEBI as required under the IFSC guidelines and regulations on 5th November, 2019 and also membership of India International Exchange (IFSC) Limited (India INX) and NSE IFSC Limited (NSE International Exchange).

The Consolidated Financial Statements presented by the Company include financial results of its Subsidiary Companies. The Company will make available the annual accounts of the Subsidiary Companies and the related information to any member of the Company who may be interested in obtaining the same. The Annual Report of the Company and all its subsidiary Companies are also available on the website of the Company i.e. [www.emkayglobal.com/](http://www.emkayglobal.com/) Investor Relations.

### 30. EMPLOYEE STOCK OPTION SCHEMES

With a view to remain a preferred employer, the Company had granted Stock Options under two Schemes viz. ESOP 2007 and Employee Stock Option Plan - 2018 to the employees of the Company and the employees of the Subsidiary Companies.

#### Re-pricing of stock options

6,85,000 stock options granted by the company on various occasions at exercise price of ₹ 145.45 under ESOP-2007 scheme and 23,18,506 stock options granted at an exercise price ranging from ₹ 93.20 to ₹ 133.25 per option under ESOP-2018 had become unattractive to the employees due to fall in market price of the shares below the exercise price. These options were re-priced at ₹ 75.60 per option after obtaining necessary approval of the shareholders through the process of postal ballot on 5th January, 2020. (being the closing price of shares prior to the date of meeting on a recognized Stock Exchange on which higher trading volume were transacted on the date immediately prior to the date of the Nomination, Remuneration and Compensation Committee meeting held on 14th November, 2019 in which the proposal for re-pricing was considered.)

Details of the shares issued under Employees Stock Option Plan (ESOP) as also disclosure in compliance with SEBI (Share Based Employees Benefits) Regulations, 2014

## Report of the Board of Directors (Contd.)

are uploaded on the website of the Company <https://www.emkayglobal.com/key-announcements>. During the year, the Company has issued stock options in excess of 1% of the issued share capital to Mr. Yatin Kumar Singh, Head of Investment Banking under ESOP 2018 Scheme and to Mr. Sunil Tirumalai, Head of Research and Strategist under ESOP 2007 Scheme after passing special resolution at the Annual General Meeting held on 12th August 2019.

### (a) ESOP 2007

The Nomination, Remuneration and Compensation Committee of the Company had granted stock options under ESOP-2007 scheme to the eligible employees (each option carrying entitlement for one share of the face value of ₹10/- each). The summary of the same as on 31st March 2020 is as under :

#### Summary of ESOP 2007 as on 31st March 2020

Total no. of stock options approved under the Scheme		24,26,575
No. of Options	Date of Grant	Exercise Price Per Option
14,42,000	17.01.2008	₹63/-
2,44,000	19.06.2009	₹63/-
2,07,500	24.07.2009	₹61/-
1,00,000	04.05.2010	₹93/-
6,11,500	27.07.2010	₹77/-
2,00,000	21.01.2012	₹37/-
13,95,000	28.05.2018	*₹ 145.45 (Re-priced at ₹ 75.60)
4,81,000	08.07.2019	₹74.65
7,02,120	14.11.2019	₹75.60
61,738	14.11.2019	₹74.65
1,66,740	24.01.2020	₹70.70
Exercise Period		2-3 years
Re-Issued Options		31,85,023
Total no. of stock options granted under the scheme		56,11,598
Stock Options lapsed		34,10,970
Stock Options vested but not exercised		0
Stock Options exercised		2,41,530
Outstanding Stock Options		19,59,098

\*Note : During the Financial Year 2019-20, the Nomination, Remuneration and Compensation Committee re-priced 6,35,000 stock options net of lapsed options at ₹75.60 per option as per shareholders' approval obtained by passing special resolution through Postal ballot process.

During the Financial Year 2019-20, no options were vested and exercised under the ESOP 2007.

### (b) EMPLOYEE STOCK OPTION PLAN - 2010 THROUGH TRUST ROUTE

The Nomination, Remuneration and Compensation Committee of the Company had granted total no. of 6,47,000 options under ESOP-2010 scheme through trust route to the eligible employees (each option carrying entitlement for one share of the face value of ₹10/- each). Summary of the same as on 31.03.2020 is as under.

#### Summary of ESOP 2010 (through trust route) as on 31st March 2020

Total no. of stock options approved under the Scheme		24,41,995
No. of options	Date of Grant	Exercise Price Per Option
5,55,000	21.10.2010	₹ 93/-
27,000	02.05.2011	₹ 63/-
15,000	22.10.2011	₹ 48/-
50,000	21.01.2012	₹ 37/-
Exercise Period		3 years
Total no. of stock options granted under the scheme		6,47,000
Stock Options lapsed		6,06,500
Stock Options vested but not exercised		0
Stock Options exercised		40,500
Outstanding Stock Options		0

During the Financial Year 2019-20, the Nomination, Remuneration and Compensation Committee, through ESOP trust, had not transferred any Equity Shares to the employee/s under the ESOP 2010 (Through Trust Route).

## Report of the Board of Directors (Contd.)

### d) ESOP 2018

The Nomination, Remuneration and Compensation Committee of the Company had granted options under ESOP-2018 scheme to the eligible employees (each option carrying entitlement for one share of the face value of ₹10/- each) as per criteria determined by the committee

The summary of the same as on 31.03.2020 is as under :

#### Summary of ESOP 2018 as on 31st March 2020

<b>Total no. of stock options granted under the Scheme</b>	<b>24,53,403</b>
4,17,760	14.08.2018 ₹133.25
3,32,167	30.10.2018 ₹101.80
4,12,861	08.01.2019 ₹108.20
9,23,380	01.03.2019 *₹ 108.20 (Re-priced at ₹75.60)
1,00,000	01.03.2019 ₹ 72.55
2,70,600	28.05.2019 *₹ 93.20 (Re-priced at ₹75.60)
24,620	08.07.2019 ₹74.65
61,738	14.11.2019 *₹ 93.20 (Re-priced at ₹75.60)
Exercise Period	2 years
Re-Issued Options	89,723
Total no. of stock options granted under the scheme	25,43,126
Stock Options lapsed	10,23,000
Stock Options vested but not exercised	0
Stock Options exercised	0
Outstanding Stock Options	15,20,126

\*Note : During the Financial Year 2019-20, the Nomination, Remuneration and Compensation Committee re-priced 23,18,506 stock options at ₹75.60 per option as per shareholders' approval obtained by passing special resolution through process of Postal ballot.

During the Financial Year 2019-20, no options were vested and exercised under the ESOP 2018.

The disclosures required to be made in the Directors' Report in respect of the aforesaid ESOP Schemes, in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014 are contained in "Annexure G" forming part of the Directors' Report.

### 31. TRANSFER OF UNCLAIMED DIVIDEND AMOUNTS AND SUCH SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, the Company has transferred on due dates, the unpaid or unclaimed dividends upto the financial year 2011-2012 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded on its website the details of unpaid and unclaimed amounts lying with the Company.

Further, in terms of the provisions of section 124(6) of the Companies Act, 2013 read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs, New Delhi w.e.f. 7th September, 2016, and further notifications issued by Ministry of Corporate Affairs, amending the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 which has come into force w.e.f. 28th February 2017, 3,105 no. of shares in respect of which dividend has not been paid or claimed for seven consecutive years or more as provided under subsection (6) of Section 124 were transferred to the special Demat Account of IEPF Authority. The details of the unclaimed/unpaid dividends are available on the Company's website at [www.emkayglobal.com](http://www.emkayglobal.com) and also on Website of Ministry of Corporate affairs at [www.mca.gov.in](http://www.mca.gov.in).

### 32. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Annual Report.

Having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to members of your Company. Any member desirous of obtaining such information may write to the Secretarial Department of your Company.

**33. CORPORATE GOVERNANCE REPORT**

The Company adheres to the principles of Corporate Governance mandated by the Securities and Exchange Board of India and has implemented all the prescribed stipulations thereof. As stipulated in Regulation 27 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance and the requisite Auditor's Certificate confirming compliance with the conditions of Corporate Governance, is appended as "Annexure - I" and forms part of this Report.

**34. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS OR REGULATORS**

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

**35. LISTING WITH STOCK EXCHANGES**

The Equity shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd.

**36. ACKNOWLEDGEMENT**

Your Directors would like to take this opportunity to express sincere gratitude to the customers, bankers and other business associates for the continued cooperation and patronage. Your Directors gratefully acknowledge the ongoing co-operation and support provided by the Government, Regulatory Bodies and the Stock Exchanges. Your Directors place on record their deep appreciation for the exemplary contribution made by the employees at all levels. The Directors also wish to express their gratitude to the valued shareholders for their unwavering trust and support.

**For and on behalf of the Board of Directors****Krishna Kumar Karwa**

Managing Director

**Prakash Kacholia**

Managing Director

**Place:** Mumbai**Date:** 17th June, 2020

**ANNEXURE "A"**

Forming part of the Board of Directors' Report

**EXTRACT OF THE ANNUAL RETURN****FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN AS ON 31ST March, 2020**

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

**I. REGISTRATION AND OTHER DETAILS**

i	CIN	L67120MH1995PLC084899
ii	Registration Date	24th January, 1995
iii	Name of the Company	Emkay Global Financial Services Limited
iv	Category/ Sub-Category of the Company	Public Limited Company
v	Address of the Registered Office and contact details	The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028 Tel. No. 022-66121212
vi	Whether Listed Company	Yes. Listed on BSE and NSE
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Limited C-101 , 247 Park, L B S MARG, Vikhroli (West) MUMBAI - 400083. Tel No. 022-49186000 Fax No. 022-49186060

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

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

Sr. No.	Name and Description of Main Products/Service	NIC Code of the Products/Service	% to total turnover of the Company
1	Stock Broking and Providing financial services and solutions like investment banking, institutional equities, private client broking, Depository Services.	66120 and 66190	90.91

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

Sr. No.	Name and Address of the Company	CIN No	Holding/ Subsidiary/ Associates	% of shares/ contribution held	Applicable Section
1	Emkay Fincap Ltd	U 65990 MH 2005 PLC153310	Subsidiary	100	2(87)
2	Emkay Commotrade Limited	U 51110 MH 2006 PLC 158675	Subsidiary	100	2(87)

Sr. No.	Name and Address of the Company	CIN No	Holding/ Subsidiary/ Associates	% of shares/ contribution held	Applicable Section
3	Emkay Wealth Advisory Limited (Formerly known as Emkay Insurance Brokers Ltd.)	U74110MH2007PLC168496	Subsidiary	100	2(87)
4	Emkay Investment Managers Limited	U67190 MH2010PLC203819	Subsidiary	100	2(87)
5	Emkayglobal Financial Services IFSC Private Limited	U65999GJ2018PTC102945	Subsidiary	100	2(87)

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category - Wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 2019				No. of Shares held at the end of the year 2020				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ HUF	1,35,02,500	-	1,35,02,500	54.8458	1,35,02,500	-	1,35,02,500	54.8458	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corp	43,90,000	-	43,90,000	17.8317	48,51,484	-	48,51,484	19.7062	1.8745
e) Bank/ FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total A-1	1,78,92,500	-	1,78,92,500	72.6775	1,83,53,984	-	1,83,53,984	74.552	1.8745
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
(a) NRI-Individuals	-	-	-	-	-	-	-	-	-
(b) Others-Individuals	-	-	-	-	-	-	-	-	-
(c ) Bodies Corp	-	-	-	-	-	-	-	-	-
(d) Bank/ FI	-	-	-	-	-	-	-	-	-
(e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>									
<b>Total Shareholding of Promoters A= A1+A2</b>	<b>1,78,92,500</b>	<b>-</b>	<b>1,78,92,500</b>	<b>72.6775</b>	<b>1,83,53,984</b>	<b>-</b>	<b>1,83,53,984</b>	<b>74.552</b>	<b>1.8745</b>

Category of Shareholders	No. of Shares held at the beginning of the year 2019				No. of Shares held at the end of the year 2020				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institution</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/ FI	756	-	756	0.0031	74	-	74	0.0003	-0.0028
c) Cent. Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Comp	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investors	-	-	-	-	793	-	793	0.0032	0.0032
j) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total B-1</b>	<b>756</b>	<b>-</b>	<b>756</b>	<b>0.0031</b>	<b>867</b>	<b>-</b>	<b>867</b>	<b>0.0035</b>	<b>0.0004</b>
<b>2. Non Institutions</b>									
a. Bodies Corp									
i. Indian	5,91,186	10,000	6,01,186	2.4420	3,00,952	-	3,00,952	1.2224	-1.2196
ii. Overseas	-	-	-	-					
b. Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	30,14,293	4,514	30,18,807	12.2621	29,43,697	4,514	29,48,211	11.9753	-0.2868
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lac	15,08,834	-	15,08,834	6.1287	14,90,475	-	14,90,475	6.0542	-0.0745
c. Cent. Govt/ State Govt	-	-	-	-	-	-	-	-	-
d. IEPF Authority MCA	2,745	-	2,745	0.0111	3,105	-	3,105	0.0126	0.0015
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Comp	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year 2019				No. of Shares held at the end of the year 2020				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
g. FIIs/ Banks	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify) NBFC	250	-	250	0.0010	-	-	-	-	-0.0010
a. Clearing members	56,853	-	56,853	0.2309	74,797	-	74,797	0.3038	0.0729
b. Trust	-	-	-	-	-	-	-	-	-
c. NRIs	4,78,505	-	4,78,505	1.9436	4,16,694	-	4,16,694	1.6926	-0.2510
d. NRN	2,05,537	-	2,05,537	0.8349	1,36,927	-	1,36,927	0.5562	-0.2787
e. Hindu Undivided Family	4,25,684	-	4,25,684	1.7291	5,81,361	-	5,81,361	2.3614	0.6323
f. Office bearers	3,01,606	-	3,01,606	1.2251	3,11,657	-	3,11,657	1.2659	0.0408
<b>Sub Total B-2</b>	<b>65,85,493</b>	<b>14,514</b>	<b>66,00,007</b>	<b>26.8086</b>	<b>62,59,665</b>	<b>4,514</b>	<b>62,64,179</b>	<b>25.4445</b>	<b>-1.3641</b>
<b>Total Public Shareholding</b>	<b>65,86,249</b>	<b>14,514</b>	<b>66,00,763</b>	<b>26.8116</b>	<b>62,60,532</b>	<b>4,514</b>	<b>62,65,046</b>	<b>25.4480</b>	<b>-1.3636</b>
<b>B=B1+B2</b>									
C. Non - Promoter and Non - Public	1,25,767	-	1,25,767	0.5109	-	-	-	-	-0.5109
D. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C+D)</b>	<b>2,46,04,516</b>	<b>14,514</b>	<b>2,46,19,030</b>	<b>100.00</b>	<b>2,46,14,516</b>	<b>4,514</b>	<b>2,46,19,030</b>	<b>100.00</b>	<b>0</b>

## ii. Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholding at the Beginning of the Year 2019			Shareholding at the end of the year 2020			
		No. of Shares	% of the total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of the total shares of the Company	% of Shares Pledged / Encumbered to total shares	% change in shareholding during the year
1	Krishna Kumar Karwa	49,22,500	19.99	--	49,22,500	19.99	---	(0.00)
2	Prakash Kacholia	47,50,000	19.29	--	47,50,000	19.29	---	(0.00)
3	Emkay Corporate Services P. Ltd	43,90,000	17.83	--	48,51,484	19.70	---	1.87

**(iii) Change in Promoters' Shareholding**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>A</b>	<b>Krishna Kumar Karwa</b>				
	At the beginning of the year	49,22,500	19.99	-	-
	At the end of the year	-	-	49,22,500	19.99
<b>B</b>	<b>Prakash Kacholia</b>				
	At the beginning of the year	47,50,000	19.29	-	-
	At the end of the year	-	-	47,50,000	19.29
<b>C</b>	<b>Emkay Corporate Services Pvt.Ltd</b>				
	At the beginning of the year	43,90,000	17.83	-	-
	Increase in shareholding due to transfer / purchase	-	-	1,11,484	0.45
	Increase in shareholding due to transfer / purchase	-	-	3,50,000	1.42
	At the end of the year	-	-	48,51,484	19.70

**(iv) Shareholding pattern of top ten shareholders (other than Directors / Promoters and holders of GDRs and AD₹)**

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year 2019		Cumulative Shareholding during the year 2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Raunak Karwa</b>				
	At the beginning of the year	17,50,000	7.11	-	-
	At the end of the year	-	-	17,50,000	7.11
<b>2</b>	<b>Porinju V Veliyath</b>				
	At the beginning of the year	3,00,000	1.2186	-	-
	Date wise increase in shareholding due to transfer / purchase	(+) 43,500	0.1767	3,43,500	1.3953
	Date wise decrease in shareholding due to transfer / sale	-	-	-	-
	At the end of the year	-	-	3,43,500	1.3953
<b>3</b>	<b>Vikram Kotak HUF</b>				
	At the beginning of the year	1,48,000	0.6012	-	-
	Date wise increase in shareholding due to transfer / purchase	(+) 67,000	-	2,15,000	0.8733
	Date wise decrease in shareholding due to transfer / sale	(-) 1,000	-	2,14,000	0.8692
	At the end of the year	-	-	2,14,000	0.8692

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year 2019		Cumulative Shareholding during the year 2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>4</b>	<b>Rajiv P Shroff</b>				
	At the beginning of the Year	3,25,339	1.3215	-	-
	Date wise increase in shareholding due to transfer/ purchase	(+) 3,12,789	1.2705	6,38,128	2.5920
	Date wise decrease in shareholding due to transfer/ sale	(-) 4,65,977	1.8927	1,72,151	0.6993
	At the end of the year			1,72,151	0.6993
<b>5</b>	<b>Satyanarayan Karwa HUF</b>				
	At the beginning of the year	1,45,000	0.5890	-	-
	At the end of the year	-	-	1,45,000	0.5890
<b>6</b>	<b>Globe Capital Market Limited</b>				
	At the beginning of the year	68,645	0.2788		
	Date wise increase in shareholding due to transfer / purchase	(+) 82,249	0.3340	1,50,894	0.6129
	Date wise decrease in shareholding due to transfer / sale	(-) 50,679	0.2058	1,00,215	0.4071
	At the end of the year			1,00,215	0.4071
<b>7</b>	<b>Ganesh Srinivasan</b>				
	At the beginning of the year	1,00,000	0.4062	-	-
	At the end of the year	-	-	1,00,000	0.4062
<b>8</b>	<b>Mukul Mahavir Agarwal</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase in shareholding due to transfer / purchase	1,00,000	0.4062	1,00,000	0.4062
	Date wise decrease in shareholding due to transfer / sale	-	-	-	-
	At the end of the year	-	-	1,00,000	0.4062
<b>9</b>	<b>Sachin Virendra Shah</b>				
	At the beginning of the year	1,00,000	0.4062	-	-
	At the end of the year			1,00,000	0.4062
<b>10</b>	<b>Satyanarayan Karwa</b>				
	At the beginning of the year	89,500	0.3635	-	-
	At the end of the year	-	-	89,500	0.3635

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year 2019		Cumulative Shareholding during the year 2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>11</b>	<b>Ajaykumar Popatlal Parmar</b>				
	At the beginning of the year	82,656	0.3357	-	-
	Date wise increase in shareholding due to transfer / purchase	(+) 4,000	0.0163	86,656	0.3520
	At the end of the year	-	-	86,656	0.3520
<b>12</b>	<b>A. Jain &amp; Co. Pvt Ltd</b>	<b>1,00,046</b>	<b>0.4064</b>		
	Date wise increase in shareholding due to transfer / purchase	(+) 20,000	0.0812	1,20,046	0.4876
	Date wise decrease in shareholding due to transfer / sale	(-) 1,00,000	0.4062	20,046	0.0814
				20,046	0.0814
<b>13</b>	<b>Emkay Employees Welfare Trust</b>	<b>1,25,767</b>	<b>0.5109</b>		
	Date wise decrease in shareholding due to transfer/ sale	(-) 1,25,767	0.5109	-	-
	At the end of the year			-	-
<b>14</b>	<b>Nenumal Bhatia</b>	<b>94,050</b>	<b>0.3820</b>		
	Date wise decrease in shareholding due to transfer / sale	(-) 94,050	0.3820	-	-
	At the end of the year			-	-

Note: The trading has taken place on various dates, therefore the change has been shown on consolidated Basis.

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

Sr. No.	For each of the Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of the total shares of the Company
<b>1</b>	<b>Krishna Kumar Karwa</b>				
	At the beginning of the year	49,22,500	19.99	-	-
	At the end of the year	-	-	49,22,500	19.99
<b>2</b>	<b>Prakash Kacholia</b>				
	At the beginning of the year	47,50,000	19.29	-	-
	At the end of the year	-	-	47,50,000	19.29
<b>3</b>	<b>Preeti Kacholia</b>				
	At the beginning of the year	18,80,000	7.64	-	-
	At the end of the year	-	-	18,80,000	7.64

Sr. No.	For each of the Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of the total shares of the Company
5	<b>S. K. Saboo</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
6	<b>R. K. Krishnamurthi</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
7	<b>G.C.Vasudeo</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
8	<b>Satish Ugrankar</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
9	<b>B. M. Raul KMP (CS)</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	Date wise increase in shareholding due to purchase / transfer	100	0.0004	100	0.0004
	At the end of the year	-	-	100	0.0004
8	<b>Dr. Bharat Kumar Singh</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
10	<b>Saket Agrawal (CFO)</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	Date wise decrease in shareholding due to sale / transfer	-	-	-	-
	At the end of the year	-	-	-	-

## V. INDEBTEDNESS

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

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	(In Rupees)
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,00,00,000	5,00,00,000	-	10,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,93,304	1,93,304	-	3,86,608
<b>Total (i+ii+iii)</b>	<b>5,01,93,304</b>	<b>5,01,93,304</b>	<b>-</b>	<b>10,03,86,608</b>

(In Rupees)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Changes in Indebtedness during the financial year				
Addition	-	69,00,00,000		69,00,00,000
Reduction	1,00,00,000	70,00,00,000		71,00,00,000
Net Change	(1,00,00,000)	(1,00,00,000)	-	(2,00,00,000)
Indebtedness at the end of the financial year				-
i) Principal Amount	4,00,00,000	4,00,00,000	-	8,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,47,781	1,47,781	-	2,95,562
<b>Total (i+ii+iii)</b>	<b>4,01,47,781</b>	<b>4,01,47,781</b>	<b>-</b>	<b>8,02,95,562</b>

Note: The amounts of indebtedness do not include intra-day funding and overdraft facilities from bank during the year.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

Sr. No.	Particulars of Remuneration	Name of Managing Director		Total Amount ₹
		Krishna Kumar Karwa	Prakash Kacholia	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	1,02,00,000	1,02,00,000	2,04,00,000
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others : Company's Contribution to PF	12,24,000	12,24,000	24,48,000
	<b>Total (A)</b>	<b>1,14,24,000</b>	<b>1,14,24,000</b>	<b>2,28,48,000</b>
	Ceiling as per the Act	5% of the Net Profit	5% of the Net Profit	

**B. Remuneration to other Directors:****(In Rupees)**

Sr. No.	Particulars of Remuneration	Name of Director						Total Amount (In Rupees)
		S. K. Saboo	R. K. Krishnamurthi	G. C. Vasudeo	Dr. Satish Ugrankar	Preeti Kacholia	Dr. Bharat Kumar Singh	
1	1. Independent Director							
	Fee for attending board/ committee meetings	80,000	90,000	80,000	120,000	-	60,000	4,30,000
	Commission Others, please specify	-	2,00,000	3,50,000	2,00,000	-	2,00,000	9,50,000
	Total (1)	80,000	2,90,000	4,30,000	3,20,000	-	2,60,000	13,80,000
2	2 Other Non-Executive Directors	-	-	-	-	-	-	-
	Fee for attending board/ committee meetings	-	-	-	-	-	-	-
	Commission Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
	Total (B) = (1+2)	80,000	2,90,000	4,30,000	3,20,000	-	2,60,000	13,80,000

**C. Remuneration to key managerial personnel other than MD/ Manager/ WTD****(In Rupees)**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial officer	Company Secretary	Total
		Saket Agarwal	B. M. Raul	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,06,772	24,53,349	68,60,121
	(b) Value of perquisites u/s 17(2) income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit - others, specify...	- -	- -	-
5.	Others, please specify			
	- Contribution to PF	86,400	-	86,400
	- Others, specify -NPS	1,84,800	-	1,84,800
	Total	46,77,972	24,53,349	71,31,321

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCE**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT COURT)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			-----NIL-----		
Compounding					
<b>B. DIRECTOR</b>					
Penalty					
Punishment			-----NIL-----		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			-----NIL-----		
Compounding					

**For and on behalf of the Board of Directors**

**Krishna Kumar Karwa**

Managing Director

**Prakash Kacholia**

Managing Director

**Place:** Mumbai

**Date:** 17th June, 2020

**ANNEXURE “B”****Forming part of the Board of Directors’ Report****FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020**

[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,**

**Emkay Global Financial Services Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Emkay Global Financial Services Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing 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, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs and The Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2020 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

- (vi) Other laws applicable specifically to the Company namely:-

- a) Bombay Stock Exchange Rules, Bye-law & Regulation
- b) National Stock Exchange Rules, Bye-law & Regulation
- c) Depository Act, 1996
- d) Securities Transaction Tax Rules, 2004

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above except that the Company:

- a) has an unspent amount of ₹ 29,00,517/- during the year towards Corporate Social Responsibility.
- b) has been levied a penalty of ₹ 2,00,000/- by SEBI vide adjudication order dated October 25, 2019 for non-compliance of SEBI Circular SMD/SED/CIR/93/23321 dated November 18, 1993, read with clause A(2) and A(5) of code of conduct prescribed in Schedule II under regulation 9(f) of Stock Brokers Regulations.
- c) has been levied a penalty of ₹ 1,00,000/- by SEBI vide adjudication order dated October 25, 2019 for non-compliance of SEBI Circular No. MIRSD/SE/Cir-19/2009 dated December 3, 2009, NSE Circular NSE/INSP/13606 dated December 03, 2009, NSE clarification circular NSE/INSP/14048 dated February 03, 2010 and NSE/INSP/21651 dated September 07, 2012, read with Clause A(2) and A(5) of code of conduct prescribed in Schedule II under regulation 9(f) of Stock Brokers Regulations.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the

composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

Decisions at the Board Meetings were taken unanimously.

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 etc.

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**For Parikh & Associates  
Company Secretaries**

Signature

**Mitesh Dhaliwala**

Partner

FCS No: 8331 CP No: 9511

UDIN: F008331B000348506

Place: Mumbai

Date: June 17, 2020

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**

**Emkay Global Financial Services Limited**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the

responsibility of management. Our examination was limited to the verification of procedure 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 Parikh & Associates**

**Company Secretaries**

Signature

**Mitesh Dhabliwala**

Partner

FCS No: 8331 CP No: 9511

UDIN: F008331B000348506

Place: Mumbai

Date : June 17, 2020

# ANNEXURE “C”

## Forming part of the Board of Directors’ Report

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms’ length transactions under fourth proviso thereto**

#### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM’S LENGTH BASIS

	Particulars				
a	Name(s) of the related party and nature of relationship	Emkay Commotrade Limited - Wholly Owned Subsidiary	Emkay Fincap Limited - Wholly Owned Subsidiary	Emkay Investment Managers Limited - Wholly Owned Subsidiary	Emkay Wealth Advisory Limited(formerly known as Emkay Insurance Brokers Limited ) - Wholly Owned Subsidiary
b	Nature of contracts / arrangements / transactions	Recovery of Rent, Electricity, Water Charges, Telephone Expenses, Building Maintenance etc. for the use of office premises of the holding company.			
c	Duration of the contracts / arrangements / transactions	From 1st April, 2019 to 31st March, 2020.			
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Reimbursement of certain common expenses such as Rent, Electricity, Water Charges, Telephone Expenses, Building Maintenance etc. by the subsidiary companies on the basis of cost incurred by the holding company and dividing the same by the total number of employees sitting in the premises to arrive at cost per employee and recovering this from the subsidiary companies on the basis of number of employees of the subsidiary companies.			
e	Justification for entering into such contracts or arrangements or transactions	The wholly owned subsidiary companies are not having their own office premises.			
f	Date(s) of approval by the Board	30.01.2019	30.01.2019	30.01.2019	30.01.2019
g	Amount paid as advances, if any	N.A	N.A	N.A	N.A
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188 ##	N.A	N.A	N.A	N.A

Note: ## 1. As per 5<sup>th</sup> proviso to section 188(1) of the Companies Act, 2013 passing of shareholders resolution under 1<sup>st</sup> proviso is not applicable for transactions between holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the Annual General Meeting for approval.

2. Necessary omnibus approval of the Audit Committee has been obtained prior to entering into all the related party transactions.

Your Company enters into various transactions with related parties as per the provisions of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs and a Policy on materiality of RPTs which is uploaded on the website of the Company and can be accessed through the following link: [www.emkayglobal.com/investor relations](http://www.emkayglobal.com/investor%20relations).

During the financial year ended 31st March, 2020, there are no transactions with related parties which qualify as a material transaction in terms of the applicable provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.

## 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

(a) Name(s) of the related party and nature of relationship	-	N.A
(b) Nature of contracts/ arrangements/transactions	-	N.A
(c) Duration of the contracts / arrangements/ transactions	-	N.A
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	-	N.A
(e) Date(s) of approval by the Board, if any:	-	N.A
(f) Amount paid as advances, if any:	-	N.A

### On behalf of the Board of Directors

<b>Krishna Kumar Karwa</b> Managing Director	<b>Prakash Kacholia</b> Managing Director
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Place: Mumbai

Date: 17<sup>th</sup> June, 2020

## ANNEXURE “D”

### Forming part of the Board of Directors’ Report

#### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

**a) Energy Conservation:** Since the Company is engaged in financial services, it does not consume substantial energy. However, as a responsible organization, the Company has adopted various environment friendly measures in order to conserve energy. The same are as follows:

1. Installation of capacitors to save power.
2. Installation of power saving TFT monitors.
3. Enabled automatic power off modes on idle monitors.
4. Minimal air-conditioning usage.
5. Fixed time schedules (timers enabled) for operating air-conditioners
6. Shutting off electronic devices when not in use.
7. Installation and replacement (wherever possible) of power saving electrical equipments like LED over CFL.
8. Preventive maintenance of all electrical equipments for better efficiency and power consumption.
9. Educating employees on ways to conserve electricity and other natural resources and a strict adherence to the same is ensured.

**b) Technology Absorption:** It is the policy of your Company to keep abreast of all the technological

advancements in its field of operation and particularly so in the field of Information Technology. The Management places immense importance on careful analysis and absorption of the latest technology as well as on the development of technologies that abet the achievement of business goals and improve its performance in the long run.

#### c) Details of Foreign Exchange Earnings and Outgo:

- i) The foreign exchange inflows were  
₹ 154.87 Lacs
- ii) The foreign exchange outflows were  
₹ 214.08 Lacs.

#### On behalf of the Board of Directors

**Krishna Kumar Karwa**  
Managing Director

**Prakash Kacholia**  
Managing Director

Place: Mumbai

Date: 17th June, 2020

## ANNEXURE “E”

### Forming part of the Board of Directors' Report

#### DETAILS OF CSR ACTIVITIES :

**1. A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and project or programs.**

Corporate Social Responsibility (CSR) forms an important part of the Company's philosophy of giving back to the society.

The objective of the CSR Policy of the Company is to contribute to social and economic development of the communities in which the Company operates and to generate through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

The CSR policy of the Company is available at the Weblink of the Company at [https://www.emkayglobal.com/InvestorRelations/Policy & Disclosures](https://www.emkayglobal.com/InvestorRelations/Policy&Disclosures)

**2. The Composition of the CSR Committee**

The composition of CSR Committee is as under:

- i. Mr. G. C. Vasudeo - Chairman
- ii. Mr. Krishna Kumar Karwa - Member
- iii. Mr. Prakash Kacholia - Member

**3. Average Net Profit of the Company for last three financial years = ₹ 1450.26 lacs.**

**4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) = ₹ 29.01 lacs.**

**5. Details of CSR spent during the financial year:**

- a) Total amount to be spent for the financial year ₹ 29.01 lacs
- b) Amount unspent, if any; ₹ 29.01 lacs
- c) Manner in which the amount spent during the financial year is detailed below :  
No amount was spent on CSR during the year.

(₹ In lacs)

Sr. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
NIL							

\*Give details of implementing agency:

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.**

The Company is in the process of identifying suitable projects which will benefit to the really needy society. Unspent amount will be spent on CSR activities during F. Y. 2020-21 or will be dealt with as per the provisions of law.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR initiative focuses on holistic development of economically backward communities and create social and economic value to the society.

**Krishna Kumar Karwa**  
Managing Director

**Prakash Kacholia**  
Managing Director

**G. C. Vasudeo**  
Chairman - CSR Committee

Place : Mumbai

Date : 17th June, 2020

# ANNEXURE “F”

Forming part of the Board of Directors' Report

## RATIO/ MEDIAN

DISCLOSURE PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name	Title	Ratio
1.	Ratio of the remuneration of director to the median remuneration of the employees for the financial year	Krishna Kumar Karwa	Managing Director	14.28
		Prakash Kacholia	Managing Director	14.28
		S. K. Saboo	Chairman	0.10
		R. K. Krishnamurthi	Independent Director	0.36
		G. C. Vasudeo	Independent Director	0.54
		Dr. Satish Ugrankar	Independent Director	0.40
		Preeti Kacholia	Woman Director	0
		Dr. Bharat Kumar Singh	Independent Director	0.32
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Name	Title	% increase in remuneration from FY 18-19 to FY 19-20
		Krishna Kumar Karwa	Managing Director	21.43%
		Prakash Kacholia	Managing Director	21.43%
		Bhalchandra Raul	Company Secretary	10.12%
		Saket Agrawal	CFO	9.16%
3.	Percentage increase in the median remuneration of employees in the financial year	15.02%		
4.	Number of permanent employees including directors on the rolls of Company at the end of the year	446		
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than Key Managerial Personnel who were in employment in FY18-19 as well as in FY 19-20, the average increase in their remuneration was 11.66% whereas average increase in remuneration of Key Managerial Personnel was 18.28% for the same period.		
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company's Directors/Key Managerial Personnel and Employees are paid remuneration as per the Remuneration Policy		

On behalf of the Board of Directors

**Krishna Kumar Karwa**

Managing Director

**Prakash Kacholia**

Managing Director

Place: Mumbai

Date: 17th June, 2020

## ANNEXURE “G”

### Forming part of the Directors’ Report

#### Disclosures with respect to Employees Stock Option Scheme of the Company

Disclosures in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, are set below.

Sr. No.	Particulars	ESOP Scheme-2007	ESOP Scheme-2010 (Through Trust Route)	ESOP Scheme 2018
1	Total Number of Options under the plan	24,26,575	24,41,995	24,53,403
2	Options Granted during the year	14,11,598	---	3,56,958
3	Exercise Price & the Pricing formula	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company’s shares.	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company’s shares.	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company’s shares.
4	Options vested (during the year)	0	0	0
5	Options exercised (during the year)	0	0	0
6	The total number of shares arising as a result of exercise of options during the year.	0	0	0
7	Options lapsed (during the year)	8,47,500	0	9,23,000
8	Variation in terms of options-Repriced certain Options at ₹75.60/ Option	6,35,000	0	23,18,506
9	Money realized by exercise of options (during the year)	0	0	0
10	Total number of options in force at the end of the year	19,59,098	0	15,20,126
11	Employee wise details of options granted to	-	-	

Sr. No.	Particulars	ESOP Scheme-2007	ESOP Scheme-2010 (Through Trust Route)	ESOP Scheme 2018
	i. Key Managerial Personnel (a) Mr. Saket Agrawal, Chief Financial officer (b) Mr. B. M. Raul, Company Secretary	(During FY 2018-19) 25,000  10,000	Nil	Nil
	ii. Employees holding 5% or more of the total number of options granted during the year.	Nil	Nil	Nil
	iii. Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL	1. Mr. Bhavesh Sanghvi CEO - Wealth Management 4,92,380 stock options  2. Mr. Yatin Kumar Singh (Head of Investment Banking) 3,07,738 stock options  3. Mr. Sunil Tirumalai (Head of Research and Strategist) 3,07,738 stock options
12	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with ("Indian Accounting Standards (Ind AS) 33" Earnings per share)	(5.11) Standalone  (5.13) Consolidated	-	(5.11) Standalone  (5.13) Consolidated
13	Weighted-average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Rs.74.98 (weighted average exercise price)  Rs. 37.06 (weighted average fair value)	-	Rs. 75.38 (weighted average exercise price)  Rs. 35.63 (weighted average fair value)

Sr. No.	Particulars	ESOP Scheme-2007	ESOP Scheme-2010 (Through Trust Route)	ESOP Scheme 2018
14	<p>A description of the method and significant assumptions used during the year to estimate the fair values of options including the following weighted average information:</p> <ol style="list-style-type: none"> <li>1. Risk free interest rate</li> <li>2. Expected life</li> <li>3. Expected volatility</li> <li>4. Expected dividend yield</li> <li>5. The price of the underlying shares in market at the time of option grant</li> </ol>	<ul style="list-style-type: none"> <li>• Stock Price-Closing price on recognized stock exchanges where Company's shares are listed on date immediately prior to date of Grant</li> <li>• Volatility</li> <li>• Risk free rate of return</li> <li>• Exercise price</li> <li>• Time of Maturity</li> <li>• Expected dividend yield</li> </ul>	-	<ul style="list-style-type: none"> <li>• Stock Price-Closing price on recognized stock exchanges where Company's shares are listed on date immediately prior to date of Grant</li> <li>• Volatility</li> <li>• Risk free rate of return</li> <li>• Exercise price</li> <li>• Time of Maturity</li> <li>• Expected dividend yield</li> </ul>

On behalf of the Board of Directors

**Krishna Kumar Karwa**

Managing Director

**Prakash Kacholia**

Managing Director

Place: Mumbai

Date: 17th June, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY

Years of hedging and free trade ushered the success of globalisation. This synchronisation of countries, through liberal policies, ensured a smooth flow of people, technology, capital, information, and services around the world. It grew interdependence of the world economies. But as years went by, globalisation started attracting political, security and social attention. An increasing number of countries started looking for ways to reduce their external debts while closing the trade deficit. This paved way for the infamous 'Globalisation Paradox' which resulted into trade war, Brexit, social unrest and the ongoing oil price dispute. After all this however, the year 2019 came in as a good breather when the global central banks resorted to rate cut. Traders, on the other hand, started finding dynamic routes to overcome sanction while the US and China finally got down to phase one of trade talk. Things had just started looking up when the deadly Covid-19 outbreak in the late 2019 crippled an already battered economy. The consequent nationwide lockdown broke the global supply chain, magnifying the pre-existing outlook risks. Foreseeing a looming financial crisis, most countries have started re-strategising as a protective measure to cultivate the domestic industries. Going forward, while the fight to emerge from the pandemic is still on, economies are trying to reboot. Each sector, across every economy in the world, will have to reinvent its model to sustain in the post-Covid-19 world order.

## INDIAN ECONOMY

The year 2019-20 saw India leapfrogging France and the UK to become the world's 5th largest economy. This didn't downsize the fact that the economy had its own set of challenges to face owing to the subdued demand and consumption. The Government of India (GOI) responded and RBI took various measures to strengthen the demand and supply side. There was easing of the credit flow, reduction in the taxes and the RCEP deal was opted out of. These actions were directed towards gradual economic revival. But we were forced to face the minacious Covid-19 as the public health crisis took over the nation. This severely disrupted the economy and majorly affected the supply chain, leaving us all locked down. To pull off a part of the pandemic distress, the GOI announced the Aatma Nirbhar Bharat Abhiyaan, a special economic package of ₹ 20 lac crore on 14th May, 2020. The amount of the stimulus package announced is equivalent of 10 per cent of the country's GDP. This is not just a relief measure but also a step towards making India a self-reliant country while bolstering its Make In India campaign. Further to this, the growing trade disputes between China and other

foreign countries, presents itself as an opportunity for India to attract more overseas companies. The ease of doing business, coupled with a friendly FDI policy, make India a lucrative destination for foreign companies. This, along with the Government's focus towards gradually easing the lockdown in different phases, is expected to bring some relief to the economic activities while also strengthening them.

## INDIAN EQUITY MARKET

The Securities and Exchange Board of India (SEBI) took various steps to deepen the reforms in the equity markets. These steps also included transparency and simplification of the investment process. The measures aided India to score a perfect 10 in protecting shareholders right on the back of the reforms, implemented over the last couple of years (*Source: World Bank's Ease of Doing Business 2020 report*). During the year 2019-20, the Indian equity market witnessed its historic highs against the uncertainties of the economic outcome. The major reason behind this optimism, as factored in by the FII and DII, was the estimated growth in companies' earnings subsequent to the Government's Corporate Tax cut measure. The Indian economy showed signs of a decent recovery in the following fiscal. But the Covid-19 waves caught everyone off-guard, impacting the global equity market. Result: The Sensex and Nifty took a major hit, witnessing a fall of 23.80 per cent and 26.03 per cent, respectively on Y-o-Y basis.

### Highlights of 2019-20:

- IPO fund raising increased by 62 per cent to ₹ 91,670 crore, up from ₹ 56,485 crore in the previous year (*Source: Hindu business line*)
- Total Demat accounts increased to 40.8 million, up from 35.9 million in the previous year (*Source: Livemint*)
- The net inflow in equity mutual funds decreased by 27 per cent to ₹ 81,600 crore, down from ₹ 1.12 lac in the previous year (*Source: Economic Times*)

## BUSINESS OVERVIEW

Emkay is one of the leading diversified financial services companies in India. The Company provides holistic solutions to its wide range of clients. For the last 25 years, the Company has been enthusiastically involved in creating value and wealth for its broad clientele that includes foreign institutional investors (FIIs), domestic mutual funds, hedge funds, banks, insurance companies, private equity firms, corporate houses, small and medium-sized enterprises and high-net worth individuals (HNIs).

## Management Discussion and Analysis (Contd.)

### Equity

Emkay caters both institutional and non-institutional clients. With one of the strongest equity research teams in the country functioning as its support system, Emkay has had the advantage of building its clients' portfolios with the most well researched, stable and promising stocks. Emkay strongly believes in the principle of value investing, which involves identifying under-valued stocks through in-depth qualitative and quantitative analysis. During the financial year, the institutional segment contributed 62 per cent of the total equity broking business, while the non-institutional segment accounted for the remaining. The total number of institutional clients increased from 374 in 2018-19 to 394 in 2019-20. The total number of non-institutional clients increased to 1,43,603 during the period.

### Research

Emkay has always been recognised, across the industry, for its strong research capabilities. We have one of the widest coverage across the institutional broking industry, with 347 Indian stocks. The strength of our research is also well-demonstrated in the many awards that have been conferred upon our research team and analysts over the past 25 years, substantiating our clients' views. In the 2019 Asiamoney polls, our analysts ranked among the top 5 in energy, media, healthcare, consumer discretionary sectors (besides a host of ranks among the top 10). We have a strong team of 36 analysts and associates which is assisted by production support and database analyst teams. All the analysts are experienced and professionally qualified, with many of them coming with strong domain knowledge in their respective industries. The team's unique product - Emkay Alpha Portfolios (or EAP) - where analyst recommendations are tracked real time like the buy side, is followed by many of our clients.

Several client outreach events were also conducted during the year: 94 Roadshows, 11 Reverse Roadshows, 32 Corporate/Expert-Client Meetings and 135 Conference Calls. We also organised a road trip in Punjab for our top institutional clients. Emkay's annual flagship investor conference, 'Emkay Confluence', saw the participation of 100 companies and around 300 institutional investors and 50 non-institutional clients, which resulted in more than 2,000 corporate-investor meetings.

### Asset Management

Emkay Investment Managers Limited (EIML), a wholly owned subsidiary of Emkay Global Financial Services Limited, is a SEBI-registered Portfolio Manager. EIML offers a range of investment management strategies on the PMS and AIF Platforms catering an individual's risk appetite,

goals and investment preferences. EIML's clientele include marquee Family Offices, HNIs, Corporates, NRIs and Trusts. A team of highly experienced and qualified Portfolio Managers and Analysts leverage proprietary frameworks across their investment strategies to deliver consistent long-term returns.

The investment strategies are broadly classified into two distinct approaches - The Classical Alpha approach and the Smart Alpha approach.

Under the Classical Alpha approach, the investment portfolios seek to generate alpha through a rigorous bottom-up stock picking process, further strengthened by 'E-Qual', a proprietary framework. This framework helps understand unexplored aspects of a company's governance like management integrity and quality, which in turn weeds out low potential/high risk companies from the investment universe. Thereby allowing the selection of high quality, wealth generating companies.

Under the Smart Alpha approach, alpha generation happens through a process oriented framework which seeks to systematically eliminate 'Selection bias' and 'Allocation bias' in the fund management process. Creating a concentrated portfolio of equi-weighted stocks in a tightly controlled investment universe usually leads to a more consistent alpha generation process.

During the financial year 2019-20, EIML successfully launched two products under the Smart Alpha approach.

- Emkay's 12, launched in August 2019, is a 12 stock, equi-weighted large-cap strategy, aiming to generate better returns than large cap MF strategies.
- Emkay GEMS, launched in February 2020, is a 20 stock, equi-weighted midcap strategy, aiming to get high performing emerging leaders out of the NIFTY Midcap 150 universe.

### Wealth Management

Emkay's wealth management division offers a diverse bouquet of investment solutions straddling both the traditional options and the newer, bolder ones. The services offered include portfolio creation, investment planning, portfolio monitoring and re-balancing, transactional support, MIS and information support and advisory to treasury management to corporate. Estate and succession planning services are also offered through the subsidiary Emkay Wealth Advisory Private Limited. Emkay Wealth's research division regularly releases several publications focused on the economy, markets and the various asset classes. These include the long-standing scientific approach of Mutual Fund advisory and monthly edition of NAVIGATOR and event-based report FINSIGHT.

## Management Discussion and Analysis (Contd.)

During the year, the wealth business increased its presence in the country by setting up offices in key cities of New Delhi, Bengaluru, Chennai and Hyderabad. The team was further strengthened with the right resources across locations. During the year, the Emkay Wealth mobile app was also launched, making it easier for clients to transact and view their portfolio. The app offers state-of-the-art fund analytics, wherein clients can compare funds, see fact-sheets, portfolio overlaps and most importantly manage risk on the go.

### Investment Banking

Emkay is a SEBI-registered Category I Merchant Banker with a product agnostic, client centric and research driven approach. Emkay's Investment Banking division has been successfully fund raising for midmarket companies from both public and private markets. We are also actively engaging with financial sponsors for various transaction opportunities. Fiscal 2020 was a tough year. Slowing macro growth and tepid performance of small and mid-cap companies dampened the overall deal volumes through the year. The year saw augmentation of senior talent in the Investment Banking team. The team had built a healthy pipeline of public and private transactions prior to the lockdown.

### Currency and Commodity

Emkay continued with its high revenue trajectory in the Currency segment, with revenues increasing by 63 per cent Y-o-Y and volume increasing by 81 per cent. A significant portion of the currency revenues was contributed by FPI clients who found the domestic exchanges an attractive platform to hedge their currency exposure. Moreover, our increased focus on implementing technology in the form of hardware and algorithms, among others paid off significantly in ramping up the currency business. Commodity business grew by 21 Per cent with our focus solely on attracting institutional participants. With SEBI opening up the commodity business last year, we got a Mutual Fund as a client in the Commodity business. Going forward, we expect that SEBI's steps will drive more institutional participation in this segment. With volatility going to be a key word in this FY due to Coronavirus and US Presidential Elections, among others, we expect more and more participants using exchange mechanism to hedge their risk.

### FinLearn Edutech

During the year, Emkay acquired a 27 per cent stake in FinLearn Edutech, a trading and investment education start-up. This business gives us a perfect opportunity to positively impact the growing Indian middle class, bring

back those customers who have burnt their fingers based on tips and shortcuts, and most importantly financialise the economy. Our model is more tuned towards servicing our acquired customers, by way of tools, platforms and a continuous flow of learning that makes the customer self-sufficient.

## OPPORTUNITIES AND GROWTH DRIVERS

### Increasing Mergers and Acquisitions Activity

The Covid-19 landscape has created long-term uncertainties for some of the companies by directly resulting into lower valuation. Subsequently, this has opened up buy-side opportunities for private equity, multinational and domestic companies with sufficient funds. This is estimated to push Mergers and Acquisitions deal activities in India, ultimately benefitting the intermediary firms involved in it.

### Digital Transformation

The financial services companies are perceiving distinct method to streamline processes, technology adoption being one of them. These methods include core infrastructure modernisation, cloud migration and embracing artificial intelligence (AI). This can help the firms stay ahead of the curve by reducing the overall time-to-market.

### Rising Number of Retail Investors

The number of individual investors has been increasing at a ~11 per cent CAGR over the last 10 years (*Source: Economic times*). This growth can especially be accredited to different investment routes like equity, mutual fund and provident fund, among others. Region-wise, both, the Tier II and Tier III regions, along with the metropolitan cities, are adding to the overall development of the country's investment ecosystem.

### Rural India Penetration

Today, a mere 20.26 per cent of the rural Indian population has direct internet access (*Source: Economic times*). India is slowly emerging as a digital economy with the availability of budgeted smartphone and cheaper data. This is tremendously paving way for the financial services companies to penetrate the untapped area.

## THREATS

### Liquidity Crunch

Demand slowdown and increasing employment rate can freeze the overall flow of cash into the economy. This can majorly influence and change the investment behaviour of individual and entities. This situation can eventually cause a negative consequence on the financial service industry.

## Management Discussion and Analysis (Contd.)

### Increasing Competitive Landscape

The number of companies offering financial services through digital platform are spiralling each day. The ease involved in transacting digitally makes fintech companies a preferred option for millennials over conventional ones. This opens doors of opportunities. However, failure to adopt the tech trends can be a major threat as well.

## FINANCIALS

### Consolidated:

The Company recorded a total income of ₹ 13,515 lac as against ₹ 14,814 lac in 2018-19, a decrease of 9 per cent. The Company's EBIDTA after exceptional item stood at ₹ (224) lac compared to ₹ 2,583 lac in 2018-19, a decrease of 109 per cent. The Company's EBIDTA before exceptional item stood at ₹ (224) lac compared to ₹ 2,412 lac in 2018-19, a decrease of 109 per cent. The Profit/(Loss) after

Tax (continuing operations) stood at ₹ (1,263) lac against ₹ 875 lac in 2018-19, a decrease of 244 per cent.

### Standalone:

The Company recorded a total income of ₹ 11,972 lac as against ₹ 12,966 lac in 2018-19, a decrease of 8 per cent. The Company's EBIDTA after exceptional item stood at ₹ (430) lac compared to ₹ 1,757 lac in 2018-19, a decrease of 124 per cent. The Company's EBIDTA before exceptional item stood at ₹ (354) lac compared to ₹ 1,944 lac in 2018-19, a decrease of 118 per cent. The Profit/(Loss) after Tax stood at ₹ (1,258) lac against ₹ 494 lac in 2018-19, a decrease of 355 per cent.

There has been a decline in EBIDTA and PAT owing to a marginal decline in top line in a challenging year with fixed costs and employee costs remaining elevated as the Company continues to invest in its various businesses.

## STATEMENT OF KEY RATIOS

Types of ratio	Standalone		Consolidated		Reasons for increase/decrease in 2019-20 as compared to 2018-19
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	
Debt Equity Ratio	0.07	0.07	0.05	0.13	Note : 1
Interest Service Coverage Ratio	(2.96)	4.49	(2.16)	3.43	Note : 2
EBIDTA	(3.59)%	13.55%	(1.66)%	17.43%	Note : 3
Net Profit Margin	(10.51)%	3.81%	(9.34)%	5.90%	Note : 3
Return on Equity	(10.46)%	3.68%	(8.26)%	5.23%	Note : 3

### Notes:

- Though there was no change in the Debt Equity Ratio in standalone financials, on consolidated basis it improved on account of reduction in outstanding borrowings from ₹ 2,175.03 lac to ₹ 800.00 lac.
- Reduction in interest service coverage ratio on standalone and consolidated basis was on account of interest paid on working capital requirements which were met by borrowings from banks, increase in lease liability related interest cost and decrease in net profit as explained under note no.3 below.
- On standalone basis, on account of fair valuation loss of ₹ 582.00 lac in 2019-20, increase in employee cost by ₹ 491.84 lac, increase in other operating expenses by ₹ 524.62 lac and reduction in total income by ₹ 993.87 lac, the Company incurred substantial losses in 2019-20. This resulted in substantial reduction in EBIDTA, Net profit margin and Return on equity.

- On consolidated basis, on account of fair valuation loss of ₹ 915.28 lac in 2019-20, increase in employee cost by ₹ 556.77 lac, increase in other operating expenses by ₹ 497.85 lac and reduction in total income by ₹ 1,299.23 lac, the Company incurred substantial losses in 2019-20. This resulted in substantial reduction in EBIDTA, Net profit margin and Return on equity.

## RISK AND MITIGATION

Emkay's strong corporate governance is intended to strengthen its risk management framework. It aims at positioning the Company in a way that it adapts to the market turbulences in an effective and efficient manner. The Board and the Management team continuously review the top corporate risks to ensure an appropriate response. A strong inter-department communication link on risk factors and a culture of collaboration in decision-making further adds to its promptness and proactiveness.

## Management Discussion and Analysis (Contd.)

Risk	Impact	Mitigation
<b>Macroeconomic risk</b>	Subdued economic growth can negatively impact investment market, leading to capital erosion.	The finance and risk department regularly track the news flow, changes in macroeconomic variables and asset manager performance to minimise any loss impact.
<b>Risk of cost</b>	The extension of the economic risk and the Company's inefficiency in managing the operation can escalate its cost.	The Company's significant efforts to rationalise, standardise and simplify processes and activities result in cost optimisation.
<b>Credibility</b>	Undertaking business in a contrary way to the interests of the customers can result in the delivery of inappropriate customer outcomes, impacting the Company's reputation.	The Company acts with honesty and confidentiality while dealing with its customers. It intends maintaining a long-term relationship by giving customers the best experience.
<b>People risk</b>	Such risks arise when skilled and motivated colleagues are not clear on their responsibilities and accountabilities.	The Company ensures that the roles, responsibilities and performance expectations are well defined in profiles and expanded with the objective.
<b>Technology risk</b>	Unavailability of proper critical security systems in place can result in cyber-attacks and malicious intrusion.	The Company's effective IT security helps prevent, protect, detect and respond to cyber threats promptly. The Company also conducts training and development for the staff to ensure the protection of customers' assets and transactions.

### HUMAN RESOURCES

Great vision without great people is irrelevant. The Company's people are its most valued assets. The HR department ensures having the right people at the right time at the right position. It plays a crucial role in steering leadership behaviour within the diverse talent base. The Company's rewarding-performance culture aptly defines its business attribute that ensures employee retention. Besides, the Company offers internship programme and hires students from premier institutes. This serves the dual purpose of developing the nation's youth while also providing a workforce pipeline.

The Company undertook the following initiatives during the year:

- Implementation of the new Cloud-based HRMS System, Darwin Box
- Learning Management System, An online learning platform for employees to provide a continuous learning atmosphere
- Built the Wealth Management Team across eight locations
- Campus hiring from NMIMS and SP Jain for internship and full-time resources
- Hiring the industry's best research analysts for the institutional research team.

### Internal Control Systems and Adequacies

The Company's internal control systems are adequate, effective and commensurate with its size of business. These internal control systems are provided through various ways. A competent management along with implementation of standard policies and processes is put in place. Alongside, maintenance of an appropriate audit programme with an internal control environment and an effective risk monitoring and management information systems also aid the purpose. The Company regularly and continuously upgrades these systems, keeping in line with the best available practices.

The internal control systems are supplemented by extensive internal audits. There are regular reviews by the Management and standard policies and guidelines as well. These policies and guidelines ensure the reliability of financial and all other records to prepare financial statements and other data. The Management Information System (MIS) forms an integral part of the Company's control mechanism. The Company carries out regular checks and procedures. This is done through periodical internal audits conducted by an independent audit firm. The reports are deliberated and an executive summary of the same, along with Action Taken Reports (ATR) and steps taken by the Management to address the issues, are placed before the Audit Committee meeting/Board meeting for a review. Reports of internal auditors are reviewed by the Audit Committee. The corrective measures for the

## Management Discussion and Analysis (Contd.)

same, if any, are carried out to further improve systems and procedures in compliance with Internal Control Systems. The Board also recognises the work of the auditors as an independent check on the information received from the Management on the operations and performance of the Company.

### Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates,

expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and factors such as litigation and industrial relations.

# ANNEXURE "I"

## EMKAY GLOBAL FINANCIAL SERVICES LIMITED CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has set for itself the objective of achieving excellence in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance. The Company emphasizes the need for full transparency and accountability and conducting its business in a highly professional and ethical manner, thereby enhancing trust and confidence of all its stakeholders. The Company continuously monitors its governance practices and benchmarks itself to the best governed companies across the industry. The Company believes in pursuing holistic growth and realizes its responsibility towards its stakeholders and environment. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding of their wealth. The Company not only adheres to the prescribed corporate governance practices as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended [hereinafter referred as SEBI (LODR) Regulations, 2015] but is also committed to sound corporate governance principles and constantly strives to adopt emerging best practices.

A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (LODR) Regulations, 2015 is given below:

### 2. BOARD OF DIRECTORS (BOARD)

#### 2.1 Composition of Board

The Company has an optimum combination of Executive and Non-Executive Directors in its Board and comprises of Eight Directors, each having expertise in their field of operation including one Woman Director. The total number of Non-Executive Directors is more than 50% of the total number of Directors which is in conformity with the requirement of Regulation 17 (1) (a) of SEBI (LODR) Regulations, 2015. The Chairman of the Board is a Non- Executive Director, and there is optimum combination of half of the Board of Directors as independent directors as per Regulation 17 (1) (b) of the SEBI (LODR) Regulations, 2015. As on 31st March 2020 the Company's Board consist of eight Directors.

#### 2.2 The brief profile of each Director is given below:

- (i) Mr. S. K. Saboo (Non-Executive, Non Independent Director)

Mr. Sushil Kumar Saboo has more than 52 years of corporate management experience. Presently he is the Group Advisor (Chairman's Office) for Aditya Birla Group, one of the premier business groups of India.

- (ii) Mr. R. K. Krishnamurthi (Non-Executive, Independent Director)

Mr. R. K. Krishnamurthi, a Solicitor in the Mumbai High Court and the Supreme Court of England, has a rich and wide experience of over 47 years in the field of Law. He is a retired Partner of Mulla & Mulla Craigie Blunt & Caroe, a reputed firm of Advocates, Solicitors and Notaries. He has worked and practiced as a lawyer & legal advisor to several companies in the matters related to corporate affairs and Corporate Law. He is on the Board of Madhav Marbles and Granites Limited

- (iii) Mr. G. C. Vasudeo (Non-Executive, Independent Director)

Mr. G. C. Vasudeo is a fellow member of the Institute of Chartered Accountants of India, The Institute of Company Secretaries of India, an Associate member of The Institute of Cost and Works Accountants of India and a Law Graduate from the University of Mumbai. He is having wide and rich industrial experience of over 41 years. He retired as Managing Director & Country Manager of SI Group-India Private Limited. He held various positions including Head of Corporate Finance, Accounts, Information Technology and Company Secretarial matters. He also headed the Marketing and Purchase function during his tenure. He was instrumental in restructuring of the Group and also in mergers and acquisitions for the Group.

- (iv) Dr. Satish Ugrankar (Non Executive Independent Director)

Dr. Satish Ugrankar is M.S., D'ORTH (CPS), and F.C.P.S. (CPS), (Mumbai). He was on the Board of FDC Limited for around 50 years .

- (v) Mr. Krishna Kumar Karwa (Managing Director, Promoter)

Mr. Krishna Kumar Karwa, a rank holder Member of the Institute of Chartered Accountants of India, is the Promoter, Managing Director of the Company. Mr. Krishna Kumar Karwa has a rich and varied experience of 32 years in all aspects of the Equity Capital Markets. He was a Director of Titagarh Agrico Private Limited. He is an Independent Director in West Coast Paper Mills Limited.

- (vi) Mr. Prakash Kacholia (Managing Director, Promoter)

Mr. Prakash Kacholia, a Member of the Institute of Chartered Accountants of India, is the Promoter and Managing Director of the Company. Mr. Kacholia has a rich experience of 31 years in the capital markets with a focus on the derivative segment. He was associated as Director with various prominent Companies like Central Depository Services (India) Limited, BSE Limited and BOI Shareholding Limited.

- (vii) Mrs. Priti Kacholia (Non-executive, Woman Director)

Mrs. Priti Kacholia is a woman Director on the Board of Directors of the Company. She holds rich knowledge in the field of Business management. Mrs. Priti Kacholia is wife of Mr. Prakash Kacholia- Managing Director of the Company.

- (viii) Dr. Bharat Kumar Singh (Non Executive, Independent Director)

Dr. Bharat Kumar Singh is B.E (Mech), MBA (IIM-C), Ph.D (Mumbai Univ. (JBIMS). Dr. Bharat Kumar Singh comes with a well-rounded experience of 47 years out of which 14 years were spent in two large MNCs (ITC & Sandoz Group) and 32 years in Indian Houses (RPG & Aditya Birla Group) in senior capacity. He has a wide experience in acquiring knowledge of business space, Restructuring, Reorganising and building relationships with the relevant Institutions. Presently he is on the Board of Aditya Birla Power Company Limited and Aadhyathma Management Private Limited.

**2.3 The Composition of the Board, Directorship/Committee positions in other companies as on 31st March, 2020 and number of Meetings held and attended during the year are as follows:**

Name of the Director	Category	No. of Board Meetings held during his/ her tenure and attended in 2019-20		Whether attended last AGM held on 12.08.2019	Number of Directorships in other public companies*	Number of Committee positions held in other public companies #		List of Directorship held in other listed companies and category of Directorship
		Held	Attended			Chairman	Member	
Mr. S. K. Saboo	NED	4	4	Y	2	-	-	-
Mr. R. K. Krishnamurthi	NED (I)	4	3	Y	3 Resigned from Emkay Commotrade Limited w.e.f 25.01.2020	1	-	Madhav Marbles and Granites Limited NED (I)
Mr. G. C. Vasudeo	NED (I)	4	3	Y	2	-	1	-
Dr. Satish Ugrankar	NED (I)	4	4	Y	-	-	-	-
Mr. Krishna Kumar Karwa	ED	4	4	Y	2 Resigned from Emkay Commotrade Limited & Emkay Wealth Advisory Limited w.e.f 25.01.2020	-	1	West Coast Paper Mills Limited NED (I)

Name of the Director	Category	No. of Board Meetings held during his/her tenure and attended in 2019-20		Whether attended last AGM held on 12.08.2019	Number of Director-ships in other public companies*	Number of Committee positions held in other public companies #		List of Directorship held in other listed companies and category of Directorship
		Held	Attended			Chairman	Member	
Mr. Prakash Kacholia	ED	4	4	Y	1 Resigned from Emkay Commotrade Limited & Emkay Wealth Advisory Limited w.e.f 25.01.2020	-	1	-
Mrs. Preeti Kacholia	NED	4	4	Y	-	-	-	-
Dr. Bharat Kumar Singh	NED (I)	4	3	N	2	-	-	-

Note: 1. Category: NED – Non-Executive Director, NED (I) – Non-Executive Director and Independent, ED - Executive Director & Promoter

2. None of the above Directors are related inter-se to any other Director on the Board, except for Mr. Krishna Kumar Karwa and Mr. S. K. Saboo who are related to each other and Mr. Prakash Kacholia and Mrs. Preeti Kacholia who are related to each other.

3. None of the Non-Executive Directors hold any shares or convertible instruments in the Company.

4. None of the Directors hold the office of a Director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 25 and 26 of the SEBI (LODR) Regulations, 2015.

\* excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013, as per Regulation 26 of the SEBI (LODR) Regulations, 2015.

# only Audit Committee and Stakeholders Relationship Committee has been considered as per Regulation 26 of the SEBI (LODR) Regulations, 2015.

**THE BOARD HAS IDENTIFIED THE FOLLOWING SKILLS /EXPERTISE WITH THE INDIVIDUAL BOARD MEMBERS WITH REFERENCE TO THE COMPANY'S BUSINESS AND INDUSTRY.**

Name of Director	Area of Expertise
Mr. S. K. Saboo	Corporate Management Experience
Mr. R. K. Krishnamurthi	Solicitor, Law including International Law
Mr. G. C. Vasudeo	Global Business, Banking, Corporate Finance, Accounts, Information Technology, Merger and Acquisitions
Dr. Satish Ugrankar	Board Service and Governance
Dr. Bharat Kumar Singh	Corporate Strategy & Business Development, Restructuring and Reorganization, Global Business
Mrs. Preeti Kacholia	Business Management
Mr. Krishna Kumar Karwa	Equity Capital Market, Finance, Banking and Accounting, Global Business and Wealth Management
Mr. Prakash Kacholia	Equity Capital Market with focus on derivatives segment Finance, Banking and Accountancy and Wealth Management

## INDEPENDENT DIRECTORS

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination, Remuneration and Compensation Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under the law. The Non-Executive Directors, including Independent Directors on the Board, possess the requisite experience and specialization in diverse fields such as legal, finance, banking, administration etc.

The Company has issued letters of appointment to Independent Directors which cover the code for Independent Directors as per schedule IV as provided in the Companies Act, 2013 and the Company has disclosed the terms and conditions of appointment of an Independent Director on the website of the Company. The Company has also informed to the BSE Limited and the National Stock Exchange of India Limited regarding the appointment of Independent Directors. The Company has also received a declaration from them in the manner as provided in the Companies Act, 2013.

A sample of the letter of appointment is available on the website of the Company and can be accessed through the link: [www.emkayglobal.com/investor relations/Policy & Disclosures](http://www.emkayglobal.com/investor%20relations/Policy%20&%20Disclosures)

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and Listing Regulations and are Independent of the management .

### Independent director databank registration

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all directors have completed the registration with the Independent Directors Databank . Requisite disclosures have been received from the directors in this regard.

### Familiarization Programme

Your Company has put in place a structured induction and

familiarization programme for all its Directors including the Independent Directors. The Company through such programmes familiarizes not only the Independent Directors but also any new appointee on the Board, with a brief background of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model, operations of the Company, etc. They are also informed of the important policies of the Company including the Code of Conduct for Board Members and Senior Management Personnel and the Code of Conduct to Regulate, Monitor and Report, Trading by Insiders, etc.

The familiarization programme for Independent Directors in terms of Schedule V (C ) (2) (g) of Regulation 34(3) of SEBI (LODR) Regulations, 2015 is uploaded on the website of the Company and can be accessed through the following link: [www.emkayglobal.com/investor relations/Policy & Disclosures](http://www.emkayglobal.com/investor%20relations/Policy%20&%20Disclosures)

### Evaluation of Board Effectiveness

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Regulation 25 of SEBI (LODR) Regulations, 2015 and further as per **Guidance note on Board Evaluation issued by SEBI** to help companies to improve the evaluation process by the companies, derive the best possible benefit and achieve the objective of the entire process.

Accordingly, the Board of Directors, on recommendation of the Nomination, Remuneration and Compensation Committee, has evaluated the effectiveness of the Board. Further, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31st March, 2020. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the effectiveness of their contribution. In the evaluation, the Directors who are subject to evaluation, do not participate.

### Meetings of Independent Directors

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and regulation 25 of the SEBI (LODR) Regulations, 2015 and as per Clause VII of Schedule IV of the Companies Act, 2013, Regulation 25(3) and (4) of the SEBI (LODR) Regulations, 2015 and as per guidance note on Board Evaluation, a separate meeting of the Independent Directors of the Company shall be held in a financial year without the attendance of non-independent directors and members of management to inter alia:

- review the performance of Non-Independent Directors and the Board as a whole
- review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors
- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In view of Lockdown declared by the the Indian Government across the country from 24th March 2020 due to outbreak of COVID-19, meeting of the Independent Directors scheduled on 24th March, 2020 could not be held during FY 2019-20. Thereafter, MCA vide its Circular issued on 24-03-2020 had announced special measures from compliance of certain provisions of the Companies Act, 2013 and provided relaxation in compliance with holding of meeting of Independent Directors for FY 2019-20.

### Board Meetings

During the Financial Year 2019-20, 4 Board Meetings were held on 28th May, 2019, 12th August, 2019, 14th November 2019 and 24th January 2020. The gap between any two Meetings did not exceed one hundred and twenty days.

The Company Secretary prepares the agenda papers in consultation with the Managing Directors and circulates the same to each Director sufficiently before Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Wherever it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. To enable the Board to discharge its responsibilities effectively, both the Managing Directors apprise the Board at every meeting on the overall performance of the Company, followed by a detailed presentation.

The Board periodically reviews strategies, business plans, annual operating and capital expenditure budgets and evaluates the functions of the management in order to meet shareholders' aspiration. Some of the important matters that are discussed in the meeting of the Board are listed below: (The list mentioned below is only indicative and not exhaustive)

- The minutes of the Board meeting of unlisted Subsidiary Companies.
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- Declaration of Independent Directors at the time of

appointment/annually and every year.

- Annual operating plans of various businesses, budgets and any updates on the same.
- Statement of all significant transactions, related party transactions and arrangements with the Subsidiary Companies.
- Quarterly Results of the Company on Standalone & Consolidated basis.
- Annual Financial Results of the Company, Auditor's Report and the Report of the Board of Directors.
- Dividend/Interim Dividend declaration, if any.
- Compliance Certificate certifying compliance with all the laws as applicable to the Company.
- Consideration and review of investments and exposure limits.
- Action taken report on the decisions taken at the previous meeting of the Board and other Committees.

The information as specified in Regulation 17 (7), Part A of Schedule II, of the SEBI (LODR) Regulations, 2015 is regularly made available to the Board, whenever applicable, for discussion and consideration.

The minutes of the proceedings of each Board and Committee Meeting are duly recorded. A draft of the minutes is circulated to all the members of the Board/ Board Committee for their comments.

### Board Committees

The Board has constituted Committee(s) of Directors, with adequate delegation of powers. The Company Secretary of the Company acts as the Secretary to the Committees. The Board is responsible for constituting, assigning and co-opting the members of the Committees. Each Committee has its own charter which sets forth the purposes, goals and responsibilities of the Committees.

## 3. AUDIT COMMITTEE

### A. Qualified and Independent Committee

The present composition of the Audit Committee is as follows:

- |                           |          |
|---------------------------|----------|
| • Mr. G. C. Vasudeo       | Chairman |
| • Mr. R. K. Krishnamurthi | Member   |
| • Dr. Satish Ugrankar     | Member   |
| • Mr. Prakash Kacholia    | Member   |
| • Dr. Bharat Kumar Singh  | Member   |

The Audit Committee comprises of four Non-Executive Independent Directors and one Executive Director. The Chairman of the Audit Committee, Mr. G. C. Vasudeo is a

Non- Executive Independent Director having expertise in the field of accounting and related financial management. All the members of the Committee are financially literate.

The Statutory Auditors, Internal Auditors, Managing Director, Chief Financial Officer (CFO) and Chief Operating Officer are permanent invitees to the Meetings and Company Secretary acts as the Secretary to the Audit Committee of the Board of Directors.

### Meetings

During the Financial Year 2019-20, four Meetings of the Committee were held on 28th May, 2019, 12th August, 2019, 14th Nov 2019 and 24th January, 2020. The time gap between any two Meetings was less than one hundred and twenty days. The attendance of each Committee member was as under:

Name	No.of Meetings attended
Mr. G. C. Vasudeo	3
Mr. R. K. Krishnamurthi	3
Dr. Satish Ugrankar	4
Mr. Prakash Kacholia	4
Dr. Bharat Kumar Singh	3

The Chairman of the Audit Committee attended Annual General Meeting to answer shareholders' queries.

### Terms of Reference

The role and terms of reference of the Audit Committee are set out in Regulation 18(3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors of the Company. The terms of reference of the Audit Committee broadly are:

1. Approval of annual internal audit plan;
2. Review and approval of related party transactions;
3. Review of financial reporting systems;
4. Ensuring compliance with regulatory guidelines;
5. Reviewing the quarterly, half yearly and annual financial results;
6. Discussing the annual financial statements and auditors report before submission to the Board with particular reference to the (i) Director's Responsibility Statement; (ii) major accounting entries; (iii) significant adjustments in financial statements arising out of audit findings; (iv) compliance with SEBI (LODR) Regulations, 2015 etc.;
7. Interaction with statutory, internal and cost auditors;

8. Recommendation for appointment and remuneration of auditors; and
9. Reviewing and monitoring the auditor's independence and performance etc.
10. Reviewing the functioning of the whistle blower mechanism/vigil Mechanism.
11. Evaluation of internal financial controls and risk management systems
12. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments

### Further the Audit Committee also mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
6. Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015;
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of SEBI (LODR) Regulations, 2015.

In addition to the above, the Audit Committee also reviews the financial statements and details of investments made by the Subsidiary Companies.

### 4. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE

The composition of the Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015.

The composition of the Nomination, Remuneration and Compensation Committee is as follows:

Mr. G. C. Vasudeo

Chairman

Mr. S. K. Saboo	Member
Mr. R. K. Krishnamurthi	Member
Dr. Satish Ugrankar	Member

The Committee comprises of only Non-Executive Directors as its members. All the members of the Committee are Independent except Mr. S. K. Saboo. As per Regulation 19 of SEBI (LODR) Regulations, 2015, Chairman of the Board shall not chair the Nomination, Remuneration and Compensation Committee. Mr. G. C. Vasudeo, an Independent Director, has been appointed as a Chairman of the Committee.

### Meetings

During the Financial Year 2019-20, Four Meeting were held on 28th May 2019, 8th July 2019, 14th November 2019 and 24th January 2020. The attendance of each Committee member was as under:

Name	No. of Meetings attended
Mr. G. C. Vasudeo	2
Mr. R. K. Krishnamurthi	3
Mr. S. K. Saboo	4
Dr. Satish Ugrankar	4

### Terms of Reference

The Nomination, Remuneration and Compensation Committee determines the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment and carry out the role as per the corporate governance regulations framed by the authorities from time to time as under :

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The Chairman of the Nomination, Remuneration and Compensation Committee remains present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to

decide who should answer the queries.

5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of the performance evaluation of independent Directors.

The Nomination, Remuneration and Compensation Committee also meets as and when required for the purpose of proper administration and implementation of the ESOP Schemes formulated by the Company from time to time.

The main function of the committee includes implementation, administration and superintendence of the ESOP Scheme formulated by the Company from time to time and to formulate the detailed terms and conditions for the same including.

- a) The quantum of options to be granted under an ESOP Scheme per employee and in aggregate.
- b) The Eligibility Criteria
- c) The Schedule for Vesting of Employee Stock Options;
- d) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
- e) The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others.
- f) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of employees who are on long leave;
- g) The procedure for cashless exercise of employee stock options, if required
- h) Approve forms, writings and/ or agreements for use in pursuance of the ESOP Schemes.
- i) Frame suitable policies and systems to ensure that there is no violation by an employee of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- j) Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP.

### Remuneration Policy

The Remuneration policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on

the basis of performance against set objectives

The Board of Directors and Nomination, Remuneration and Compensation Committee of the Board of Directors are authorized to decide the remuneration of Executive Directors subject to the approval of the Members and Central Government, if required. Payment of remuneration to the Managing Directors is governed by the letter of appointment issued to them by the Company, containing the terms and conditions of appointment approved by the Board of Directors and Nomination, Remuneration and Compensation Committee and the Shareholders. The remuneration structure comprises of salary, perquisites, retirement benefits and performance linked bonus. No stock options are granted to the Executive Directors of the Company.

#### Remuneration to Non-Executive Independent Director:

During the financial year, the Non-executive Independent Directors did not have any pecuniary relationship or transactions with the Company.

The remuneration / commission is fixed as per the slabs and conditions mentioned in the Companies Act, 2013. Commission to Non-Executive Independent Directors may be paid within the monetary limit approved by shareholders, subject to the limit of 1% of the net profits of the Company computed as per the applicable provisions of the Act.

## 5. REMUNERATION OF DIRECTORS

The following table gives details of remuneration paid to Directors. During 2019-20, the company did not advance any loan to any of its Directors. Further, no Director has been granted any stock options of the Company during the year.

(In Rupees)

Name of the Director	Relationship with other Directors	Sitting fees	Salary and Perquisites	Provident Fund	Commission to Non-executive Directors/ performance incentive to Executive Directors	Total	No. of Stock options, if any
S. K. Saboo	Related to Krishna Kumar Karwa	80,000	0	0	0	80,000	None
R. K. Krishnamurthi	None	90,000	0	0	2,00,000	2,90,000	None
G. C. Vasudeo	None	80,000	0	0	3,50,000	4,30,000	None
Dr. Satish Ugrankar	None	1,20,000	0	0	2,00,000	3,20,000	None
Krishna Kumar Karwa (Managing Director)	Related to S. K. Saboo	0	1,02,00,000	12,24,000	0	1,14,24,000	None
Prakash Kacholia (Managing Director)	Related to Preeti Kacholia	0	1,02,00,000	12,24,000	0	1,14,24,000	None
Preeti Kacholia	Related to Prakash Kacholia	0	0	0	0	0	None
Dr. Bharat Kumar Singh	None	60,000	0	0	2,00,000	2,60,000	None

Notes: 1. Sitting fees are paid for attending Board Meetings and Board level Committees i.e. Audit, and Nomination, Remuneration and Compensation Committee.

2. Commission to Non-Executive Independent Directors is payable for the financial year ended March 31, 2020

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

- (a) The Stakeholders Relationship Committee of the Company comprises of three Directors as under:

Mr. R. K. Krishnamurthi	Chairman
Mr. Prakash Kacholia	Member
Mr. Krishna Kumar Karwa	Member

The Chairman of the Committee is the Non-Executive Independent Director. In case there is a request for transfer of shares, demat - remat of shares during a fortnight, the Committee meeting is held fortnightly else the Committee meets once in every quarter.

During the financial year 2019-20, the Committee had held 4 meetings. These meeting were held on 28th May, 2019, 12th August, 2019, 14th November 2019 and 24th January 2020.

The attendance of each Committee member was as under:

Name	No. of Meetings attended
Mr. R. K. Krishnamurthi	3
Mr. Krishna Kumar Karwa	4
Mr. Prakash Kacholia	4

The Stakeholders Relationship Committee looks into the redressal of shareholder and investor grievances, issue of duplicate / consolidated share certificates, remat / demat of shares and review of cases for refusal of transfer/ transmission and reference to statutory and regulatory authorities.

- (b) Mr. B. M. Raul, the Company Secretary designated as the Compliance Officer under SEBI (LODR) Regulations. 2015 has been complying with the requirements of the Securities Law and the SEBI (LODR).
- (c) Details of Shareholders/Investors Complaints for the financial year 2019-20 :

Number of shareholders' complaints received during the year	Nil
Number of complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints	Nil

## 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the committee is in Compliance with section 135(1) of the companies Act 2013.

The members of the CSR Committee are as under :

• Mr. G. C. Vasudeo	Chairman
• Mr. Krishna Kumar Karwa	Member
• Mr. Prakash Kacholia	Member

### Meetings

During the Financial Year 2019-20, 2 Meeting were held on 28th May 2019 and 12th August, 2019. The attendance of each Committee member was as under:

Name	No. of Meetings attended
• Mr. G. C. Vasudeo	2
• Mr. Krishna Kumar Karwa	2
• Mr. Prakash Kacholia	2

### Terms of Reference

The term of reference of the CSR committee broadly are as under:

- Formulation of the corporate social responsibility policy and its review from time to time.
- Recommending various categories of expenditures on the CSR activities in alignment with the CSR policy and in compliance with the regulatory requirements.
- Monitoring the implementation of framework of CSR policy.
- Carrying out any other function in compliance with any statutory notification, amendment or modification, as may be applicable, necessary or appropriate.

## 8. GENERAL BODY MEETINGS

Details of venue, date and time of the last three Annual General Meetings (AGM) held:

Financial Year	AGM No.	Venue	Date	Time
2018-2019	25th	M. C. Ghia Hall, Fort, Mumbai	12th August 2019	12.00 Noon
2017-2018	24th		14th August, 2018	4.00 p.m.
2016-2017	23rd		11th August, 2017	4.00 p.m.

### Special Resolutions passed at the last three AGM:

1. At the 25th AGM held on 12th August 2019
  - Appointment of Mr. S. K. Saboo (DIN-00373201) who retired by rotation and being eligible, had offered himself for re-appointment

- Re-appointment of Mr. G.C.Vasudeo as an Independent Director for second term of 5 years .
- Re-appointment of Mr. R. K. Krishnamurthi as an Independent Director for second term of 5 years .
- Re-appointment of Mr. Krishna Kumar Karwa as Managing Director for a period of 3 years with effect from October 1, 2019 and Payment of remuneration to him.
- Re-appointment of Mr. Prakash Kacholia as Managing Director for a period of 3 years with effect from October 1, 2019 and Payment of remuneration to him
- Grant of stock options to Mr. Yatin Kumar Singh, Head of Investment Banking in excess of one per cent of issued equity capital under Employee Stock Option Plan-2018 (ESOP-2018)
- Grant of stock options to Mr. Sunil Tirumalai, Head of Research and Strategist in excess of one per cent of issued equity capital under Employee Stock Option Plan-2007 (ESOP-2007)

## 2. At the 24th AGM held on 14th August 2018

- Increase in Authorized Share Capital of the Company and consequent alteration to the capital clause of the Memorandum of Association.

## 3. At the 23rd AGM held on 11th August, 2017

- Issue of Securities under the provisions of Section 23,42 and 62 of the Companies Act, 2013

## POSTAL BALLOT

During the year, following special resolutions were passed by the Company through postal ballot.

### 1. Special Resolution passed on 05.01.2020

Particulars	Total No. of Valid Votes	Votes Assenting the Resolution	% of Votes Cast	Votes Dissenting the Resolution	% of Votes cast
Repricing of Stock Options Granted Under Employees Stock Option Plan-2018	1,83,97,053	1,83,96,989	100 (Rounded off )	64	0.00
Repricing of Stock Options Granted Under Employees Stock Option Plan-2007	1,83,97,053	1,83,96,989	100 (Rounded off )	64	0.00

- Person who conducted the Postal Ballot Exercise: Mr. P. N. Parikh (Membership No. FCS 327) failing him Mr. Mitesh Dhaliwala (Membership No. FCS 8331) of M/s. Parikh & Associates, Company Secretary in whole time practice was appointed as Scrutinizer for conducting Postal Ballot and E-voting.
- Procedure for Postal Ballot:
  - The Board of Directors, by resolution passed at the Board Meeting held on 14th November 2019 had appointed Mr. P. N. Parikh failing him Mr. Mitesh Dhaliwala of M/s Parikh & Associates, Practicing Company Secretary.
  - The dispatch of the Postal Ballot Notice dated 14th November 2019 together with Explanatory

Statement was completed on 6th December 2019 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/ List of beneficiaries as on the cut-off date of 29th November 2019.

- The voting under the Postal Ballot was kept open from 7th December 2019 to 5th January 2020 .(either physically or through electronic mode).
- Particulars of Postal Ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
- The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper

proof ballot boxes before commencing the scrutiny of such postal ballot forms.

- vi. All Postal Ballot forms received by the Scrutinizer upto 5 p.m. on 5th January 2020 had been considered for his scrutiny. Postal Ballot forms received after the date had not been considered.
- vii. On 7th January 2020, The Chairman announced the results of the Postal Ballot as per the Scrutinizer's Report.

## 2. Proposal for Postal Ballot:

At present there is no Special Resolution proposed to be passed through postal ballot.

## 9. MEANS OF COMMUNICATION

- The Quarterly/Annual Financial Results of the Company are normally published in the Business Standard and Sakal.
- The Quarterly/Annual Financial Results were promptly displayed on the Company's website [www.emkayglobal.com](http://www.emkayglobal.com).
- All the official news releases are regularly sent to the Stock Exchanges and are promptly displayed on the Company's website.
- No presentations made to the institutional investors or to the analysts during the year.

## 10. GENERAL SHAREHOLDER INFORMATION

Sr. No.	AGM: Date, Time and Venue	28th August, 2020 at 11.00 a.m. through video conferencing and other audio visual means
(a)	Financial Year	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020
(b)	Date of Book Closure	Saturday, 22nd August 2020 to Friday, 28th August 2020 (Both days inclusive)
(c)	Dividend Payment Date	N.A.
(d)	Listing on Stock Exchanges	<ul style="list-style-type: none"> <li>• BSE Limited, P. J. Tower, Dalal Street, Mumbai 400001</li> <li>• National Stock Exchange of India Limited, Exchange Plaza, BKC, Bandra (East), Mumbai 400051</li> </ul>
(e)	Stock Code / Symbol	BSE-532737 National Stock Exchange of India Limited - EMKAY
(f)	Listing Fees	The Company has paid listing fees to BSE Limited and National Stock Exchange of India Limited for the Financial Year 2019-20
(g)	ISIN Number	INE296H01011

## 10. GENERAL SHAREHOLDER INFORMATION

(h)	Registrar and Transfer Agents	Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060
(i)	Share Transfer System	The Company has a Stakeholder Relationship Committee comprising of its Directors. In case there is a request for transfer of shares, demat-repat of shares during a fortnight, the committee shall meet once in every quarter. The List of valid transfers / transmission / repat etc. prepared by the Registrar & Transfer Agent in respect of transfer cases received by them, if any, is placed before the Stakeholders Relationship Committee for its approval/confirmation
(j)	Dematerialization of Shares and liquidity	As on 31.03.2020 99.98% of the Equity Share Capital comprising 2,46,14,516 equity shares out of total 2,46,19,030 were dematerialized.
(k)	Outstanding GDR / ADR / Warrants or any Convertible Instruments, Conversion Date and likely impact on equity.	The Company has not issued any GDR / ADR / Warrants.
(l)	Commodity price risk or foreign exchange risk and hedging activities	The Company is not exposed to commodity price risk since it is engaged in business of providing financial services. The Company's foreign exchange risk is negligible and hence it has not undertaken any hedging activities.
(m)	Plant Locations	The Company is into financial services business and does not have any plant locations
(n)	Address for correspondence	<b>Registered Office:</b> The Ruby, 7 <sup>th</sup> Floor, Senapati Bapat Marg, Dadar(West), Mumbai - 400028
		<b>Administrative Office:</b> Paragon Center, C-06, Ground Floor, Pandurang Budhkar Marg, Worli, Mumbai - 400 013.
		<b>Registrar and Transfer Agent:</b> Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083
(o)	List of Credit Rating along with any revision thereto during the relevant financial year for all debt instrument.	N.A. The Company does not have any debt instrument.

**MARKET PRICE DATA**

The Market Price of the Company's Shares traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited

(NSE) during each month of the last Financial Year from 1st April, 2019 to 31st March, 2020 is as follows:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2019	110.00	90.00	110.00	90.00
May, 2019	98.80	75.00	96.90	75.00
June, 2019	87.95	65.10	86.45	67.10
July, 2019	78.00	56.20	81.00	56.30
August, 2019	62.90	50.00	62.00	49.30
September, 2019	84.00	52.65	84.00	52.35
October, 2019	79.65	63.50	78.45	63.10
November, 2019	80.95	62.15	84.60	61.00
December, 2019	73.10	53.80	72.95	53.10
January, 2020	80.90	61.00	80.85	60.10
February, 2020	69.90	51.00	68.75	51.50
March, 2020	57.00	24.00	54.85	23.75

**Categories of Share Holding as on 31st March, 2020**

The Shareholding of different categories of the shareholders as on 31st March, 2020 is given below:

Category	No. of Shareholders	No. of Shares	% of total
<b>(A) Promoters and Promoter Group Shareholding:</b>			
Individual / Hindu Undivided family	6	1,35,02,500	54.85
Bodies Corporate	1	48,51,484	19.70
<b>Total (A)</b>	<b>7</b>	<b>1,83,53,984</b>	<b>74.55</b>
<b>(B) Public Shareholding:</b>			
Other Bodies Corporate	93	3,00,952	1.22
NRI( including Non Repatriable)	267	5,53,621	2.78
Clearing Members	21	74,797	0.30
Indian Public	8,390	53,32,571	21.13
IEPF	1	3,105	0.02
<b>Total (B)</b>	<b>8,772</b>	<b>62,65,046</b>	<b>25.45</b>
<b>(C) Non Promoter- Non Public Shareholding:</b>			
ESOP Trust	0	0	0
<b>Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (A+B+C )</b>	<b>8,779</b>	<b>2,46,19,030</b>	<b>100.00</b>

## Distribution of Shareholding as on 31st March, 2020

The Shareholding distribution of the equity shares as on 31st March, 2020 is given below:

Number of Shares held (Face value of ₹ 10 each)	Shareholders		Shares	
	Number	% of total	Number	% of total
1-500	7,523	83.8498	7,98,857	3.2449
501-1000	530	5.9073	4,16,858	1.6932
1001-2000	437	4.8707	6,62,105	2.6894
2001-3000	175	1.9505	4,44,555	1.8057
3001-4000	89	0.992	3,17,867	1.2911
4001-5000	55	0.613	2,63,436	1.0701
5001-10000	90	1.0031	6,54,154	2.6571
10001 & above	73	0.8136	2,10,61,198	85.5484
<b>Total</b>	<b>8,972</b>	<b>100.0000</b>	<b>2,46,19,030</b>	<b>100.0000</b>

## 11. OTHER DISCLOSURES

### A. Related Party Transactions (RPT)

a) The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs and a Policy on materiality of RPTs which is uploaded on the website of the Company and can be accessed through the following link: [www.emkayglobal.com/investor relations](http://www.emkayglobal.com/investor%20relations).

b) Your Company enters into various transactions with related parties as per the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015.

c) During the financial year ended 31st March, 2020, there are no transactions with related parties which qualify as materially significant transaction in terms of the provisions of Regulation 23 of the SEBI (LODR) Regulations, 2015.

d) There are no materially significant related party transactions of the Company which conflict with the interests of the Company at large.

e) A statement in summary form of all the transactions with related parties is placed periodically before the audit committee.

f) Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this annual report.

**B.** There were no major non compliances or penalties or strictures imposed by the stock exchanges or by the SEBI

or any other statutory authority on the Company in any matter related to capital market in connection with its equity share capital from the date of listing.

### C. Whistleblower Policy/ Vigil Mechanism

The Company is committed to provide an open, honest and transparent working environment and seeks to eliminate fraudulent activities in its operations. To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to report unethical behavior and actual or suspected frauds, the Company has adopted the Whistleblower Policy / vigil mechanism with effect from 1st April, 2014, in line with Regulation 22 of the SEBI (LODR) Regulations, 2015. No personnel have been denied access to the Audit Committee.

The Whistleblower Policy / vigil mechanism broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities / unethical behaviour. The Whistleblower Policy is available on the Company's website i.e. [www.emkayglobal.com/investor relations](http://www.emkayglobal.com/investor%20relations)

**D. Details of compliance with mandatory and non-mandatory requirements of SEBI (LODR) Regulations, 2015 :** Your Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015.

**E. Disclosure of commodity price risks and commodity hedging activities**

The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore there is no disclosure to offer in term of SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

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

**G. A certificate from a company secretary in practice 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 Certificate of Company Secretary in practice is annexed herewith as a part of the report.

**H. Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**  
Not Applicable

**I. Total fees for all services paid by the listed entity and its subsidiaries, on a Consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.:**  
Details relating to fee paid to the Statutory Auditor are given in note to the Standalone Financial Statement and note to the Consolidated Financial Statement.

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

During the year no complaint was filed under the said act.

**Following is the status of the compliance with the non-mandatory requirements:**

**a) Audit qualifications:**

During the year under review, there was no audit qualification on the Company's financial statements.

**b) Separate posts of Chairman and Managing Director:**

The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.

**c) Reporting of Internal Auditor**

As per the requirements, the internal auditor may report directly to the Audit Committee. The same is reported by briefing the Audit Committee through discussion and presentation of the observations, review, comments and recommendations etc. in the Internal Audit presentation by the Internal Auditor of the Company.

**d) Code of Conduct**

Your Company has adopted a Code of Conduct for all the employees including Board Members and Senior Management Personnel of the Company in accordance with the requirement under SEBI (LODR) Regulations, 2015. The Code of Conduct has been posted on the website of the Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2020. A certificate signed by the Managing Directors is annexed to this report as 'Annexure 1.'

**e) Code of Conduct for Prevention of Insider Trading**

The Board of Directors at its meeting held on 29th January, 2016 had approved and adopted the revised Code of Conduct to Regulate, Monitor and Report Trading by Insiders' in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Board at its aforesaid meeting also approved the - Code for Fair Disclosure' and the same can be accessed through the following link: [www.emkayglobal.com/investor relations](http://www.emkayglobal.com/investor%20relations). At the meeting held on 28th May 2019 the Board has reviewed and adopted Code of Conduct revised in line with SEBI (PIT) (Amendment) Regulations, 2018.

**f) CEO / CFO Certification**

The certificate required under SEBI (LODR) Regulations, 2015 duly signed by the Managing Directors / CFO has been given to the Board and the same is annexed to this report as "Annexure 2."

**g) IPO Unclaimed Shares Demat Suspense Account.**

As per the directive issued by the Securities Exchange Board of India (SEBI), the Company had opened a Beneficiary Account with Emkay Global Financial Services Limited, in the capacity of Depository Participant of CDSL in the name and style of "Emkay Global Financial Services Limited A/C, IPO-Unclaimed Securities Suspense Account" and credited the unclaimed shares lying in the Escrow Account which were not transferable in any manner. The said account was held by the Company purely on behalf of the allottees who were entitled to the shares but had not claimed their shares

As per Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which came into force on 28.02.2017 "the shares were required to be credited to the Demat Account of the Authority opened by the Authority for the said purpose.

In accordance with provisions of section 124 and 125 of the Companies Act, 2013, during the financial year 2017-18, the Company has transferred 391 no. of shares lying in

IPO Unclaimed Securities Suspense Account to the Demat Account opened by IEPF Authority. As on 31st March, 2020 there are no shares lying in the said Depository Account.

Further, in compliance with the aforesaid SEBI Circular, the Company had opened an account with HDFC Bank Ltd in the name and style of "EGFSL – IPO Unclaimed Shares Unpaid Dividend Account" and credited the said bank account with the dividends declared on Unclaimed IPO Shares. As on 31 March 2020, an amount of ₹780.50 was lying in the said bank account.

#### **Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund:**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

In light of the aforesaid provisions, During the financial year 2019-20, the company has transferred ₹ 53,470.50 to the IEPF Authority.

#### **Transfer of Equity Shares in respect of which dividend had not been paid or claimed for seven consecutive years or more to the Special Demat Account of the Investor Education and Protection Fund (IEPF) Authority.**

In accordance with the provisions of section 124 and 125 of the Companies Act, 2013, during the financial year 2019-20 the Company has transferred 360 no. of shares on which dividend had not been paid or claimed for seven consecutive years or more to the Demat Account of IEPF Authority.

Shares which are transferred to the Demat account of IEPF Authority can be claimed back by the shareholders from the IEPF Authority by following the procedure prescribed under the aforesaid rules.

#### **h) Subsidiary Companies**

The Company has five wholly owned unlisted subsidiaries as under:

1. Emkay Fincap Limited
  2. Emkay Commotrade Limited
  3. Emkay Wealth Advisory Limited (Formerly Known as Emkay Insurance Brokers Limited)
  4. Emkay Investment Managers Limited
  5. Emkayglobal Financial Services IFSC Private Limited
- Out of the above Five subsidiaries, Emkay Fincap Limited

is a material non-listed Indian subsidiary as per SEBI (LODR) Regulations, 2015 of which the turnover or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended 31st March, 2019. As required under SEBI (LODR) Regulations, 2015, an Independent Director of the Company has been appointed on the Board of Emkay Fincap Limited.

The Company monitors the performance of its subsidiaries, inter alia, by following means:

1. The Financial Statements, in particular the investments made by the unlisted subsidiary companies are placed before the Company's Audit Committee as well as before the Board.
2. The Minutes of Board and Audit Committee Meetings of the subsidiaries are placed at the Board Meetings of the Company.
3. Details of significant transactions and arrangements entered into by the unlisted subsidiary companies with the Company are placed before the Company's Board, as and when applicable.

Policy on determining 'Material Subsidiaries' is uploaded on the website of the Company [www.emkayglobal.com/Investor Relations](http://www.emkayglobal.com/Investor%20Relations)

#### **i) Risk Management Framework**

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

#### **j) Commodity price risk or foreign exchange risk and hedging activities:**

The Company is not exposed to commodity price risk since it is engaged in business of providing financial services.

The Company's foreign exchange risk is negligible and hence it has not undertaken any hedging activities.

#### **k) Listing Fees**

The Company has complied with SEBI (LODR) Regulations, 2015 with respect to payment of Annual Listing fees to the Exchanges and Annual Custodial fees to the Depositories.

#### **l) Reclassification of Public shareholding:**

SEBI vide its letter No. CFD/CMD/RV/OW/25811/2016 dated 14.09.2016, had informed to be guided by the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. As per the proviso

to Regulation 3(12) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SBEB Regulations) any ESOP Trust, which at the commencement of the regulations holds secondary shares, is required to appropriate these shares on the stock exchange to the extent that these shares remained un-appropriated by granting Stock Options within one year from the notification of the regulations i.e by 27.10.2015 or sell in the secondary market within 5 years from the date of notification of the regulations i.e by 27.10.2019. In compliance with the requirement, ESOP trust has sold the remaining unappropriated shares in secondary Market in June, 2019.

The Company has made all disclosures regarding compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of

sub-regulation (2) of Regulation 46 of SEBI (LODR), 2015 in the section on Corporate Governance of the annual report.

There is no non-compliance of any requirement under para (2) to (10) of schedule V of SEBI (LODR) Regulations, 2015 in Corporate Governance Report.

#### **On behalf of the Board of Directors**

#### **For Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**

Managing Director

**Prakash Kacholia**

Managing Director

Place: Mumbai

Date: 17.06.2020

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

To,  
The Members of  
**Emkay Global Financial Services Limited**  
7th Floor, The Ruby Senapati Bapat Marg,  
Dadar (West) Mumbai – 400028

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Emkay Global Financial Services Limited** having CIN **L67120MH1995PLC084899** and having registered office at 7th Floor, The Ruby Senapati Bapat Marg, Dadar (West) Mumbai – 400028 (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 Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according

to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company*
1.	Prakash Kacholia	00002626	01/10/2010
2.	Girindrachandra Vasudeo Chandrakant	00021772	20/01/2006
3.	Satish Ugrankar Shripad	00043783	12/08/2015
4.	Krishna Karwa Kumar	00181055	12/08/2019
5.	Bharat Kumar Singh	00274435	29/01/2018
6.	Sushil Kumar Saboo Madan Lal	00373201	15/10/1995
7.	Ravikumar Krishnamurthi	00464622	10/11/2005
8.	Priti Prakash Kacholia	03481747	30/03/2015

\*the date of appointment is as per the MCA Portal.

Ensuring the 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 of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**  
**Company Secretaries**

**Mitesh Dhaliwala**

Partner

Place: Mumbai  
Date : June 17, 2020

FCS No: 8331 CP No: 9511  
UDIN: F008331B000348484

# CERTIFICATE OF CORPORATE GOVERNANCE

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

### THE MEMBERS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

1. The Corporate Governance Report prepared by Emkay Global Financial Services Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

### MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31,2020 and verified that atleast one woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01,2019 to March 31,2020:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM);
    - (d) Nomination and Remuneration Committee; and
    - (e) Stakeholders Relationship Committee
  - v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope

of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### OPINION

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

#### OTHER MATTERS AND RESTRICTION ON USE

10. This report 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.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with

the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For S.R. Batliboi & Co. LLP**

**Chartered Accountants**

ICAI Firm Registration Number:  
301003E/ E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749  
UDIN: 20048749AAAAIR8201

Place of Signature: Mumbai

Date : June 17, 2020

**Annexure-1**

## CODE OF CONDUCT

In accordance with Regulation 26 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we, Krishna Kumar Karwa - Managing Director and Prakash Kacholia - Managing Director of the Company confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2020.

For **EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

**Krishna Kumar Karwa**

Managing Director

**Prakash Kacholia**

Managing Director

Place: Mumbai

Date: 17/06/2020

## CEO/ CFO CERTIFICATE

We hereby certify that -

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) 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 which violate the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee;
  - i) Significant changes, if any in internal control over financial reporting during the year;
  - ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Krishna Kumar Karwa**  
Managing Director

**Prakash Kacholia**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place: Mumbai

Date: 17/06/2020

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# INDEPENDENT AUDITOR'S REPORT

## To the Members of Emkay Global Financial Services Limited

### REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying Standalone Ind AS financial statements of Emkay Global Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including Other Comprehensive Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are

independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS 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 standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. 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 Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>1. Transition to Ind AS accounting framework (as described in note 2 of the Ind AS financial statements)</b>	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP"). In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS.	<ul style="list-style-type: none"> <li>• Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date.</li> <li>• Read changes made to accounting policies in light of the requirements of the new framework.</li> <li>• We understood the financial statement closure process and the additional controls established by the Company for transition to Ind AS.</li> </ul>

## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p>The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of reliable and supportable financial information. Further, the management has exercised significant judgement for giving an appropriate effect of the first-time adoption principles of Ind AS 101, as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under relevant accounting standards, to the extent applicable.</p> <p>In view of the material impact and complexities and significant judgement involved in implementing Ind AS, we have focused on this area in our audit.</p>	<ul style="list-style-type: none"> <li>Assessed the judgement applied by the Company in determining its business model for classification of financial assets.</li> <li>Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant RBI Directions.</li> <li>Assessed disclosures made by the management for compliance with IND AS .</li> </ul>
<b>2. IT systems and controls</b>	
<p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting:</li> <li>Tested the design and operating effectiveness of IT access controls over the information systems.</li> <li>Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</li> <li>Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization.</li> <li>In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.</li> <li>Where deficiencies were noted, we tested the design and operating effectiveness compensating controls and, where necessary, extended the scope of our substantive audit procedures.</li> </ul>

## OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises of the Annual Report but does not include the standalone Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is

materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements. We have nothing to report in this regard.

## Independent Auditor's Report (Contd.)

### RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

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

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 standalone Ind AS 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

## Independent Auditor's Report (Contd.)

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 most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 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 communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone IND AS financial

statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 46 to the standalone IND AS financial statements.
  - ii. The Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per **Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 20048749AAAIP6172

Place of Signature: Mumbai

Date: June 17, 2020

**ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**

Re: Emkay Global Financial Services Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) During the year, the Company did not hold any securities in physical form. The securities held as stock in trade by the depository are verified by the management with the confirmation statements received from them on a regular basis. In our opinion, the frequency of such verification is reasonable.

The Company is maintaining proper records of securities held as stock in trade and no discrepancies were noticed on comparing the statement from depository with books of account.

(iii) (a) The Company has granted unsecured loan to its wholly owned subsidiary, a Company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans to a company covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment is regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, value added tax, goods and service tax, cess and other statutory dues applicable to it.

As informed, the provisions of wealth tax, sales tax, duty of excise and duty of custom are currently not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, service tax, value added tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

As informed, the provisions of wealth tax, sales tax, duty of excise and duty of custom are currently not applicable to the Company.

(c) The particulars of dues on account of Service Tax as at March 31, 2020 which have not been deposited by the Company on account of a dispute, are as follows

Name of the Statute	Nature of Dues	Amount of Demand	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax on broking income earned from FII & other foreign clients	₹ 84,780,563 (Net of ₹ 3,843,538 paid)	F.Y 2012-13 & F.Y 2013-14	Commissioner of CGST and Central Excise

## **ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE (CONTD.)**

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S. R. Batliboi & Co. LLP  
 Chartered Accountants  
 ICAI Firm Registration Number: 301003E/E300005

per **Viren H. Mehta**  
 Partner  
 Membership Number: 048749  
 UDIN: 20048749AAAIP6172  
 Place of Signature: Mumbai  
 Date: June 17, 2020

## **ANNEXURE 2 REFERRED TO IN PARAGRAPH 2 (F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**

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

We have audited the internal financial controls over financial reporting of Emkay Global Financial Services Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 information, as required under the Companies Act, 2013.

#### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting

included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 judgement, 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 over financial reporting with reference to these financial statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS.**

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

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference

## **ANNEXURE 2 REFERRED TO IN PARAGRAPH 2 (F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE (CONTD.)**

to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Viren H. Mehta**  
Partner  
Membership Number: 048749  
UDIN: 20048749AAAIP6172  
Place of Signature: Mumbai  
Date: June 17, 2020

## STANDALONE BALANCE SHEET

As at 31 March 2020

(₹ in Lacs)				
PARTICULARS	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>ASSETS</b>				
<b>1 Financial Assets</b>				
Cash and cash equivalents	8	6,168.30	2,730.91	2,933.49
Bank balance other than above	9	11,522.92	10,247.46	10,129.15
Derivative financial instruments	10	-	1.94	21.40
Stock in trade (securities held for trading)	11	163.00	-	25.13
Trade receivables	12	5,221.74	5,722.50	8,737.75
Loans	13	121.34	0.21	218.95
Investments	14	4,908.27	4,913.34	4,076.68
Other financial assets	15	1,821.51	635.76	326.34
		29,927.08	24,252.12	26,468.89
<b>2 Non-financial Assets</b>				
Current tax assets (net)	16	137.59	39.20	273.15
Deferred tax assets (net)	17	477.54	(63.32)	(49.62)
Property, plant and equipment	18	3,034.60	3,055.45	3,154.35
Capital work-in-progress	-	10.45	2.12	4.67
Intangible assets	18	70.91	37.28	88.39
Right of use assets	52	663.76	440.82	305.46
Other non financial assets	19	269.66	258.39	180.84
		4,664.51	3,769.94	3,957.24
<b>TOTAL ASSETS (1+ 2)</b>		<b>34,591.59</b>	<b>28,022.06</b>	<b>30,426.13</b>
<b>LIABILITIES AND EQUITY</b>				
<b>1 Financial Liabilities</b>				
Derivative financial instruments	10	-	-	1.05
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20	12,208.33	6,723.68	9,238.48
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Borrowings (other than debt security)	21	800.00	1,000.00	1,000.00
Deposits	22	176.74	168.28	146.06
Other financial liabilities	23	8,120.71	5,142.01	4,340.65
		21,305.78	13,033.97	14,726.24
<b>2 Non-financial Liabilities</b>				
Current tax liabilities (net)	24	23.91	43.17	6.00
Provisions	25	303.25	820.89	1,619.27
Other non-financial liabilities	26	931.84	674.84	690.34
		1,259.00	1,538.90	2,315.61
<b>3 Equity</b>				
Equity share capital	27	2,461.90	2,461.90	2,453.40
Other equity	28	9,564.91	10,987.29	10,930.88
		12,026.81	13,449.19	13,384.28
<b>TOTAL LIABILITIES AND EQUITY (1 + 2 + 3)</b>		<b>34,591.59</b>	<b>28,022.06</b>	<b>30,426.13</b>

The accompanying notes forms an integral part of this financial statements

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# STANDALONE STATEMENT OF PROFIT & LOSS

For the year ended 31 March 2020

(₹ in Lacs)

PARTICULARS	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>			
(i) Interest income	29	745.51	644.45
(ii) Fees and commission income	30	10,883.83	11,766.23
(iii) Net gain on fair value changes	34	-	2.78
(iv) Reversal of impairment provision on financial instruments	36	7.67	-
(v) Others	31	201.09	255.96
<b>(I) Total revenue from operations</b>		<b>11,838.10</b>	<b>12,669.42</b>
(II) Other income	32	133.65	296.20
<b>(III) Total income (I + II)</b>		<b>11,971.75</b>	<b>12,965.62</b>
(i) Finance cost	33	607.86	341.25
(ii) Net loss on fair value changes	34	318.17	-
(iii) Fees and commission expenses	35	1,361.99	1,386.80
(iv) Impairment on financial instruments	36	-	5.59
(v) Employee benefits expenses	37	7,118.12	6,626.28
(vi) Depreciation and amortization	38	761.89	695.06
(vii) Other expenses	39	3,527.94	3,003.32
<b>(IV) Total expenses (IV)</b>		<b>13,695.97</b>	<b>12,058.30</b>
<b>(V) Profit/ (loss) before exceptional item and tax (III - IV)</b>		<b>(1,724.22)</b>	<b>907.32</b>
(VI) Exceptional items	63	75.50	187.00
<b>(VII) Profit/ (loss) before tax (V- VI)</b>		<b>(1,799.72)</b>	<b>720.32</b>
<b>(VIII) Tax expense</b>			
(i) Current tax		-	255.33
(ii) Deferred tax (credit) / charge		(540.87)	13.70
(iii) Earlier years adjustments		(0.99)	(19.17)
(iv) MAT credit entitlement		-	(24.00)
<b>Total tax expenses (VIII)</b>		<b>(541.86)</b>	<b>225.86</b>
<b>(IX) Profit/ (loss) after tax (VII - VIII)</b>		<b>(1,257.86)</b>	<b>494.46</b>
<b>(X) Other comprehensive income</b>			
Items that will not be classified to profit or loss			
(i) Actuarial gain / (loss) on post retirement benefit plans		(38.76)	(51.51)
(ii) Tax impact on above		-	14.33
<b>Other comprehensive income / (loss) (X)</b>		<b>(38.76)</b>	<b>(37.18)</b>
<b>(XI) Total comprehensive income for the year (IX - X)</b>		<b>(1,296.62)</b>	<b>457.28</b>
<b>(XII) Earning per share (face value ₹10 per equity share)</b>	41		
Basic (in ₹)		(5.11)	2.01
Diluted (in ₹)		(5.11)	2.01

The accompanying notes forms an integral part of this financial statements

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

As at 31 March 2020

## EQUITY SHARE CAPITAL

PARTICULARS	No of Shares	(₹) in Lacs
As at 1 April 2018	24,534,030	2,453.40
Changes during the year due to exercise of ESOP	85,000	8.50
<b>As at 31 March 2019</b>	<b>24,619,030</b>	<b>2,461.90</b>
Changes during the year due to exercise of ESOP	-	-
<b>As at 31 March 2020</b>	<b>24,619,030</b>	<b>2,461.90</b>

## OTHER EQUITY

PARTICULARS	Share application money pending allotment	Reserves and surplus				Other comprehensive income	Total other equity
		Securities premium	Retained earnings	General reserve	Equity settled share based payment reserve		
<b>Balance as at 1 April 2018</b>	<b>12.95</b>	<b>6,971.99</b>	<b>2,199.43</b>	<b>1,761.51</b>	<b>-</b>	<b>(15.00)</b>	<b>10,930.88</b>
Profit after tax	-	-	494.46	-	-	-	494.46
Other comprehensive income for the year	-	-	-	-	-	(37.18)	(37.18)
<b>Total</b>	<b>12.95</b>	<b>6,971.99</b>	<b>2,693.89</b>	<b>1,761.51</b>	<b>-</b>	<b>(52.18)</b>	<b>11,388.16</b>
Issue of equity share capital	(12.95)	22.95	-	-	-	-	10.00
Transfer of Investment towards corporate guarantee to subsidiary	-	-	(17.19)	-	-	-	(17.19)
Dividend including tax thereon	-	-	(593.61)	-	-	-	(593.61)
Fair value of stock options - charge for the year	-	-	-	-	199.94	-	199.94
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>6,994.94</b>	<b>2,083.08</b>	<b>1,761.51</b>	<b>199.94</b>	<b>(52.18)</b>	<b>10,987.29</b>
<b>Balance as at 1 April, 2019</b>	<b>-</b>	<b>6,994.94</b>	<b>2,083.08</b>	<b>1,761.51</b>	<b>199.94</b>	<b>(52.18)</b>	<b>10,987.29</b>
<b>Profit after tax</b>	<b>-</b>	<b>-</b>	<b>(1,257.86)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,257.86)</b>
Other comprehensive income for the year	-	-	-	-	-	(38.76)	(38.76)
<b>Total</b>	<b>-</b>	<b>6,994.94</b>	<b>825.22</b>	<b>1,761.51</b>	<b>199.94</b>	<b>(90.94)</b>	<b>9,690.67</b>
Dividend including Tax thereon	-	-	(296.80)	-	-	-	(296.80)
Fair value of stock options - charge for the year	-	-	-	-	171.04	-	171.04
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>6,994.94</b>	<b>528.42</b>	<b>1,761.51</b>	<b>370.98</b>	<b>(90.94)</b>	<b>9,564.91</b>

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# STANDALONE CASH FLOW STATEMENT

For the year ended 31 March 2020

(₹ in Lacs)

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax, exceptional/ extraordinary items	(1,724.22)	907.32
Add: (less) : Adjustment for :		
Impairment on financial instrument (Gross)	(13.67)	(42.15)
Share based payment to employees	155.09	196.02
Fair Value (gain)/loss on Investments, Stock in trade and Derivative trades	582.09	5.02
Finance costs	548.62	301.33
Finance cost pertaining to lease liability	59.24	39.92
Depreciation and amortisation	437.41	449.50
Depreciation and amortisation ROU	324.48	245.56
Net (gain)/loss on disposal of property, plant and equipment (Net of loss on discard)	(4.93)	1.75
Interest income	(34.12)	(94.23)
Interest income : Fair valuation of security deposit	(17.31)	(10.31)
Income on financial guarantee	-	(10.71)
Unrealised foreign exchange loss (Net)	6.49	2.00
Income on lease closure	(1.68)	-
Dividend income	(0.44)	-
Reversal of income	-	2,041.27
(25.00)		1,058.70
<b>Operating profit before working capital changes</b>	<b>317.05</b>	<b>1,966.02</b>
Add: (less) : Adjustment for changes in working capital:		
(Increase)/decrease in trade receivables	515.82	3,050.03
(Increase)/decrease in other receivables	1.94	19.46
(Increase)/decrease in other financial assets	(1,197.10)	(290.15)
(Increase)/decrease in other non financial assets	(10.39)	(53.55)
(Increase)/decrease in Loan	(121.81)	-
(Increase)/decrease in Stock In Trade ( Held for trading )	(221.16)	25.13
Increase/(decrease) in trade payables	5,484.65	(2,514.80)
Increase/(decrease) in other payables	32.11	7.93
Increase/(decrease) in other financial liabilities	2,751.61	484.91
Increase/(decrease) in provisions	(556.77)	(649.90)
Increase/(decrease) in other non financial liabilities	257.00	9.50
Increase/(decrease) in deposits with banks and other items	(1,275.64)	5,660.26
(118.33)		(29.77)
<b>Cash generated from operations</b>	<b>5,977.31</b>	<b>1,936.25</b>
Income tax (paid)/ refund (net)	(117.53)	49.28
<b>Cash flow before exceptional / extraordinary items</b>	<b>5,859.78</b>	<b>1,985.53</b>
Exceptional / extraordinary items	(75.50)	(187.00)
<b>Net cash (used in) / generated from operating activities (A)</b>	<b>5,784.28</b>	<b>1,798.53</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant, equipment and intangibles	(475.35)	(299.95)
Proceeds from sale of property, plant and equipment	21.74	1.28
Purchase of investments measured at FVTPL	(460.50)	(645.75)
Investment in subsidiary company	(150.00)	(400.00)
Provision for diminution in value of non current Investment	75.50	187.00
Interest received	34.12	94.23
Dividend received	0.44	(954.05)
(1,063.19)		
<b>Net cash (unused in)/ generated from investing activities (B)</b>	<b>(954.05)</b>	<b>(1,063.19)</b>
<b>C. Cash flow from financing activities</b>		
Issue of equity share capital (including securities premium)	-	18.50
Cash payment of lease liability and interest	(350.60)	(260.39)

## Standalone Cash Flow Statement (Contd.)

### For the year ended 31 March 2020

(₹ in Lacs)

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
(Repayment) of short-term borrowings	(200.00)	-
Repayment of loan by subsidiary	-	200.00
Finance costs paid	(548.62)	(301.33)
Dividend and dividend tax paid	(296.16)	(593.17)
<b>Net cash (unused in)/generated from financing activities (C)</b>	<b>(1,395.38)</b>	<b>(936.39)</b>
<b>D. Net Change due to foreign exchange translation differences</b>	<b>2.54</b>	<b>(1.54)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>3,437.39</b>	<b>(202.59)</b>

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3,437.39</b>	<b>(202.59)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,730.91</b>	<b>2,933.50</b>
<b>Cash and cash equivalents at the close of the period</b>	<b>6,168.30</b>	<b>2,730.91</b>
Notes :		
1. Components of cash and cash equivalents		
Balances with Scheduled Banks		
- In India with scheduled banks	6160.76	2722.20
Cash on hand	5.52	3.10
Others	2.02	5.61
Total cash and cash equivalents	6,168.30	2,730.91

- The above cash flow statement has been prepared under the "Indirect method" as set out on the Indian Accounting Standard (Ind AS-7) Statement of Cash Flow.
- Also refer note 61 for change on liabilities arising from financing activities.
- Cash and cash equivalent excludes deposit with banks towards margin/security for Bank Guarantees, borrowings and other commitments and balance in Unclaimed Dividend accounts.
- Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 1. CORPORATE INFORMATION

Emkay Global Financial Services Limited ('the Company') was incorporated in 1995 and got listed in 2006. The Company is engaged in the business of providing stock broking services, investment banking, depository participant services, wealth management services and distribution of third party financial products. The Company's registered office is at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028.

## 2. BASIS OF PREPARATION

The accompanying financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS.

Refer to note No. 7 - **First time adoption** for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other financial assets held for trading all of which have been measured at fair value.

The preparation of financial statements requires the management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 6 - **Significant accounting judgements, estimates and assumptions**.

The financial statements are presented in Indian Rupees (INR) except when otherwise indicated.

## 3. PRESENTATION OF FINANCIAL STATEMENT

These financial statements have been prepared in

accordance with Ind AS 1- Presentation of Financial Statements as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

The financial statements of the Company are presented in order of liquidity and in accordance with Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 59.

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

## 4. STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Revenue from operations

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or a service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Revenue includes the following:

### (i) Brokerage fee income

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed i.e., trade date). These include brokerage fees which is charged per transaction executed on behalf of the clients.

### (ii) Fees & Commission Income

This includes:

- a) Income from investment banking activities, research and other fees.

Income from investment banking activities and other fees is recognized as and when such services are completed / performed and as per terms of agreement with the client (i.e. when the performance obligation is completed).

Research fees Income is recognised when the entity satisfies the performance obligation by transferring the service to the client.

- b) Income from depository operations.

Income from depository operations is accounted when the performance obligation is completed.

- c) Income from wealth management services

Commission (net of taxes and other statutory charges) income from distribution of financial products is recognized based on mobilization and intimation received from clients/ intermediaries or over the period of service after deducting claw back as per the agreed terms.

### (iii) Interest Income

Under Ind AS 109 interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in the statement of profit and loss with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortized cost (net of provision) of the financial asset.

### (iv) Dividend Income

Dividend income is recognised

- a. When the right to receive the payment is established,
- b. it is probable that the economic benefits associated with the dividend will flow to the Company and
- c. the amount of the dividend can be measured reliably

### (v) Net gain on Fair value changes

Any differences between the fair values of financial assets (including investments, derivatives and stock in trade) classified as fair value through the profit or loss ("FVTPL") (refer Note 34), held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortized cost is presented separately under the respective head in the statement of profit and loss.

## 5.2 Financial instruments

### (i) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 6.1. Financial instruments are initially measured at

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

their fair value (as defined in Note 6.3), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the company accounts for the Day 1 profit or loss, as described below.

### Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the company recognizes the difference between the transaction price and fair value in net gain on fair value changes.

### (ii) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets, cash flows and the Company's business model for managing financial assets.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the entity's key management personnel on the performance of the financial assets
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Company also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal

and interest on the principal amount outstanding.

'Principal' is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

### iii) Financial Assets and Liabilities

#### (a) Financial assets measured at amortized cost

These financial assets comprise bank balances, loans, trade receivables and other financial assets.

Financial Assets with contractual terms that give rise to cash flows on specified dates and represent solely payments of principal and interest (SPPI) on the principal amount outstanding and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortized cost.

These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortized cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

#### (b) Financial assets measured at fair value through other comprehensive income

#### Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (a separate component of equity). Impairment

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

losses or reversals, interest revenue and foreign exchange gains and losses are recognised in statement of profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Company does not have any financial instruments measured at fair value through other comprehensive income.

### Equity instruments

Investment in equity instruments are generally accounted for as at fair value through the statement of profit and loss account unless an irrevocable election has been made by management to account for at fair value through other comprehensive income such classification is determined on an instrument-by-instrument basis.

Amounts presented in other comprehensive income for equity instruments are not subsequently transferred to statement of profit and loss. Dividends on such investments are recognised in statement of profit and loss.

#### (c) Items at fair value through profit or loss

The financial assets are classified as FVTPL if these do not meet the criteria for classifying at amortized cost or FVOCI.

Items at fair value through profit or loss comprise:

- Investments (including equity shares) and stock in trade held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.
- Derivative transactions

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

### Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

d) The Company classifies its financial liabilities at amortized costs unless it has designated liabilities at fair

value through the statement of profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

### Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds and costs that are an integral part of the EIR.

#### (e) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 25.

#### (f) Derivatives

The Company enters into derivative transactions being equity derivative transactions in the nature of Futures and Options in Equity Stock/ Index and currency derivative transactions in the nature of Futures and Options in foreign currencies both entered into for trading purposes. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain on fair value changes.

#### (g) Recognition and derecognition of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. A financial liability is derecognised from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

(h) Impairment of financial assets

### Overview of the ECL principles

The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs.

The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost
- loan commitments; and
- financial guarantee contracts.

Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has classified its loan portfolio into Corporates / Firms, Individuals (HNIs) and Individuals (Retail).

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

### Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 days past due is considered as significant increase in credit risk.

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

### Loan Commitments

When estimating lifetime ECL, for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

For margin funding facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognised within provisions.

### Financial guarantee contracts

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

### The mechanics of ECL

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**Probability of default (PD)** - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**Exposure at default (EAD)** - The exposure at default is an estimate of the exposure at a future default date.

**Loss given default (LGD)** - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### Trade Receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Company also writes off balances that are due generally for more than one year and are not likely to be recovered.

### Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

### Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as equity shares, fixed deposits, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

#### (i) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the client or borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

#### (j) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 60) at fair value on each balance sheet date.

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:

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

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

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 are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

**Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances

of transfers between levels of the fair value hierarchy were recorded during the reporting period.

### **Difference between transaction price and fair value at initial recognition**

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

### **5.3 Expenses**

#### **(i) Finance costs**

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in the statement of profit and loss with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

### (ii) Retirement and other employee benefits

#### Short term employee benefit

All employee benefits including short term non vesting compensated absences and statutory bonus/ performance bonus/incentives payable wholly within twelve months of rendering the service are classified as short term employee benefits and are charged to the statement of profit and loss of the year. The employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service period not beyond twelve months.

#### Post-employment employee benefits

##### a) Defined contribution schemes

Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance and Labour Welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the statement of profit and loss of the year when the contribution to the respective funds are due

##### b) Defined benefit schemes

Retirement benefits in the form of gratuity is considered as defined benefit obligation. The scheme is formed by the Company and fund is managed by insurers to which the Company makes periodic contributions. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in statement of profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves

making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

##### (iii) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Company.

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Equity settled share-based payment reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. In the statement of profit and loss, expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### (iv) Other income and expenses

All other income and expense are recognized in the period they accrue/ occur.

### (v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### (vi) Taxes

#### Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

### Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### Goods and services tax / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to,

the taxation authority is included as part of receivables or payables in the balance sheet.

### 5.4 Foreign currency translation

- (i) Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

- (ii) Transactions and balances

Initial recognition:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

### Conversion

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

### 5.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents are as defined above.

### 5.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the

**Notes to Standalone Financial Statements  
For the year ended 31 March 2020 (Contd.)**

future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

**Depreciation**

Depreciation is calculated using the WDV method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives which is in

line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold Improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 36 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits.

**The estimated useful lives are as follows**

<b>PARTICULARS</b>	<b>Useful life as prescribed by Schedule II of the Companies Act, 2013</b>	<b>Useful life estimated by Company</b>
Office premises	60 years	60 years
Furniture and fixture	10 years	10 years
Air conditioner	15 years	15 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years
Computer end user	3 years	3 years
Computer data centre and networking	6 years	6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**5.7 Intangible assets**

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost

less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years from the start of the year of acquisition irrespective of the date of acquisition, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with finite life.

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 5.8 Leases (As a lessee)

#### Identifying a lease

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

This policy is applied to contracts which are in effect or are entered into on or after 1 April 2018.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

#### Recognition of right of use asset

The Company recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

#### Subsequent measurement of right of use asset

The right of use asset is subsequently amortized using the straight-line method from the 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, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

#### Recognition of lease liability

The lease liability is initially measured at the present value of the lease payments net of cash lease incentives that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease

liability comprise the following:

- (i) Fixed payments, including in-substance fixed payments;
- (ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) Amounts expected to be payable under a residual value guarantee; and
- (iv) The exercise price under a purchase option, extension option and penalties for early termination only if the Company is reasonably certain to exercise those options.

#### Subsequent measurement of lease liability

Lease liability is measured at amortised cost using the effective interest method. The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The company has elected by class of underlying asset to not recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

### 5.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**Notes to Standalone Financial Statements  
For the year ended 31 March 2020 (Contd.)****5.10 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**5.11 Earning Per Share**

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**5.12 Contingencies and events occurring after the Balance Sheet date**

Events occurring after the date of the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered upto the date of approval of accounts by the Board of Directors, where material.

**5.13 Impairment**

Where the recoverable amount of the Property, Plant, and Equipment is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life.

**5.14 Dividends on ordinary shares**

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer

at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

**6.1 Business Model Assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### 6.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### 6.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 6.4 Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 5.2 (iii)(h) Overview of ECL principles.

### 6.5 Contingent liabilities and provisions other than impairment on loan portfolio

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a

reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

### 6.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

### 6.7 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

## 7. FIRST TIME ADOPTION

These financial statements, for the year ended 31 March 2020, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2018 being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### 7.1 Investment in subsidiaries and associate

Ind AS 101 permits a first time adopter to measure its investment, at the date of transition, at cost determined in accordance with Ind AS 27, or deemed cost. The deemed cost of such investment shall be its fair value at the Company's date of transition to Ind AS, or Previous GAAP carrying amount at that date. The Company has elected to measure its investment in subsidiary and associate at the previous GAAP carrying amount as its deemed cost on the transition date.

#### 7.2 Share-based payment transactions

On transition to Ind AS, the Company has elected not to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind-AS's.

#### 7.3 Property, plant, equipment & intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at 31 March 2018, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 1st April 2018.

#### 7.4 Fair value measurement of financial assets or financial liabilities at initial recognition

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Company has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

#### 7.5 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

#### 7.6 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

## Notes to Standalone Financial Statements

### As at 31 March 2020 (Contd.)

#### 8. CASH AND CASH EQUIVALENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Cash on hand	5.52	3.10	4.89
Balances with banks			
- in current accounts	6,160.76	2,722.20	2,921.14
Others			
Balance in prepaid cards	2.02	5.61	7.46
<b>Total</b>	<b>6,168.30</b>	<b>2,730.91</b>	<b>2,933.49</b>

#### 9. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Fixed deposits with banks (with original maturity of more than 3 months) *	11,119.29	9,744.30	9,626.41
Less: Impairment loss allowance	(0.43)	(0.25)	(0.22)
	<b>11,118.86</b>	<b>9,744.05</b>	<b>9,626.19</b>
Margin money deposit	400.00	500.00	500.00
In earmarked accounts - Unpaid dividend account	4.06	3.41	2.96
<b>Total</b>	<b>11,522.92</b>	<b>10,247.46</b>	<b>10,129.15</b>

\* Fixed deposits under lien with stock exchanges amounted to ₹2635.00 Lacs (March 31, 2019 : ₹1615.00 Lacs) and kept as collateral security towards bank guarantees issued amounted to ₹8100.00 Lacs (March 31, 2019 : ₹7750.22 Lacs) and kept as collateral security against bank overdraft facility amounted to ₹300.00 Lacs (March 31, 2019 : ₹300.00 Lacs) and others ₹84.29 Lacs (March 31, 2019 : ₹79.08 Lacs)

#### 10. DERIVATIVE FINANCIAL INSTRUMENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Equity index/stock options premium	-	1.94	20.35
<b>Total</b>	<b>-</b>	<b>1.94</b>	<b>20.35</b>
Notional amounts - assets	-	5.93	144.70
Notional amounts - liabilities	-	-	4.00
Fair value - assets	-	1.94	21.40
Fair value - liabilities	-	-	1.05

Derivatives are used for the purpose of trading. Refer note 57 for managing risks arising from derivatives.

#### 11. STOCK IN TRADE (SECURITIES HELD FOR TRADING)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
At fair value through profit and loss			
Equity Shares : Quoted, fully paid	163.00	-	25.13
<b>Total</b>	<b>163.00</b>	<b>-</b>	<b>25.13</b>

## Notes to Standalone Financial Statements As at 31 March 2020 (Contd.)

### 12. TRADE RECEIVABLES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Receivables considered good - secured *	318.78	3,465.55	417.89
Receivables considered good - unsecured **	4,902.96	2,256.95	8,319.86
Receivables - credit impaired	12.78	27.59	62.83
	5,234.52	5,750.09	8,800.58
Less: Impairment loss allowance	(12.78)	(27.59)	(62.83)
<b>Total</b>	<b>5,221.74</b>	<b>5,722.50</b>	<b>8,737.75</b>
* Secured against securities given as a collateral by the clients			
** Above includes due from a managing director	-	-	-
** Above includes due from subsidiaries, associates and other related parties	52.68	0.25	2.27
** Net of margin			

The Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to life time ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Company considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

### 13. LOANS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>(A) At amortized cost</b>			
Margin trade funding (MTF)	121.81	-	-
Loan to employees	-	0.21	19.15
Loan to related parties (subsidiaries)	-	-	200.00
	121.81	0.21	219.15
Less: Impairment loss allowance	(0.47)	-	(0.20)
<b>Total (A) Net</b>	<b>121.34</b>	<b>0.21</b>	<b>218.95</b>
<b>(B) Secured / Unsecured</b>			
Secured by pledge of securities	118.98	-	-
Unsecured	2.83	0.21	219.15
	121.81	0.21	219.15
Less: Impairment loss allowance	(0.47)	-	(0.20)
<b>Total (B) Net</b>	<b>121.34</b>	<b>0.21</b>	<b>218.95</b>
<b>(C) Loans in India</b>			
Others	121.81	0.21	219.15
Less: Impairment loss allowance	(0.47)	-	(0.20)
<b>Total (C) Net</b>	<b>121.34</b>	<b>0.21</b>	<b>218.95</b>

## Notes to Standalone Financial Statements

### As at 31 March 2020 (Contd.)

#### 13. LOANS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>Stage wise break up of loans</b>			
(i) Low credit risk (Stage 1)	121.34	0.21	218.95
(ii) Significant increase in credit risk (Stage 2)	-	-	-
(ii) Credit impaired (Stage 3)	-	-	-
<b>Total</b>	<b>121.34</b>	<b>0.21</b>	<b>218.95</b>

#### 14. INVESTMENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>I. Unquoted investments at cost</b>			
<b>1. In equity instruments of subsidiary companies*</b>			
Emkay Fincap Limited	2,200.00	2,200.00	2,200.00
Emkay Commotrade Limited	600.00	600.00	600.00
Emkay Investment Managers Limited	900.00	900.00	500.00
Emkayglobal Financial Services IFSC Pvt. Ltd.	150.00	-	-
Emkay Wealth Advisory Limited	410.00	410.00	410.00
	4,260.00	4,110.00	3,710.00
Less: Impairment loss allowance	(597.50)	(522.00)	(335.00)
Total investments in equity instruments (I)	<b>3,662.50</b>	<b>3,588.00</b>	<b>3,375.00</b>
<b>2. In preference instruments of subsidiary company*</b>			
Emkay Commotrade Limited	250.00	250.00	250.00
<b>3. Capital contribution in associates*</b>			
Azalea Capital Partners LLP	4.50	4.50	4.50
<b>II. At fair value through profit and loss</b>			
<b>1. In alternative investment funds (Category III)</b>			
Emkay Emerging Stars Fund	623.71	684.49	356.48
Emkay Emerging Stars Fund-II	138.81	152.47	78.70
Emkay Emerging Stars Fund-III	208.87	229.96	-
<b>Total</b>	<b>971.39</b>	<b>1,066.92</b>	<b>435.18</b>
<b>2. Value of stock options granted to employees of subsidiaries**</b>			
Emkay Fincap Limited	3.82	1.81	-
Emkay Investment Managers Limited	14.09	2.11	-
Emkay Wealth Advisory Limited	1.97	-	-
<b>Total</b>	<b>19.88</b>	<b>3.92</b>	<b>-</b>

## Notes to Standalone Financial Statements As at 31 March 2020 (Contd.)

### 14. INVESTMENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>3. Towards corporate financial guarantee for a subsidiary company</b>			
Emkay Commotrade Limited	-	17.19	12.00
Less: Transfer to retained earnings on closure of corporate guarantee	-	(17.19)	-
	-	-	12.00
<b>Total</b>	<b>4,908.27</b>	<b>4,913.34</b>	<b>4,076.68</b>
Investment in India	4,908.27	4,913.34	4,076.68
Investment outside India	-	-	-

\*The Company has elected to measure investment in subsidiaries and associate at deemed cost as per Ind AS 27/ Ind AS 101

\*\* The Company has granted stock options to the employees of wholly-owned subsidiary companies where the fair value of the said options are recognized over the vesting period as deemed investment as per Ind AS 102

### 15. OTHER FINANCIAL ASSETS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>At amortized cost</b>			
Deposits with stock exchanges	1,616.04	210.25	180.25
Deposits with professional clearing members (PCM)	1.00	231.00	4.00
Other deposits	205.13	185.47	139.89
	1,822.17	626.72	324.14
Less: Impairment loss allowance	(1.82)	(1.70)	(7.40)
	<b>1,820.35</b>	<b>625.02</b>	<b>316.74</b>
Other recoverable	0.97	7.74	2.94
Less: Impairment loss allowance	-	-	(1.04)
	0.97	7.74	1.89
Recoverable from related parties	0.19	3.00	7.70
<b>Total</b>	<b>1,821.51</b>	<b>635.76</b>	<b>326.34</b>

### 16. CURRENT TAX ASSETS (NET)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advance income tax (net of provision for tax)	137.59	39.20	273.15
<b>Total</b>	<b>137.59</b>	<b>39.20</b>	<b>273.15</b>

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 17. DEFERRED TAX ASSETS (NET)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Deferred tax assets			
Fair Value loss on investments and other assets	163.90	8.00	-
Expected credit loss / provisions	24.08	8.60	12.83
Unabsorbed business loss	242.75	-	-
Unabsorbed depreciation	140.46	-	-
Ind AS Impact	-	-	11.77
<b>Total</b>	<b>571.19</b>	<b>16.60</b>	<b>24.60</b>
Deferred tax liabilities			
Fixed asset: Impact of difference between tax depreciation and depreciation/amortization charged for financial reporting period	93.14	78.63	74.22
Other Adjustments	0.51	1.29	-
<b>Total</b>	<b>93.65</b>	<b>79.92</b>	<b>74.22</b>
<b>Net deferred tax assets</b>	<b>477.54</b>	<b>(63.32)</b>	<b>(49.62)</b>

#### 18. PROPERTY, PLANT AND EQUIPMENT (CURRENT YEAR)

(₹) in Lacs

PARTICULARS	Gross block				Accumulated depreciation/amortization				Net Block	
	Balance as at 01 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 01 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 01 April 2019	Balance as at 31 March 2020
Property, plant and equipment										
Office Premises	2,736.19	-	-	2,736.19	132.97	126.51	-	259.48	2,603.22	2,476.71
Furniture & Fixtures	84.66	3.88	1.23	87.31	21.20	17.70	0.09	38.81	63.46	48.50
Vehicles	29.10	-	2.22	26.88	9.15	5.54	-	14.69	19.95	12.19
Office Equipment	64.97	15.00	1.86	78.11	20.48	20.31	0.63	40.16	44.49	37.95
Computers	363.37	258.68	7.89	614.16	136.92	150.13	3.00	284.05	226.45	330.11
Air Conditioners	35.23	0.73	8.26	27.70	6.21	4.94	1.00	10.15	29.02	17.55
Leasehold Improvement	103.14	100.79	0.11	203.82	34.28	57.98	0.03	92.23	68.86	111.59
<b>Total (A)</b>	<b>3,416.66</b>	<b>379.08</b>	<b>21.57</b>	<b>3,774.17</b>	<b>361.21</b>	<b>383.11</b>	<b>4.75</b>	<b>739.57</b>	<b>3,055.45</b>	<b>3,034.60</b>
Intangible assets										
Computer software	125.25	87.94	-	213.19	87.97	54.31	-	142.28	37.28	70.91
<b>Total (B)</b>	<b>125.25</b>	<b>87.94</b>	<b>-</b>	<b>213.19</b>	<b>87.97</b>	<b>54.31</b>	<b>-</b>	<b>142.28</b>	<b>37.28</b>	<b>70.91</b>
<b>Total (A)+(B)</b>	<b>3,541.91</b>	<b>467.02</b>	<b>21.57</b>	<b>3,987.36</b>	<b>449.18</b>	<b>437.42</b>	<b>4.75</b>	<b>881.85</b>	<b>3,092.73</b>	<b>3,105.51</b>

## Notes to Standalone Financial Statements As at 31 March 2020 (Contd.)

### 18. PROPERTY, PLANT AND EQUIPMENT (PREVIOUS YEAR)

(₹) in Lacs

PARTICULARS	Gross block				Accumulated depreciation/ amortization				Net Block	
	Balance as at 01 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 01 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 01 April 2018	Balance as at 31 March 2019
Property, plant and equipment										
Office Premises	2,736.19	-	-	2,736.19	-	132.97	-	132.97	2,736.19	2,603.22
Furniture & Fixtures	67.33	17.56	0.23	84.66	-	21.24	0.04	21.20	67.33	63.46
Vehicles	29.10	-	-	29.10	-	9.15	-	9.15	29.10	19.95
Office Equipment	31.25	35.10	1.38	64.97	-	20.69	0.21	20.48	31.25	44.49
Computers	237.01	127.77	1.41	363.37	-	136.96	0.04	136.92	237.01	226.45
Air Conditioners	29.29	6.26	0.32	35.23	-	6.25	0.04	6.21	29.29	29.02
Leasehold Improvement	24.18	78.96	-	103.14	-	34.28	-	34.28	24.18	68.86
<b>Total (A)</b>	<b>3,154.35</b>	<b>265.65</b>	<b>3.34</b>	<b>3,416.66</b>	<b>-</b>	<b>361.54</b>	<b>0.33</b>	<b>361.21</b>	<b>3,154.35</b>	<b>3,055.45</b>
Intangible assets										
Computer software	88.39	36.86	-	125.25	-	87.97	-	87.97	88.39	37.28
<b>Total (B)</b>	<b>88.39</b>	<b>36.86</b>	<b>-</b>	<b>125.25</b>	<b>-</b>	<b>87.97</b>	<b>-</b>	<b>87.97</b>	<b>88.39</b>	<b>37.28</b>
<b>Total (A)+(B)</b>	<b>3,242.74</b>	<b>302.51</b>	<b>3.34</b>	<b>3,541.91</b>	<b>-</b>	<b>449.51</b>	<b>0.33</b>	<b>449.18</b>	<b>3,242.74</b>	<b>3,092.73</b>

### 19. OTHER NON FINANCIAL ASSETS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Capital advances	-	54.68	13.25
Other than capital advances			
Prepaid expenses	146.68	154.90	147.14
MAT credit entitlement	24.00	24.00	-
Fringe benefit tax refund	5.28	5.28	5.28
Income tax refund	0.88	-	-
Deposit against appeal	38.44	-	-
Advances to suppliers and others	33.73	4.69	7.53
Indirect tax input credits	20.65	14.84	7.64
<b>Total</b>	<b>269.66</b>	<b>258.39</b>	<b>180.84</b>

## Notes to Standalone Financial Statements

### As at 31 March 2020 (Contd.)

#### 20. PAYABLES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12,208.33	6,723.68	9,238.48
<b>Total</b>	<b>12,208.33</b>	<b>6,723.68</b>	<b>9,238.48</b>

The details of amount outstanding to Micro, Small and Medium Enterprises defined under "Micro, Small and Medium Enterprises Development Act, 2006" (as identified based on information available with the Company and relied upon by the Auditors is as under)

Principal amount due and remaining unpaid	-	-	-
Interest due on above and the unpaid interest	-	-	-
Interest paid	-	-	-
Payment made beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-

#### 21. Borrowings (other than debt securities)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>At amortized cost</b>			
Term Loan			
From Banks : Secured by way of cash margin	400.00	500.00	500.00
From Banks : Unsecured	400.00	500.00	500.00
<b>Total</b>	<b>800.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
Borrowings in India	800.00	1,000.00	1,000.00
Borrowings outside India	-	-	-
<b>Total</b>	<b>800.00</b>	<b>1,000.00</b>	<b>1,000.00</b>

#### 22. Deposits

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>At amortized cost</b>			
Deposits from intermediaries - Unsecured	176.74	168.28	146.06
<b>Total</b>	<b>176.74</b>	<b>168.28</b>	<b>146.06</b>

## Notes to Standalone Financial Statements

### As at 31 March 2020 (Contd.)

#### 23. OTHER FINANCIAL LIABILITIES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Interest accrued but not due on borrowings	2.96	15.18	3.61
Unpaid dividends	4.06	3.41	2.96
Deposit towards margin and other from clients	7,019.01	4,349.59	3,726.37
Financial guarantee obligation	-	-	5.51
Lease liability	662.02	436.41	292.66
Payable for expenses	272.16	243.14	209.71
Accrued salaries and benefits	82.67	66.83	69.43
Other liabilities	77.83	27.45	30.40
<b>Total</b>	<b>8,120.71</b>	<b>5,142.01</b>	<b>4,340.65</b>

#### 24. CURRENT TAX LIABILITIES (NET)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
For taxation (net of taxes paid)	23.91	43.17	6.00
<b>Total</b>	<b>23.91</b>	<b>43.17</b>	<b>6.00</b>

#### 25. PROVISIONS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Provision for employee benefits			
- Gratuity (refer note 51)	127.13	84.88	119.27
- Bonus	28.92	655.00	1,300.00
- Compensated absences	66.82	-	-
- Incentive payable	80.00	81.01	200.00
Provision for non fund based exposure on MTF clients	0.38	-	-
<b>Total</b>	<b>303.25</b>	<b>820.89</b>	<b>1,619.27</b>

#### 26. OTHER NON FINANCIAL LIABILITIES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Statutory dues	758.24	636.33	625.58
Income received in advance	22.90	10.90	37.55
Advance received from clients	150.70	27.61	27.21
<b>Total</b>	<b>931.84</b>	<b>674.84</b>	<b>690.34</b>

## Notes to Standalone Financial Statements

### As at 31 March 2020 (Contd.)

#### 27. EQUITY SHARE CAPITAL

PARTICULARS	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs
<b>(A) Authorized</b>						
Equity Shares of ₹10/- each	50,000,000	5,000.00	50,000,000	5,000.00	40,000,000	4,000.00
	<b>50,000,000</b>	<b>5,000.00</b>	<b>50,000,000</b>	<b>5,000.00</b>	<b>40,000,000</b>	<b>4,000.00</b>
<b>(B) Issued, subscribed and fully paid up</b>						
Equity Shares of ₹10/- each	2,46,19,030	2,461.90	2,46,19,030	2,461.90	2,45,34,030	2,453.40
<b>Total Equity Share Capital</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,45,34,030</b>	<b>2,453.40</b>

#### (C) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs
<b>At the beginning of the year</b>	2,46,19,030	2,461.90	2,45,34,030	2,453.40	2,45,34,030	2,453.40
Stock Options exercised under ESOP	-	-	85,000	8.50	-	-
<b>At the end of the year</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,45,34,030</b>	<b>2,453.40</b>

#### (D) Terms / rights / restrictions attached to equity shares

The Company has only one class of equity shares having par value of ₹10/- each share. Each holder of equity share is entitled to one vote per share. The Company declares and pay dividends in Indian Rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March, 2020, dividend recognized as distribution to equity shareholders was ₹1.00 Per share being final dividend for the year ended 31 March, 2019. The total dividend appropriated amounts to ₹246.18 Lacs (Previous year ₹492.38 Lacs) and dividend distribution tax of ₹50.62 Lacs (Previous year ₹101.23 Lacs).

#### (E) Details of Shareholding more than 5% Shares in Company (Face value of ₹10 per share)

PARTICULARS	As at 31 March, 2020		As at 31 March 2019		As at 1 April 2018	
	No of Shares	% Held	No of Shares	% Held	No of Shares	% Held
Krishna Kumar Karwa	49,22,500	19.99	49,22,500	19.99	49,22,500	20.06
Prakash Kacholia	47,50,000	19.29	47,50,000	19.29	47,50,000	19.36
Emkay Corporate Services Private Limited	48,51,484	19.71	43,90,000	17.83	41,50,000	16.92
Preeti Kacholia	18,80,000	7.64	18,80,000	7.64	18,80,000	7.66
Raunak Karwa	17,50,000	7.11	17,50,000	7.11	17,50,000	7.13

#### (F) Shares reserved for issue under employee stock option plans

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
ESOP's reserved for offering to eligible employees for the Company and its subsidiaries under ESOP scheme's	41,28,918	46,38,448	22,45,045

## Notes to Standalone Financial Statements As at 31 March 2020 (Contd.)

### (G) During the preceding five years the Company has not

- allotted fully paid up shares without payment being received in cash
- issued fully paid up bonus shares
- bought back shares

### (H) Capital management :

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

In addition to above the Company is required to maintain a minimum networth as prescribed from time to time by the Securities and Exchange Board of India (Stock brokers and sub-brokers) Regulations 1992. The management ensures that this is complied at all times.

## 28. OTHER EQUITY

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Share application money pending allotment	-	-	12.95
<b>Reserves and surplus</b>			
<b>Securities premium</b>			
Balance at the beginning of the year	6,994.94	6,971.99	6,971.99
Add : Addition during the year	-	22.95	-
Balance at the end of the year	6,994.94	6,994.94	6,971.99
<b>Retained earnings</b>			
Balance at the beginning of the year	2,083.08	2,199.43	2,213.08
Add : (Loss)/profit for the year	(1,257.86)	494.46	-
Less : Transfer from investment on closure of corporate guarantee to a subsidiary	-	(17.19)	-
Add : Ind AS adjustments	-	-	(13.65)
Amount available for appropriation	825.22	2,676.69	2,199.43
Less : Dividend paid to equity shareholders	246.18	492.38	-
Less : Dividend distribution tax	50.62	101.23	-
Balance at the end of the year	528.42	2,083.08	2,199.43
<b>General reserve</b>	1,761.51	1,761.51	1,761.51
<b>Equity-settled share-based payment reserve</b>			
Balance at the beginning of the year	199.94	-	-
Add : Additions during the year (net)	171.04	199.94	-
Balance at the end of the year	370.98	199.94	-
<b>Other comprehensive income</b>			
Balance at the beginning of the year	(52.18)	(15.00)	-
Add : Ind as adjustments	-	-	(15.00)
Add : Movement in other comprehensive income(net) during the year	(38.76)	(37.18)	-
Balance at the end of the year	(90.94)	(52.18)	(15.00)
<b>Total</b>	<b>9,564.91</b>	<b>10,987.29</b>	<b>10,930.88</b>

## Notes to Standalone Financial Statements

### As at 31 March 2020 (Contd.)

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#### Nature and purpose of reserve

##### **a) Share application money pending allotment**

Share application money pending allotment represents application money received on account of exercise of Employees Stock Options

##### **b) Securities premium**

Securities Premium reserves is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, writing off the preliminary expenses in accordance with the provisions of the Companies Act, 2013.

##### **c) Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

##### **d) General reserve**

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilized only in accordance with the specific requirements of Companies Act, 2013.

##### **e) Equity-settled share-based payment reserve**

This reserve is created by debiting the statement of profit and loss account with value of share options granted to the employees by the Company. In case of share options granted by the Company, the reserve will move to the share capital account on issue of shares.

##### **f) Other comprehensive income**

Other comprehensive income consist of remeasurement gains/losses on employees defined benefit plans.

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**Notes to Standalone Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**29. INTEREST INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<i>On financial assets measured at amortized cost</i>		
Interest on deposits with Banks	728.22	639.86
Other interest income	7.88	4.59
Interest on margin trading funding (MTF)	9.41	-
<b>Total</b>	<b>745.51</b>	<b>644.45</b>

**30. FEES AND COMMISSION INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<i>Brokerage and fees income</i>		
Brokerage	10,544.48	10,973.53
Research and advisory fees	274.37	726.69
Depository operations	64.98	66.01
<b>Total</b>	<b>10,883.83</b>	<b>11,766.23</b>

**31. OTHER OPERATING INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Delayed payment charges	182.34	237.49
Others	18.75	18.47
<b>Total</b>	<b>201.09</b>	<b>255.96</b>

**32. OTHER INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend received	0.44	-
Net gain on disposal/ discard of property, plant and equipment	4.93	-
Financial guarantee income	-	10.71
Interest on loan to subsidiary	1.62	10.70
Interest on deposits with banks	27.09	25.77
Other interest income	22.72	68.07
Others	76.85	180.95
<b>Total</b>	<b>133.65</b>	<b>296.20</b>

**33. FINANCE COSTS**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<i>On instruments measured at amortized cost</i>		
Interest on deposits	96.93	43.59
Interest on borrowings	224.15	121.65
Interest on borrowings from subsidiary	74.59	1.28
Interest on lease liability	59.23	39.93
Other borrowing costs	152.96	134.80
<b>Total</b>	<b>607.86</b>	<b>341.25</b>

**Notes to Standalone Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**34. NET LOSS/ (GAIN) ON FAIR VALUE CHANGES**

(₹) in Lacs

<b>PARTICULARS</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Net loss/ (gain) on financial instruments at fair value through profit or loss		
- Investments	556.03	14.01
- Stock in trade	53.09	17.72
- Derivatives	(290.95)	(34.51)
<b>Total Net loss/ (gain) on fair value changes</b>	<b>318.17</b>	<b>(2.78)</b>
Fair Value changes:		
- Realized (gain)	(263.92)	(7.80)
- Unrealized loss	582.09	5.02
<b>Total Net loss/ (gain) on fair value changes</b>	<b>318.17</b>	<b>(2.78)</b>

**35. FEES AND COMMISSION EXPENSES**

(₹) in Lacs

<b>PARTICULARS</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Brokerage sharing with intermediaries	1,334.87	1,331.52
Other fees	27.12	55.28
<b>Total</b>	<b>1,361.99</b>	<b>1,386.80</b>

**36. IMPAIRMENT ON FINANCIAL INSTRUMENTS**

(₹) in Lacs

<b>PARTICULARS</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
On financial instruments measured at amortized cost		
Receivables	(8.81)	5.80
Other financial assets	-	(0.87)
Deposits	0.12	0.63
Fixed deposits	0.17	0.03
Loans : Margin trade funding clients		
: fund based	0.47	-
: non fund based	0.38	-
<b>Total</b>	<b>(7.67)</b>	<b>5.59</b>

**37. EMPLOYEE BENEFIT EXPENSE**

(₹) in Lacs

<b>PARTICULARS</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Salaries and Wages	6,495.08	6,086.85
Share based payments to employees (refer note 48)	155.09	196.02
Contributions provident and other funds	304.74	204.15
Gratuity (refer note 51)	88.38	73.37
Staff welfare expenses	74.83	65.89
<b>Total</b>	<b>7,118.12</b>	<b>6,626.28</b>

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 38. DEPRECIATION AND AMORTIZATION

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of tangible assets	383.11	361.54
Depreciation of right of use assets	324.47	245.55
Amortization of intangible assets	54.31	87.97
<b>Total</b>	<b>761.89</b>	<b>695.06</b>

#### 39. OTHER EXPENSES

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Electricity	114.25	116.51
Repairs and maintenance		
- Building	59.03	54.95
- Others	220.78	184.24
Insurance	9.72	10.42
Rates and taxes	91.64	25.71
Communication, postage and courier	229.41	221.92
Travelling and conveyance	679.98	638.06
Printing and stationery	46.29	53.53
Advertisement and business promotion	322.13	291.97
Donations and contributions	3.15	17.71
Legal and professional fees	297.95	283.90
Subscription	732.47	571.95
Software expenses	61.79	46.42
Claims and compensation	1.77	-
Fees and stamps	21.93	19.43
Payments to stock exchanges	84.86	94.86
Registration fees	10.95	4.37
Depository charges	29.69	13.02
Loss due to execution of error trades	334.36	136.65
Training & development	36.66	66.48
Auditor's fees and expenses (refer note below) #	31.95	22.99
Loss on disposal/ discard of property, plant and equipment	-	1.74
Commission to independent directors	-	9.50
Share issue expenses	-	9.50
Foreign exchange rate fluctuation loss (net)	2.61	6.26
Others	104.57	101.23
<b>Total</b>	<b>3,527.94</b>	<b>3,003.32</b>

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(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
a) for audit fees	17.50	14.10
b) for tax audit fees	1.50	1.50
c) for other services including limited review and certificates	12.30	6.65
d) for reimbursement of expenses	0.65	0.74
<b>Total</b>	<b>31.95</b>	<b>22.99</b>

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### 40. DISCLOSURE PURSUANT TO IND AS 101 “FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS”

For reporting periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with Indian GAAP (IGAAP or previous GAAP). The Company has prepared its financial statements in accordance with Ind AS prescribed under section 133 of the Act and other accounting principles generally accepted in India and as notified by Ministry of Corporate Affairs with the transition date being April 1, 2018. The impact of transition has been provided in the opening reserves as at April 1, 2018.

In preparing these financial statements, the Company has opted to avail the choices available for certain transitional provisions with Ind AS 101, ‘First time adoption of Indian Accounting Standards’, which offers exemption from applying specified Ind AS retrospectively. The most significant of these provisions are in the following areas:

#### I. Cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as measured as per the previous GAAP and used that as its deemed cost as at the date of transition.

#### II. Classification and measurement of financial assets

At the transition date, the Company assessed the conditions for classification of financial assets and accordingly classified its financial assets at either amortized cost, fair value through other comprehensive income or fair value through profit and loss account, as appropriate, under the provisions of Ind AS 109, ‘Financial Instruments’.

#### III. Employees’ share based payment transactions

The Company has granted share options to the eligible employee of the Company. The Company has elected not to apply recognition and measurement requirements under Ind AS 102 for share based payments for the options vested before the transition date. Options which remain unvested on the date of transition are fair valued and entire cost till the transition date is recorded through retained earnings and through the statement of profit and loss thereafter. However, as all the options have been vested before the transition date, no Ind AS adjustment as on the date of transition is required.

#### IV. De-recognition of financial assets and liabilities

The Company has elected not to recognize financial assets or financial liabilities which were derecognized in

accordance with previous GAAP as a result of transactions that occurred before the transition date.

#### V. Investment in subsidiaries and associates

The financial statements prepared are separate financial statements. Ind AS 101 provides a one-time option to a first time adopter either to measure its investment in subsidiaries and associate as per previous GAAP carrying value or at fair value on the date of transition. The Company has elected to measure its investment in subsidiaries and associate as per previous GAAP carrying value.

#### VI. Revenue from contracts with customers

The Company has availed the following practical expedients in applying the standard retrospectively:

- For completed contracts within the same annual reporting period, no restatement has been done.
- For completed contracts that have variable consideration, the Company has used the transaction price at the date the contract was completed rather than estimating variable consideration amount in the comparative reporting periods, and
- For all reporting periods presented before the beginning of the first Ind AS reporting period, no disclosure of the amount of transaction price allocated to the remaining performance obligations have been done.

#### VII. Estimates

An entity’s estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies, if any).

#### VIII. Fair value measurement of financial assets or financial liabilities at initial recognition

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognize the ‘day one’ gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the ‘day one’ gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Company has opted for this exemption to recognize the ‘day one’ gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### RECONCILIATION OF NET WORTH AND NET INCOME BETWEEN INDIAN GAAP AND IND AS FINANCIAL STATEMENTS

##### A) Reconciliation of shareholder's equity as per Indian GAAP and Ind AS financial statements

PARTICULARS	Note	(₹) in Lacs	
		As at	
		31 March 2019	1 April 2018
Networth under previous GAAP		13,474.45	13,412.93
<b>Adjustments under Ind AS:</b>			
Gain/(Loss) on fair value of investments	b(i)	(7.58)	6.43
Impairment of financial instruments	b(ii)	(18.11)	(27.62)
Unwinding of security deposits	b(iii)	20.77	10.46
Amortization of prepaid rent as per Ind AS Opening	b(iii)	(11.15)	(11.15)
Reversal of income recognized under IGAAP	b(iv)	-	(25.00)
Financial guarantee income recognized on straight line basis	b(v)	17.19	6.49
Investment netted off on closure of financial guarantee to subsidiary	b(v)	(17.19)	-
ESOP reserve on account of subsidiary companies	b(vi)	3.92	-
Deferred tax impact on above adjustments	b(vii)	11.98	11.74
Net Impact of Ind AS 116 adjustments	b(ix)	(25.09)	-
Total impact on net worth		(25.26)	(28.65)
Total shareholders' equity as per Ind AS financial statements		13,449.19	13,384.28

##### B) Reconciliation of total comprehensive income as per Ind AS with profit reported under previous GAAP:

PARTICULARS	Note	(₹) in Lacs
		For the year ended 31 March 2019
Net profit as per Indian GAAP		636.64
<b>Adjustments on account of:</b>		
Gain/ (loss) on fair value of investments	b(i)	(14.01)
Impairment of financial instruments	b(ii)	9.51
Unwinding of security deposits	b(iii)	10.31
Impact of revenue recognition as per Ind AS 115	b(iv)	25.00
Financial guarantee income	b(v)	10.71
Impact due to fair valuation of options issued under ESOPs	b(vi)	(196.01)
Deferred tax on above	b(vii)	0.22
Reclassification of net actuarial loss on employee defined benefit obligation to Other Comprehensive Income	b(viii)	37.18
Net impact of Ind AS 116 adjustments	b(ix)	(25.09)
Net profit after tax as per Ind AS financial statements		494.46
Other comprehensive income (Net of tax)		(37.18)
Total comprehensive income as per Ind AS financial statements		457.28

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### RECONCILIATION OF STATEMENT OF CASH FLOWS

There were no material differences between the statement of cash flows presented under Ind AS and the previous GAAP.

### NOTES TO THE RECONCILIATION

#### (i) Fair valuation of Investments

Under the previous Indian GAAP, investments in equity instruments, preference shares and mutual funds, were classified as long-term investments or current investments based on intended holding period and realizability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in other equity as at the date of transition and subsequently in the statement of profit or loss for the year ended March 31, 2019.

This has resulted in an increase in retained earnings in April 2018 by ₹6.43 Lacs and reduction in retained earnings in March 2019 by ₹7.58 Lacs and a decrease in the net profit for the year ended March 2019 of ₹14.01 Lacs.

#### (ii) Impairment of financial assets

Under Ind AS provisions for losses are required to be computed as per the impairment principles laid out in Ind AS 109 'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2019.

This has resulted in a reduction in the retained earnings by ₹27.62 Lacs and ₹18.11 Lacs in April 2018 and March 2019 respectively and credit in the statement of profit and loss of ₹9.51 Lacs for the year ended March 31, 2019.

#### (iii) Accounting for security deposits

Under Indian GAAP, the security deposits given were accounted on the transaction price. Ind AS requires such assets to be recognized at present value. This has led to decrease in the value of the security deposits on the date of transition which was adjusted in the retained earnings. The excess of principal amount of the deposit over its fair value shall be recognized as right to use of assets as per Ind AS 116 which shall be amortized to profit or loss on a straight-line basis over the lease term, partially set off by

the notional interest income recognized on such deposit. The increase in interest income is known as unwinding of interest accounted under other income.

Unwinding of interest has resulted in increase in the retained earnings by ₹10.46 Lacs and ₹20.77 Lacs in April 2018 and March 2019 respectively and credit in the statement of profit and loss of ₹10.31 Lacs for the year ended March 31, 2019.

Under Ind AS 109, lease deposits were discounted to their present value and the balance was recognized as prepaid rent, which was amortized over the lease term (₹11.15 Lacs was amortized till March 31, 2018).

#### (iv) Non-refundable income

Under IGAAP, non-refundable fixed income from investment banking is recognized upfront as per the terms of the agreement. As per Ind AS 115, the Company has evaluated that the fixed fee that is recognized upfront in IGAAP will have to be reversed and needs to be recognized on completion of the performance obligation. This has resulted in credit in the statement of profit and loss and reduction in retained earnings by ₹25.00 Lacs for the year ended March 31, 2019 and as at 1st April, 2018 respectively.

#### (v) Financial guarantee income

The Company has given corporate guarantee to a bank on behalf of one of its wholly-owned subsidiary, Emkay Commotrade Limited. Unlike under IGAAP, the same is recognized as financial liability under Ind AS with corresponding impact reflected as investment in subsidiary. Further, the Company has assessed that since the same has been issued without charging any commission income, hence the same would be recognized at fair value and accordingly income is recognized on straight line basis in accordance with Ind AS 18. This has resulted in credit in the statement of profit and loss by ₹10.71 Lacs for the year ended March 31, 2019 and increase in retained earnings by ₹6.49 Lacs and ₹17.19 Lacs as at April 01, 2018 and March 31, 2019 respectively.

On March 31, 2019, the Company has transferred this investment amount to retained earnings as this guarantee has been withdrawn by the Company. This has resulted in decrease in retained earnings by ₹17.19 Lacs as at March 31, 2019.

#### (vi) Employees' stock option expense

Under previous GAAP the Company followed the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost was measured by the excess, if any, of the fair value of the underlying stock over the exercise price as determined under the option plan. Under Ind AS 102, the grant date fair value of the employee

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

stock option should be recognized over the vesting period by debiting the 'Employee benefit expense' in statement of profit and loss and crediting 'Equity-settled share-based payment reserve' under other equity.

As a result of this change, the profit for the year ended March 31, 2019 decreased by ₹196.01 Lacs. There is no impact on the total equity as at March 31, 2019.

Further, the Company has given stock options to the employees of the wholly-owned subsidiary companies where the fair value of the said options recognized over the vesting period by debiting "Investment in Subsidiary Company" and crediting 'Equity-settled share-based payment reserve' under other equity. This has resulted in increase in retained earnings by ₹3.92 Lacs as at March 31, 2019.

### (vii) Deferred tax

Indian GAAP required deferred tax accounting using profit and loss approach, which focused on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under Indian GAAP.

In addition, the various transitional adjustments have led to temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

### (viii) Re-measurement of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in the other comprehensive income instead of statement of profit or loss under the previous GAAP.

As a result of this change, the profit for the year ended March 31, 2019 increased by ₹37.18 Lacs. There is no impact on the total equity as at March 31, 2019.

### (ix) Lease liability and right of use of assets

The Company has opted for the modified retrospective approach for transition to the new standard for leases: Ind AS 116. Lease liability and a corresponding right-of-use asset are recognized in the books by discounting the lease rentals using the incremental borrowing rate. An amount of 39.93 Lacs was accrued on the lease liability as finance cost and the right-of-use asset was depreciated by ₹245.56 Lacs. Lease payments of ₹260.40 Lacs were transferred from rent expense and shown as payment of lease liabilities.

This has resulted in a reduction in the retained earnings by ₹25.09 Lacs in March 2019 and debit in the statement of profit and loss of ₹25.09 Lacs for the year ended March 31, 2019.

## 41. EARNINGS PER SHARE

### a) Basic Earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculations are as follows:

PARTICULARS			For the year ended 31 March 2020	For the year ended 31 March 2019
a	Equity shares outstanding at the beginning of the year	Nos.	2,46,19,030	2,45,34,030
b	Add: Weighted average number of equity shares issued during the year	Nos.	Nil	67,233
c	Weighted average number of equity shares for basic earnings per share (a+b)	Nos.	2,46,19,030	2,46,01,263
d	Net (loss)/profit after tax available for equity shareholders	(₹) in Lacs	(1,257.86)	494.46
e	Basic earnings per share of ₹10 each (d/c)	₹	(5.11)	2.01

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### b) Diluted Earnings per share

The calculations of diluted earnings per share is based on profit attributable to shareholders and weighted average number of equity

shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

PARTICULARS			For the year ended 31 March 2020	For the year ended 31 March 2019
a	Weighted average number of equity shares for basic earnings per share	Nos.	24,619,030	24,601,263
b	Add: Impact of Diluted ESOPs	Nos.	Nil	10,306
c	Weighted average number of equity shares for diluted earnings per share (a+b)	Nos.	24,619,030	24,611,569
d	Net profit after tax available for equity shareholders	(₹) in Lacs	(1,257.86)	494.46
e	Diluted earnings per share of ₹10 each (d/c)	₹	(5.11)	2.01

## 42. SEGMENT INFORMATION

### Primary Segment

The Chief Operating Decision Maker (CODM) monitors the operating results of the business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segment has been identified considering the nature of services, the differing risks and returns, the organization structure and internal financial reporting system. Business segment has been considered as the primary segment for disclosure. The primary business

of the Company relate to one business segment namely "Advisory and Transactional Services" comprising of broking and distribution of securities, investment banking and other related financial intermediation services therefore primary business segment reporting as required by Ind AS "Segment Reporting" is not applicable.

## 43. RELATED PARTY DISCLOSURES

(A) As per Indian Accounting Standard on related party disclosures (Ind AS 24), the names of the related parties of the Company are as follows:

Subsidiary Companies	Emkay Fincap Limited
	Emkay Commotrade Limited
	Emkay Wealth Advisory Limited (formerly Emkay Insurance Brokers Limited)
	Emkay Investment Managers Limited
	Emkayglobal Financial Services IFSC Pvt. Limited
Associate	Azalea Capital Partners LLP
Associate of a wholly owned subsidiary company	Finlearn Edutech Private Limited
Directors and/or key managerial personnel (KMP)	S. K. Saboo : Chairman (w.e.f. 30.01.2019, till 29.01.2019 Non Executive, Non Independent Director)
	G. P. Gupta : Ex-Chairman (Resigned w.e.f. 02/11/2018)
	Krishna Kumar Karwa : Managing Director
	Prakash Kacholia : Managing Director
	G. C. Vasudeo : Independent Director
	R. K. Krishnamurthi : Independent Director
	Dr. Satish Ugrankar : Independent Director
	Dr. Bharat Kumar Singh : Independent Director (w.e.f. 14.08.2018 )

**Notes to Standalone Financial Statements  
 For the year ended 31 March 2020 (Contd.)**

Relatives of directors and/or key managerial personnel (Where transactions have taken place)	Preeti Kacholia (Woman Director)
	Priti Karwa
	Raunak Karwa
	Soumya Karwa
	Murlidhar Karwa HUF
	Krishna Kumar Karwa HUF
	Nidhi Kacholia
	Divya Kacholia
	Krishna R Kacholia
	Rekha S Saboo
	Amit S Saboo
Enterprises owned/ controlled by key managerial personnel or their relatives (Where transactions have taken place)	Cambridge Securities
	Synthetic Fibres Trading Company
	Emkay Corporate Services Pvt. Ltd.
	Seven Hills Capital
	Emkay Charitable Foundation
Post-employment benefits plan	Krishna Investments
	Emkay Global Financial Services Limited Employees Group Gratuity Assurance Scheme (Trust)
Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year	
Chief Financial Officer	Saket Agrawal
Company Secretary	Bhalchandra Raul

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### (C) Related party transactions for the year ended 31 March 2020

No.	PARTICULARS	Nature of transaction	Transaction amount during		Amount Outstanding as on	
			2019-20	2018-19	31 March 2020	31 March 2019
						(₹)
	<b>Subsidiary Companies</b>					
1	Emkay Fincap Limited	Brokerage income	2,86,068	7,61,708	-	-
		Depository charges	1,58,385	2,63,735	-	-
		Rent recovery	5,09,598	5,20,656	-	-
		Reimbursement of expenses	1,79,394	1,98,090	-	1,90,448
		Loan taken & repayment	60,00,00,000	33,50,00,000	-	-
		Interest paid on loan taken	50,73,770	1,00,960	-	-
		Trade payables	-	-	-	12,02,004
		Investment in equity shares	-	-	2,20,00,000	22,00,00,000
		Investment : ESOP granted to employees	2,01,096	1,80,731	3,81,827	1,80,731
		Loan granted and receipt of loan granted	6,00,00,000	-	-	-
		Trade receivables	-	-	1,308	-
		Interest income on loan given	1,61,644	-	-	-
2	Emkay Comtrade Limited	Depository charges	2,520	5,095	-	-
		Rent recovery	90,033	2,60,328	-	-
		Reimbursement of expenses	43,212	3,89,955	-	1,09,616
		Reimbursement of expenses paid	37,170	-	-	-
		Payment received on behalf of client	1,416	31,158	-	-
		Trade receivables	-	-	-	437
		Financial guarantee income	-	10,70,685	-	-
		Investment in equity shares	-	-	6,00,00,000	6,00,00,000
		Investment in preference shares	-	-	2,50,00,000	2,50,00,000
		Loan taken & repayment	9,00,00,000	-	-	-
		Interest paid on loan taken	23,85,246	-	-	-
3	Emkay Wealth Advisory Limited (Formerly Emkay Insurance Brokers Limited)	Rent recovery	5,09,616	3,24,396	-	-
		Reimbursement of expenses	1,06,684	2,03,095	-	-
		Investment in equity shares	-	-	4,10,00,000	4,10,00,000
		Investment : ESOP granted to employees	1,96,861	-	1,96,861	-
		Purchase of fixed assets	33,963	33,337	-	-
		Sale of fixed assets	99,806	-	-	-
		Depository charges	600	-	-	-
4	Emkay Investment Managers Limited	Brokerage income	1,38,025	3,875	-	-
		Depository charges	84,175	37,985	-	-
		Rent recovery	15,24,637	13,28,331	-	-
		Reimbursement of expenses	4,64,722	4,17,684	-	-
		Interest income on loan given	-	10,69,863	-	-
		Loan given	-	2,00,00,000	-	-
		Investment : ESOP granted to employees	11,97,709	2,11,419	14,09,128	2,11,419
		Trade receivables	-	-	1,37,200	5,082
		Trade payables	-	-	2,748	-
		Investment in equity shares	-	4,00,00,000	9,00,00,000	9,00,00,000

# Notes to Standalone Financial Statements

## For the year ended 31 March 2020 (Contd.)

### (C) Related party transactions for the year ended 31 March 2020

No.	PARTICULARS	Nature of transaction	Transaction amount during 2019-20	Transaction amount during 2018-19	Amount Outstanding as on 31 March 2020	Amount Outstanding as on 31 March 2019
		Loan granted received back	-	40,00,000	-	-
		Trade payables	-	-	-	-
5	Emkayglobal Financial Services IFSC Pvt.Ltd.	Reimbursement of expenses	43,930	-	-	-
		Investment in equity shares	1,50,00,000	-	1,50,00,000	-
	Associate					
6	Azalea Capital Partners LLP	Depository charges	1,070	630	-	-
		Trade receivables	-	-	-	35
		Investment via capital contribution	-	-	4,50,000	4,50,000
		Payments made on behalf	-	-	-	-
		Reimbursement of expenses	19,080	-	19,080	-
		Trade payables	-	-	7,120	-
	Associate of a wholly owned subsidiary company					
7	Finleam Edutech Private Limited	Sale of assets	6,40,215	-	-	-
		Depository charges	675	-	-	-
		Trade payables	-	-	33	-
	Directors and/or Key managerial personnel (KMP)					
8	Krishna Kumar Karwa	Salaries & other benefits	1,14,24,000	94,08,000	-	-
		Brokerage income	39,151	48,825	-	-
		Depository charges	660	830	-	-
		Dividend paid	49,22,500	98,45,000	-	-
		Trade receivables	-	-	-	89
		Trade payables	-	-	21,261	-
	Prakash Kacholia	Salaries & other benefits	1,14,24,000	94,08,000	-	-
		Brokerage income	30,356	36,002	-	-
		Depository charges	2,645	1,000	-	-
		Dividend paid	47,50,000	95,00,000	-	-
		Trade payables	-	-	73,26,270	24,76,815
10	S.K.Saboo	Brokerage income	16,700	7,400	-	-
		Depository charges	345	315	-	-
		Sitting fees	80,000	1,00,000	-	-
		Trade payables	-	-	195	-
11	G.P.Gupta	Sitting fees	-	50,000	-	-
12	G.C.Vasudeo	Sitting fees	80,000	1,30,000	-	-
		Commission	-	3,50,000	-	3,50,000
13	R.K.Krishnamurthi	Sitting fees	90,000	1,50,000	-	-

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### (C) Related party transactions for the year ended 31 March 2020

No.	PARTICULARS	Nature of transaction	Transaction amount during		Amount Outstanding as on	
			2019-20	2018-19	31 March 2020	31 March 2019
		Commission	-	2,00,000	-	2,00,000
14	Dr. Satish Ugrankar	Sitting fees	1,20,000	1,50,000	-	-
		Commission	-	2,00,000	-	2,00,000
15	Dr. Bharat Kumar Singh	Sitting fees	60,000	40,000	-	-
		Commission	-	2,00,000	-	2,00,000
	Relatives of directors and/or key managerial personnel					
16	Preeti Kacholia	Brokerage income	3,81,175	3,17,862	-	-
		Depository charges	8,685	6,505	-	-
		Dividend paid	18,80,000	37,60,000	-	-
		Trade payables	-	-	20,96,972	1,41,900
17	Priti Karwa	Brokerage income	1,408	357	-	-
		Depository charges	510	630	-	-
		Trade receivables	-	-	-	71
		Trade payables	-	-	1,26,480	-
18	Krishna Kacholia	Brokerage income	16	-	-	-
		Depository charges	1,335	-	-	-
19	Raunak Karwa	Salaries & other benefits	20,16,000	20,16,000	-	-
		Brokerage income	-	5,109	-	-
		Depository charges	150	735	-	-
		Dividend paid	17,50,000	35,00,000	-	-
		Trade receivables	-	-	-	389
20	Soumya K Karwa	Depository charges	995	510	-	-
		Trade payables	-	-	-	-
		Trade receivables	-	-	124	124
21	Muridhar Karwa HUF	Brokerage income	5,400	-	-	-
		Depository charges	465	315	-	-
		Dividend paid	1,00,000	2,00,000	-	-
		Trade receivables	-	-	-	384
22	Krishna Kumar Karwa HUF	Brokerage income	6,726	-	-	-
		Depository charges	150	375	-	-
		Dividend paid	1,00,000	2,00,000	-	-
		Trade receivables	-	-	18	35
23	Nidhi Kacholia	Brokerage income	70	344	-	-
		Depository charges	645	15	-	-

**Notes to Standalone Financial Statements  
For the year ended 31 March 2020 (Contd.)**

**(C) Related party transactions for the year ended 31 March 2020**

No.	PARTICULARS	Nature of transaction	Transaction amount during 2019-20	2018-19	Amount Outstanding as on 31 March 2020	31 March 2019
						(₹)
24	Divya Kacholia	Brokerage income Depository charges	240 90	- -	- -	- -
25	Amit S Saboo	Brokerage income Depository charges Trade receivable Trade payables	9,300 480	10,876 405		18,328
26	Rekha S Saboo	Depository charges Trade receivables	-	15	4,30,739	18
	<b>Enterprises owned/controlled by KMP or their relatives</b>					
27	Synthetic Fibres Trading Co	Brokerage income Depository charges Trade payables Trade receivables	8,22,120 2,340	7,65,341 1,490	- 2,21,995	- - 71
28	Emkay Corporate Services Private Limited	Brokerage income Depository charges Dividend paid Interest paid Loan taken & repayment Trade payables	33,419 1,490 48,51,484	55,764 1,700 83,00,000 27,124 4,50,00,000	- - - - -	- - - - 52,35,153
29	Krishna Investments	Brokerage and commission Trade payables	43,169	49,308	82,021	41,869
30	Seven Hills Capital	Brokerage income Depository charges Trade payables Trade receivables	2,83,201 2,680	3,42,535 1,610	- -	- 40,63,137
31	Emkay Charitable Foundation	Donation : Corporate social responsibility	-	8,00,000	-	-
	<b>Post employment benefits plan</b>					
32	EGFSL Employees Group Gratuity Assurance Scheme ( Trust )	Gratuity contribution	1,27,13,416	84,88,362	1,27,13,416	84,88,362
	<b>Additional Related Parties as per Companies Act, 2013</b>					
33	Saket Agrawal : Chief financial officer	Salaries & other benefits	45,55,572	45,87,160	-	-
34	Bhalchandra Raul : Company secretary	Salaries & other benefits	25,15,749	24,92,093	-	-

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 44. FOREIGN CURRENCY TRANSACTIONS

Sr. No.	PARTICULARS	(₹) in Lacs	
		For the year ended	
		31 March 2020	31 March 2019
1	Expenditure in foreign currency (accrual basis)		
(a)	Fees and commission expenses	73.70	18.23
(b)	Travelling expenses	34.41	72.48
(c)	Subscription	91.73	87.91
(d)	Advertisement and business promotion	14.08	23.67
(e)	Software expenses	0.16	0.50
		<b>214.08</b>	<b>202.79</b>
2	Earnings in foreign currency (accrual basis)		
(a)	Research and advisory fees	154.87	301.28

#### 45. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold needs to spend at least 2% of its average net profit for the immediately three preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been

formed by the Company as per the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹ 29.01 Lacs (P.Y. ₹ 31.11 Lacs)

b) Details of amount spent:

PARTICULARS	In Cash	Yet to be paid	(₹) in Lacs
			Total
<b>During the year ended on 31 March 2020</b>			
i) Construction / acquisition of any asset	-	29.01	29.01
<b>During the year ended on 31 March 2019</b>			
i) Construction / acquisition of any asset	7.76	23.35	31.11
ii) On purpose other than (i) above	-	-	-

Above amount has been spent by Emkay Charitable Foundation a section 8 Company as per the Companies Act, 2013 from the contribution made by the Company.

#### 46. CONTINGENT LIABILITIES

Sr. No.	PARTICULARS	(₹) in Lacs	
		As at	
		31 March 2020	31 March 2019
1	Claims against the Company not acknowledged as debt	4.88	4.88
2	Guarantees issued by Banks	16,200.00	15,500.00
3	Service Tax matters in appeal : net of amount deposited	847.81	847.81

Note: Guarantees given

The Company has provided bank guarantees aggregating to ₹16,200.00 Lacs for the following purposes to:

1. National Stock Exchange of India Limited : ₹12,750.00 Lacs for meeting margin requirements.
2. BSE Limited : ₹300.00 Lacs for meeting margin requirements.

3. Multi Commodity Exchange of India Limited : ₹ 2,725.00 Lacs for meeting margin requirements.

4. National Commodity & Derivatives Exchange Limited : ₹425.00 Lacs for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating to ₹ 8,100.00 Lacs for obtaining bank guarantees.

#### 47. CAPITAL COMMITMENTS

Sr. No.	PARTICULARS	(₹) in Lacs	
		As at	
		31 March 2020	31 March 2019
1	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	8.65	174.04

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### 48. SHARE BASED PAYMENTS

#### Details of employees' stock options

##### ESOP-2005

This scheme was approved by the shareholders at the Extra ordinary General meeting held on 28th January, 2006 for grant of 3,81,250 equity shares of ₹ 10/- each.

##### ESOP-2007

This scheme was approved by the shareholders at the Extra Ordinary General Meeting held on 11.01.2008 for grant of 24,26,575 equity shares of ₹ 10/- each.

##### ESOP- 2010 – Through Trust Route

This scheme was approved by the shareholders at the Annual General Meeting held on 30.08.2010 for grant of 24,41,995 equity shares of ₹ 10/- each. Emkay Employees Welfare Trust was formed for the said purpose.

##### ESOP-2018

This scheme was approved by shareholders through postal ballot process on 21.03.2018 for grant of 24,53,403 equity shares of ₹ 10/- each.

The activity in ESOP-2007, ESOP-2010 and ESOP-2018 during the year ended 31 March, 2020, 31 March 2019 and 31 March 2018 is set out below:

PARTICULARS	As at 31 March 2020	Weighted Average Exercise Price	As at 31 March 2019	Weighted Average Exercise Price	As at 1 April 2018	Weighted Average Exercise Price
	Nos.	₹	Nos.	₹	Nos.	₹
<b>ESOP-2007</b>						
Options outstanding at the beginning of the year	1,395,000	145.45	87,000	54.01	353,050	61.71
Add: Granted	1,411,598	74.66	1,395,000	145.45	-	-
Less: Exercised	-	-	50,000	37.00	115,880	64.92
Less: Forfeited	-	-	-	-	-	-
Less: Lapsed	847,500	134.33	37,000	77.00	150,170	63.70
Options outstanding at the end of the year	1,959,098	74.98	1,395,000	145.45	87,000	54.01
<b>ESOP-2010-Through Trust route</b>						
Options outstanding at the beginning of the year	-	-	15,500	93.00	65,000	87.23
Add: Granted	-	-	-	-	-	-
Less: Exercised	-	-	-	-	40,500	83.74
Less: Forfeited	-	-	-	-	-	-
Less: Lapsed	-	-	15,500	93.00	9,000	93.00
Options outstanding at the end of the year	-	-	-	-	15,500	93.00
<b>ESOP-2018</b>						
Options outstanding at the beginning of the year	2,086,168	110.49	-	-	-	-
Add: Granted	356,958	91.92	2,186,168	110.38	-	-
Less: Exercised	-	-	-	-	-	-
Less: Forfeited	-	-	-	-	-	-
Less: Lapsed	923,000	75.60	100,000	108.20	-	-
Options outstanding at the end of the year	1,520,126	75.38	2,086,168	110.49	-	-

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### The Company has re-priced following options during current year

ESOP Scheme	No of Options	Original Weighted Average Exercise price	Revised Weighted Average Exercise price
<b>ESOP-2007</b>			
Options granted during current year	-	-	-
Options granted during previous year	635,000	145.45	75.60
<b>ESOP-2018</b>			
Options granted during current year	332,338	93.20	75.60
Options granted during previous year	1,986,168	112.40	75.60

#### Employees' stock options scheme (ESOP):

PARTICULARS	ESOP-2007	ESOP-2010 -Through Trust Route	ESOP - 2018
Date of Grant	Various dates starting from 17.01.2008 till 24.01.2020	Various dates starting from 21.10.2010 till 21.01.2012	Various dates starting from 14.08.2018 till 14.11.2019
Date of Board Approval	01.12.2007	27.07.2010	29.01.2018
Date of Shareholder's Approval	11.01.2008	30.08.2010	21.03.2018
Number of Options Granted	56,11,598 *	6,47,000	25,43,126 **
Method of Settlement	Equity	Equity	Equity
Vesting Period	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based	Graded vesting over a period of 5 years	Ranging from 2 years and 1 month to 7 years and 10 months. Both Time based and performance based

\* Options granted under ESOP – 2007 includes 470,000 options to employees of Subsidiary Companies.

\*\* Options granted under ESOP – 2018 includes 86,167 options to employees of Subsidiary Companies.

#### Weighted average remaining contractual life:

PARTICULARS	ESOP-2007	ESOP-2018
Current year		
- Granted but not vested	6.05 years	5.61 years
Current year		
- Vested but not exercised	-	-
Current year		
- Weighted Average Share Price at the date of exercise for stock options exercised during the year	-	-
Previous year		
- Granted but not vested	7.23 years	6.71 years
Previous year		

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

PARTICULARS	ESOP-2007	ESOP-2018
- Vested but not exercised	-	-
Previous year		
- Weighted Average Share Price at the date of exercise for stock options exercised during the year	122.56	-
Exercise Period	Within 2 to 3 years from the date of vesting of options	
Vesting Conditions	Vesting of options would be subject to continued employment with the Company and / or its subsidiaries and thus the options would vest on passage of time. In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters.	
Weighted Average Fair Value of Options as on grant date - Current Year	38.51	43.47
Weighted Average Fair Value of Options as on grant date - Previous Year	92.89	62.66
Risk free interest rate	7.75%	7.75%
Dividend Yield	1.41%	1.41%
Expected Volatility	62.00%	62.00%

### THE EXERCISE PRICING FORMULAS FOR ESOP SCHEMES ARE AS UNDER:

#### ESOP-2007

The exercise price shall be equal to the latest available closing market price on the date prior to the date on which the Nomination, Remuneration and Compensation Committee finalizes the specific number of options to be granted to the employees.

#### ESOP-2010

The exercise price shall be calculated on the basis of latest closing price of the Company's equity shares quoted on the Stock Exchange prior to the date of the grant of Options, which for this purpose shall be date on which the Nomination, Remuneration and Compensation Committee

meets to make its recommendations for grant of Options.

#### ESOP-2018

The exercise price shall be the closing price of the Company's equity shares quoted on the Stock Exchange immediately prior to the date of grant of the Options, which for this purpose shall be the date on which the Nomination, Remuneration and Compensation Committee meets to make its recommendations for the grant of the Options. The Stock Exchange to be selected for determining the closing price shall be in accordance with the SEBI ESOP Regulations. The Committee may, at its sole discretion, consider a discount to such closing price.

### OTHER INFORMATION REGARDING EMPLOYEE SHARE BASED PAYMENT PLAN IS AS BELOW

		(₹) in Lacs	
Sr. No.	PARTICULARS	For the year ended	
		31 March 2020	31 March 2019
1	Expenses arising from employees share based payment plans	155.09	196.02
2	Total carrying amount at the end of the year	667.93	1,437.21

**Notes to Standalone Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**49. A) DETAILED INFORMATION IN RESPECT OF EQUITY INDEX / STOCK FUTURES CONTRACT OUTSTANDING AND HELD FOR TRADING PURPOSE (OPEN INTEREST)**

Name of Equity Index/ Stock Futures	As at 31 March 2020			As at 31 March 2019		
	No. of Contracts	No. of Units		No. of Contracts	No. of Units	
		Long	Short		Long	Short
FUTSTK LT	67	25,125	-	-	-	-
FUTSTK M&M	2	-	2,000	-	-	-
FUTSTK HCLTECH	-	-	-	3	2,100	-
FUTSTK REPCOHME	-	-	-	15	16,500	-
FUTSTK ACC	-	-	-	4	1,600	-
FUTSTK BALKRISIND	-	-	-	3	-	2,400
FUTSTK EICHERMOT	-	-	-	3	-	75
FUTSTK SRTRANSFIN	-	-	-	3	1,800	-
FUTSTK JUBLFOOD	-	-	-	4	2,000	-
FUTSTK HEXAWARE	-	-	-	6	9,000	-
FUTSTK EQUITAS	-	-	-	9	36,000	-
FUTSTK APOLLOHOSP	-	-	-	4	2,000	-

**B) DETAILED INFORMATION IN RESPECT OF EQUITY INDEX / STOCK OPTIONS CONTRACTS OUTSTANDING AND HELD FOR TRADING PURPOSE (OPEN INTEREST)**

(₹) in Lacs

Name of Equity Index Options	Premium c/f as at 31 March 2020 (net of provision made)	Premium c/f as at 31 March 2019 (net of provision made)
NIFTY	-	1.94
Total	-	1.94

**50. DETAILED INFORMATION IN RESPECT OF SECURITIES TRADED (DELIVERY ONLY)**

(₹) in Lacs

PARTICULARS	Purchases for the year ended		Sales for the year ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Securities	3,270.53	3,575.33	3,064.07	3,588.62

**51. EMPLOYEE BENEFITS**

**Gratuity**

**Governance of the Plan:**

The Company has set up an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan.

**Funding arrangements and policy:**

The money contributed by the Company to the fund to

finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively. There is no compulsion on the part of the Company to fully pre fund the liability

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

of the Plan. Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan. The expected contribution to the plan next year is ₹225.00 Lacs.

The following table summarizes the components of net expenses for gratuity benefits recognized in the statement of profit and loss, other comprehensive income and amount recognized in the balance sheet.

### a) Movement in defined benefit obligation

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Present value of obligation as at the beginning	574.55	469.18
Current service cost	82.50	64.77
Interest expense or cost	39.73	33.76
Re measurements due to :		
- Actuarial loss / (gain) arising from change in financial assumptions	63.22	24.12
- Actuarial loss / (gain) arising from change in demographic assumptions	0.09	5.79
- Actuarial loss / (gain) arising on account of experience changes	9.33	16.85
Benefits paid	(109.91)	(41.47)
Acquisition adjustment	0.57	1.55
Present value of obligation as at the end	660.08	574.55

### b) Movement in Plan assets

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Fair value of plan asset as at the beginning	489.64	349.88
Employer contributions	84.88	159.27
Investment income	33.86	25.17
Return on plan assets, excluding amount recognized in net interest expense	33.88	(4.76)
Benefits paid	(109.91)	(41.47)
Acquisition adjustment	0.57	1.55
Fair value of plan asset as at the end	532.92	489.64
Categories of plan asset		
Fund managed by insurer	99.50%	99.70%
Bank balance	0.50%	0.30%

**Notes to Standalone Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**c) Reconciliation of net liability/ asset**

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Net defined benefit liability/(asset) as at the beginning of the year	(84.91)	(119.30)
Expenses charged to statement of profit and loss	(88.38)	(73.36)
Amount recognized in other comprehensive income	(38.76)	(51.51)
Employer contribution	84.89	159.26
Net defined benefit liability/(asset) as at the end of the year	(127.16)	(84.91)

**d) Expenses charged to the Statement of Profit & Loss**

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Current Service Cost	82.50	64.77
Net Interest Cost / (Income) on the net defined benefit liability/(Asset)	5.88	8.59
Expenses recognized in the income statement	88.38	73.36

**e) Movement in asset ceiling**

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Effect of asset ceiling at the beginning	-	-
Interest on opening balance of asset ceiling	-	-
Re measurements due to change in surplus/deficit	-	-
Effect of asset ceiling as at the end	-	-

**f) Re-measurement (gains)/ losses in other comprehensive income**

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Actuarial (gains)/ losses		
Change in financial assumptions	63.22	24.12
Change in demographic assumptions	0.09	5.79

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### f) Re-measurement (gains)/ losses in other comprehensive income

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Experience adjustments	9.33	16.85
Return on plan assets, excluding amount recognized in net interest expense	(33.88)	4.75
Components of defined benefit costs recognized in other comprehensive income	<b>38.76</b>	<b>51.51</b>

### g) Amount recognized in balance sheet

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Present value of obligation	<b>660.08</b>	<b>574.55</b>
Fair value of plan assets	532.92	489.64
Surplus/ (Deficit)	(127.16)	(84.91)
Effects of asset ceiling, if any	-	-
Net Asset / (Liability)	<b>(127.16)</b>	<b>(84.91)</b>

### h) Key actuarial assumptions

PARTICULARS	As at 31 March	
	2020	2019
Discount Rate (p.a.)	5.55%	6.90%
Salary growth rate (p.a.)	10.00%	9.00%
Category of plan assets		
Insurer managed funds	100%	100%

### i) Sensitivity analysis for significant assumptions is as shown below

PARTICULARS	As at 31 March	
	2020	
	Decrease (-1% )	Increase (+1%)
Discount rate ( - /+ 1% ) : % Change compared to base due to sensitivity	5.10%	-4.70%
Salary growth ( - / +1% ) : % Change compared to base due to sensitivity	-3.70%	3.80%

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### j) Projected plan cash flow:

The table below shown the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

(₹) in Lacs	
PARTICULARS	As at 31 March 2020
<b>Maturity Profile</b>	
Expected benefit for 1 year	113.51
Expected benefit for 2 to 5 years	385.83
Expected benefit for 6 to 10 years	246.27
Expected benefit for more than 10 years	148.40

The weighted average duration to the payment of these cash flows is five years.

#### 52. LEASE

The Company has entered into lease contracts for various properties across India for its office premises used in its operations. There are no variable lease payments, residual agreements, sale and leaseback arrangements and other restrictions.

The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'Short-term lease' recognition exemption for these leases.

Set out below are the carrying amount of right-of-use assets recognized and movement during the year.

(₹) in Lacs	
PARTICULARS	As at 31 March 2020
Carrying amount of asset as at 1 April 2018 (restated)	305.46
Additions	380.91
Depreciation expense	(245.55)
<b>Balance as at 31 March 2019</b>	<b>440.82</b>
Additions	605.72
Closure	(58.31)
Depreciation expense	(324.47)
<b>Balance as at 31 March 2020</b>	<b>663.76</b>

Set out are the carrying amount of lease liabilities and movement during the year :

(₹) in Lacs		
PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
	-	Restated
<b>As at 1 April 2019</b>	436.41	292.66
Additions	576.97	364.21
Accretion of interest	59.23	39.93
Closure	(59.99)	-
Payments	(350.60)	(260.39)

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

Set out are the carrying amount of lease liabilities and movement during the year :

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
	-	Restated
Balance as at 31 March 2020	662.02	436.41
Current	297.07	237.93
Non Current	364.95	198.48

The maturity of lease liabilities is disclosed in Note 59.

The effective interest rate of lease liabilities is 10.45% with maturities between one to three years.

The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis is as follows :

(₹) in Lacs

PARTICULARS	As at 31 March 2020
Up to one year	349.49
One to five years	392.04
<b>Total</b>	<b>741.53</b>

The following are the amount recognized in statement of profit or loss

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2020
	-	Restated
Depreciation expense right of use of assets	324.47	245.55
Interest expense on lease liabilities	59.23	39.93
Expense relating to short term leases (included in other expenses)	0.15	3.59
<b>Total Amount recognized in statement of profit and loss account</b>	<b>383.85</b>	<b>289.07</b>

### 53. RATINGS ASSIGNED BY CREDIT RATING AGENCY

ICRA Limited has downgraded rating to [ICRA] A2+ from [ICRA] A1 to the short term non fund based bank facilities of the Company of ₹20,000 lacs ( Previous year : ₹20,000 lacs ).

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### 54. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are

(₹) in Lacs

PARTICULARS	As at		
	31 March 2020	31 March 2019	1 April 2018
<b>Financial Asset</b>			
Fixed Deposits	300.00	300.00	300.00
<b>Non Financial Asset</b>			
Building	2,476.71	2,603.22	2,736.19

Fixed Deposits and Buildings are pledged and mortgaged respectively with bank for overdraft facilities.

**55. a)** Shares (i) received from clients/ remissiers / sub-brokers as collateral for margins/ security deposits, (ii) of clients, withheld against their outstanding balances, are held by the Company in its own name in a fiduciary capacity. Depending upon business needs of the Company, some of these shares are lodged with the exchanges towards additional base capital/ exposure.

**(b)** Client fixed deposits are kept as collateral for their margin requirements are lien marked directly in favor of stock exchanges through their clearing corporations / professional clearing member and are utilized towards additional base capital/ exposure/ margin requirement of the Company.

**56.** Other liabilities under other financial liabilities includes ₹42.66 Lacs ( P.Y. ₹19.58 Lacs ) being aggregate amount of deposits in Company's bank accounts made directly by clients whose details are awaited. Appropriate accounting treatment is given on regular basis on receipt of required information.

### 57. FINANCIAL RISK MANAGEMENT

The Company has established a comprehensive system for risk management and internal controls for all its businesses to manage the risks that it is exposed. The objective of its risk management framework is to ensure that various risks are identified, measured and mitigated and also that policies, procedures and standards are established to address these risks and ensure a systematic response in the case of crystallization of such risks.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The risk management system features 'three lines of defence' approach.

- The first line of defence comprises its operational departments, which assume primary responsibility for their own risks and operate within the limits stipulated in various policies approved by the Board or by committees constituted by the Board.
- The second line of defence comprises specialized department such as risk management and compliance. They employ specialized methods to identify and assess risks faced by the operational departments and provide them with specialized risk management tools and methods, facilitate and monitor the implementation of effective risk management practices, develop monitoring tools for risk management, internal controls and compliances, report risk related information and promote the adoption of appropriate risk prevention measures.
- The third line of defence comprise the internal audit and external audit functions. They monitor and conduct periodic evaluations of the risk management, internal controls and compliance activities to ensure the adequacy of risk controls and appropriate risk governance and provide the Board with comprehensive feedback.

#### a) Credit risk

It is risk of financial loss that the Company will incur a loss because its customers or counterparties to financial instruments fails to meet its contractual obligation.

The Company's financial assets comprises of cash and bank balances, trade receivables, loans, investments and other financial assets which comprise mainly of deposits and unbilled revenues.

The maximum exposure to credit risk at the reporting date is primarily from Company's trade receivable and loans.

Following provides exposure to credit risks for trade receivables and loans:

#### Trade receivable

The Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Company considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of

the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

(₹) in Lacs

PARTICULARS	As at		
	31 March 2020	31 March 2019	1 April 2018
Trade and other receivables (net of impairment)	5,221.74	5,722.50	8,737.75
Loan (net of impairment)	121.34	0.21	218.95

Loans: Loans comprise of margin trading funding (MTF) for which staged approach is followed for determination of ECL.

Stage 1 : All standard loans in MTF loan book upto 30 days past due (DPD) are considered as Stage 1 assets for computation of expected credit loss.

Stage 2 : Exposure under stage 2 include under-performing loans having 31 to 90 days past due (DPD).

Stage 3 : Exposures under stage 3 include non-performing loans with overdue more than 90 days past due (DPD).

Based on historical data, the company assigns PD to stage 1 and stage 2 and applies it to the EAD to compute the ECL. For Stage 3 assets PD is considered as 100%

The company does not have any loan book which may fall under stage 2 or stage 3.

Following table provides information about exposure to credit risk and ECL on Loan

(₹) in Lacs

Bucketing (Stage)	As at 31 March 2020		As at 31 March 2019	
	Carrying Value	ECL	Carrying Value	ECL
Stage 1	121.81	0.47	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
<b>Total</b>	<b>121.81</b>	<b>0.47</b>	<b>-</b>	<b>-</b>

Movement in the allowances for impairment in respect of trade receivables and loans is as follows:

(₹) in Lacs

Bucketing (Stage)	As at 31 March 2020	As at 31 March 2019
Opening Balance	27.59	63.03
Net re-measurement of loss allowance	(14.34)	(35.44)
Closing Balance	13.25	27.59

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

Other financial assets considered to have a low credit risk:

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investments comprise of quoted equity instruments, mutual funds which are market tradeable. Other financial assets include deposits for assets acquired on lease and with qualified clearing counterparties and exchanges as per the prescribed statutory limits.

In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This can be reflected in the increased haircuts taken on collateral held against such receivables and loans.

### b) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to entity's reputation.

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and close out market positions.

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets in bank deposits. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

Refer note 59 for analysis of maturities of financial assets and financial liabilities.

### c) Market Risk

Market risk arises when movements in market factors

(foreign exchange rates, interest rates, credit spreads and equity prices) impact the Company's income or market value of its portfolios. The Company, in its course of business, is exposed to market risk due to change in equity prices, interest rates and foreign exchange rates. The objective of market risk management is to maintain an acceptable level of market risk exposure while aiming to maximize returns.

#### (i) Equity Price

The Company's exposure to equity price risk arises primarily on account of its proprietary positions and on account of margin bases positions of its clients in equity cash and derivative segments.

The Company's equity price risk is managed in accordance with its Risk Policy approved by Board.

#### (ii) Interest rate risk

The Company is exposed to Interest rate risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

The Company's interest rate risk arises from interest bearing deposits with bank and loan given to customers. Such instrument exposes the Company to fair value interest rate risk. Management believes that the interest rate risk attached to these financial assets is not significant due to the nature of these financial assets.

#### (iii) 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.

#### Foreign currency risk management

In respect of foreign currency transactions, the Company does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Company.

The Company's exposure to foreign currency risk at the end of reporting period is as shown as under:-

### Receivables

PARTICULARS	Currency	In Lacs	
		As At	
		31 March 2020	31 March 2019
Foreign currency exposure outstanding	USD	0.33	0.51
	INR	25.18	34.99

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### Receivables

In Lacs

PARTICULARS	Currency	As At	
		31 March 2020	31 March 2019
Foreign currency receivable in next 5 years including interest	USD	0.33	0.51
	INR	25.18	34.99
Unhedged foreign currency exposure	USD	0.33	0.51
	INR	25.18	34.99

### Payables

In Lacs

PARTICULARS	Currency	As At	
		31 March 2020	31 March 2019
Foreign currency exposure outstanding	USD	3.17	0.23
	INR	239.87	15.83
	SGD	0.06	0.03
	INR	3.20	1.31
Foreign currency payable in next 5 years including interest	USD	1.17	0.23
	INR	88.54	15.83
	SGD	0.06	0.03
	INR	3.20	1.31
Unhedged foreign currency exposure	USD	3.17	0.23
	INR	239.87	15.83
	SGD	0.06	0.03
	INR	3.20	1.31

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the impact on the financial statements.

The table below indicates the currencies to which the Company had significant exposure at the end of the reported periods for the non-traded component. The analysis calculates the effect of a reasonably possible movement of the currency rate against INR (all other variable being constant) on the statement of profit and loss.

### Receivables

In Lacs

Currency	Change in currency rate in %	Impact on statement of profit and loss for the year ended	
		31 March 2020	31 March 2019
USD	Depreciation of 5%	10.73	(0.96)
	Appreciation of 5%	(10.73)	0.96
SGD	Depreciation of 5%	0.16	0.07
	Appreciation of 5%	(0.16)	(0.07)

**Notes to Standalone Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**58. INCOME TAX**

**A) The major components of income tax expense for the year are as under**

PARTICULARS	(₹) in Lacs	
	For the year ended	
	31 March 2020	31 March 2019
Current Income tax	(0.99)	212.16
Deferred tax	(540.87)	13.70
<b>Tax expense for the year</b>	<b>(541.86)</b>	<b>225.86</b>
<b>Amounts recognized in other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit plans	(38.76)	(51.51)
Income tax relating to items that will not be reclassified to profit or loss	-	14.33
<b>Total other comprehensive income</b>	<b>(38.76)</b>	<b>(37.18)</b>

**B) Reconciliation of tax expenses and the accounting profit for the year is as under**

PARTICULARS	(₹) in Lacs	
	For the year ended	
	31 March 2020	31 March 2019
Profit before tax	(1,799.72)	720.32
Indian statutory income tax rate (%)	29.12%	27.82%
Expected income tax expenses	(524.08)	200.39
<b>Tax effect of adjustments to reconcile expected income tax expenses to reported income tax expenses</b>		
Expenses allowable	(205.67)	(194.36)
Fair valuation of investments	(152.57)	-
Expenses not deductible	348.18	265.28
Others (Net)	(6.73)	(2.28)
Mat credit entitlement	-	(24.00)
Tax relating to earlier years	(0.99)	(19.17)
<b>Total income tax expenses</b>	<b>(541.86)</b>	<b>225.86</b>

**C) Deferred tax disclosure**

**Movement of deferred tax assets and liabilities**

PARTICULARS	(₹) in Lacs		
	As at	Credit/ (Charge)	As at
	1 April 2019	in the statement of profit and loss	31 March 2020
Impairment allowance for financial assets	8.60	(3.97)	4.63
Difference between book and tax depreciation	(78.63)	(14.51)	(93.14)
Unabsorbed business loss	-	242.75	242.75
Unabsorbed depreciation	-	140.46	140.46

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### C) Deferred tax disclosure

#### Movement of deferred tax assets and liabilities

(₹) in Lacs

PARTICULARS	As at 1 April 2019	Credit/ (Charge) in the statement of profit and loss	As at 31 March 2020
Provision for expense allowed for tax when actually paid	-	19.46	19.46
Fair valuation of financial asset	5.79	3.33	9.12
Fair value gain/(loss) on investments	2.21	152.57	154.77
Other temporary differences	(1.29)	0.78	(0.51)
<b>Net deferred tax assets/ (liabilities)</b>	<b>(63.32)</b>	<b>540.87</b>	<b>477.54</b>

(₹) in Lacs

PARTICULARS	As at 1 April 2018	Credit/ (Charge) in the statement of profit and loss	As at 31 March 2019
Impairment allowance for financial assets	20.88	(12.28)	8.60
Difference between book and tax depreciation	(74.22)	(4.41)	(78.63)
Fair valuation of financial asset	3.93	1.86	5.79
Fair value gain/(loss) on investments	(1.88)	4.09	2.21
Other temporary differences	1.67	(2.96)	(1.29)
<b>Net deferred tax assets/ (liabilities)</b>	<b>(49.62)</b>	<b>(13.70)</b>	<b>(63.32)</b>

### 59. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(₹) in Lacs

PARTICULARS	As at 31 March 2020		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	6,168.30	6,168.30	-
Bank balance other than above	11,522.92	10,938.05	584.87
Derivative financial instruments	-	-	-
Stock in trade (Securities held for trading)	163.00	163.00	-
Trade receivables	5,221.74	5,221.74	-
Loans	121.34	121.34	-
Investments	4,908.27	-	4,908.27
Other financial assets	1,821.51	1,336.82	484.69
	<b>29,927.08</b>	<b>23,949.25</b>	<b>5,977.83</b>

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 59. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

PARTICULARS	As at 31 March 2020		
	Total	Within 12 months	After 12 Months
<b>(₹) in Lacs</b>			
<b>Non Financial Assets</b>			
Current tax assets (net)	137.59	-	137.59
Deferred tax assets (net)	477.54	-	477.54
Property, plant and equipment	3,034.60	-	3,034.60
Capital work-in-progress	10.45	-	10.45
Other Intangible assets	70.91	-	70.91
Right of use assets	663.76	-	663.76
Other non-financial assets	269.66	182.39	87.27
	<b>4,664.51</b>	<b>182.39</b>	<b>4,482.12</b>
<b>Total Assets</b>	<b>34,591.59</b>	<b>24,131.64</b>	<b>10,459.95</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	-	-	-
Trade payables	12,208.33	12,208.33	-
Borrowings (other than debt security )	800.00	800.00	-
Deposits	176.74	-	176.74
Other financial liabilities	8,120.71	7,755.76	364.95
	<b>21,305.78</b>	<b>20,764.09</b>	<b>541.69</b>
<b>Non-financial Liabilities</b>			
Current tax liabilities (net)	23.91	-	23.91
Provisions	303.25	303.25	-
Other non-financial liabilities	931.84	931.84	-
	<b>1,259.00</b>	<b>1,235.09</b>	<b>23.91</b>
<b>Total Liabilities</b>	<b>22,564.78</b>	<b>21,999.18</b>	<b>565.60</b>
<b>Net Assets</b>	<b>12,026.81</b>	<b>2,132.46</b>	<b>9,894.35</b>

PARTICULARS	As at 31 March 2019		
	Total	Within 12 months	After 12 Months
<b>(₹) in Lacs</b>			
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	2,730.91	2,730.91	-
Bank balance other than above	10,247.46	10,247.46	-
Derivative financial instruments	1.94	1.94	-
Stock in trade (Securities held for trading)	-	-	-
Trade receivables	5,722.50	5,722.50	-
Loans	0.21	0.21	-

**Notes to Standalone Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

(₹) in Lacs

PARTICULARS	As at 31 March 2019		
	Total	Within 12 months	After 12 Months
Investments	4,913.34	-	4,913.34
Other financial assets	635.76	279.30	356.46
	<b>24,252.12</b>	<b>18,982.32</b>	<b>5,269.80</b>
<b>Non Financial Assets</b>			
Current tax assets (net)	39.20	-	39.20
Deferred tax assets (net)	(63.32)	-	(63.32)
Property, plant and equipment	3,055.45	-	3,055.45
Capital work-in-progress	2.12	-	2.12
Other Intangible assets	37.28	-	37.28
Right of use assets	440.82	-	440.82
Other non-financial assets	258.39	151.15	107.24
	<b>3,769.94</b>	<b>151.15</b>	<b>3,618.79</b>
<b>Total Assets</b>	<b>28,022.06</b>	<b>19,133.47</b>	<b>8,888.59</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	-	-	-
Trade payables	6,723.68	6,723.68	-
Borrowings (other than debt security )	1,000.00	1,000.00	-
Deposits	168.28	-	168.28
Other financial liabilities	5,142.01	4,943.53	198.48
	<b>13,033.97</b>	<b>12,667.21</b>	<b>366.76</b>
<b>Non-financial Liabilities</b>			
Current tax liabilities (net)	43.17	-	43.17
Provisions	820.89	820.89	-
Other non-financial liabilities	674.84	674.84	-
	<b>1,538.90</b>	<b>1,495.73</b>	<b>43.17</b>
<b>Total Liabilities</b>	<b>14,572.87</b>	<b>14,162.94</b>	<b>409.93</b>
<b>Net Assets</b>	<b>13,449.19</b>	<b>4,970.53</b>	<b>8,478.66</b>

(₹) in Lacs

PARTICULARS	As at 1 April 2018		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	2,933.49	2,933.49	-
Bank balance other than above	10,129.15	9,903.24	225.91
Derivative financial instruments	21.40	21.40	-
Stock in trade (Securities held for trading)	25.13	25.13	-
Trade receivables	8,737.75	8,737.75	-
Loans	218.95	217.90	1.05
Investments	4,076.68	-	4,076.68

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

(₹) in Lacs

PARTICULARS	As at 1 April 2018		
	Total	Within 12 months	After 12 Months
Other financial assets	326.34	31.16	295.18
	<b>26,468.89</b>	<b>21,870.07</b>	<b>4,598.82</b>
<b>Non Financial Assets</b>			
Current tax assets (net)	273.15	-	273.15
Deferred tax assets (net)	(49.62)	-	(49.62)
Property, plant and equipment	3,154.35	-	3,154.35
Capital work-in-progress	4.67	-	4.67
Other Intangible assets	88.39	-	88.39
Right of use assets	305.46	-	305.46
Other non-financial assets	180.84	132.62	48.22
	<b>3,957.24</b>	<b>132.62</b>	<b>3,824.62</b>
<b>Total Assets</b>	<b>30,426.13</b>	<b>22,002.69</b>	<b>8,423.44</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	1.05	1.05	-
Trade payable	9,238.48	9,238.48	-
Borrowings (other than debt security )	1,000.00	1,000.00	-
Deposits	146.06	-	146.06
Other financial liabilities	4,340.65	4,203.33	137.32
	<b>14,726.24</b>	<b>14,442.86</b>	<b>283.38</b>
<b>Non-financial Liabilities</b>			
Current tax liabilities (net)	6.00	-	6.00
Provisions	1,619.27	1,619.27	-
Other non-financial liabilities	690.34	690.34	-
	<b>2,315.61</b>	<b>2,309.61</b>	<b>6.00</b>
<b>Total Liabilities</b>	<b>17,041.85</b>	<b>16,752.47</b>	<b>289.38</b>
<b>Net Assets</b>	<b>13,384.28</b>	<b>5,250.22</b>	<b>8,134.06</b>

## 60. FINANCIAL INSTRUMENTS

Refer to financial instruments by category table below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and

which are not carried at fair value, the carrying amount approximate fair value due to short maturity of these instruments.

The carrying value and financial instruments by categories as of 31 March 2020 is as follows:

(₹) in Lacs

PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	6,168.30	-	-	6,168.30

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

The carrying value and financial instruments by categories as of 31 March 2020 is as follows:

(₹) in Lacs

PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
Bank balance other than above	11,522.93	-	-	11,522.93
Derivative financial instruments	-	-	-	-
Stock in trade (Securities held for trading)	-	163.00	-	163.00
Trade receivables	5,221.74	-	-	5,221.74
Loans	121.34	-	-	121.34
Investments (excluding subsidiaries and associate)	-	971.39	-	971.39
Other financial assets	1,821.51	-	-	1,821.51
<b>Total</b>	<b>24,855.82</b>	<b>1,134.39</b>	<b>-</b>	<b>25,990.21</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	12,208.33	-	-	12,208.33
Borrowings (other than Debt security)	800.00	-	-	800.00
Deposits	176.74	-	-	176.74
<b>Other financial liabilities</b>	<b>8,120.71</b>	<b>-</b>	<b>-</b>	<b>8,120.71</b>
<b>Total</b>	<b>21,305.78</b>	<b>-</b>	<b>-</b>	<b>21,305.78</b>

The carrying value and financial instruments by categories as of 31 March 2019 is as follows:

(₹) in Lacs

PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,730.91	-	-	2,730.91
Bank balance other than above	10,247.46	-	-	10,247.46
Derivative financial instruments	-	1.94	-	1.94
Stock in trade (Securities held for trading)	-	-	-	-
Trade receivables	5,722.50	-	-	5,722.50
Loans	0.21	-	-	0.21
Investments (excluding subsidiaries and associate)	-	1,066.92	-	1,066.92
Other financial assets	635.76	-	-	635.76
<b>Total</b>	<b>19,336.84</b>	<b>1,068.86</b>	<b>-</b>	<b>20,405.70</b>

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

The carrying value and financial instruments by categories as of 31 March 2019 is as follows:

(₹) in Lacs				
PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	6,723.68	-	-	6,723.68
Borrowings (other than debt security)	1,000.00	-	-	1,000.00
Deposits	168.28	-	-	168.28
Other financial liabilities	5,142.01	-	-	5,142.01
<b>Total</b>	<b>13,033.97</b>	<b>-</b>	<b>-</b>	<b>13,033.97</b>

The carrying value and financial instruments by categories as of 1 April 2018 is as follows:

(₹) in Lacs				
PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,933.49	-	-	2,933.49
Bank balance other than above	10,129.15	-	-	10,129.15
Derivative financial instruments	-	21.40	-	21.40
Stock in trade (Securities held for trading)	-	25.13	-	25.13
Trade receivables	8,737.75	-	-	8,737.75
Loans	218.95	-	-	218.95
Investments (excluding subsidiaries and associate)	-	435.18	-	435.18
Other financial assets	326.34	-	-	326.34
<b>Total</b>	<b>22,345.68</b>	<b>481.71</b>	<b>-</b>	<b>22,827.39</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Derivative financial instruments	-	1.05	-	1.05
Trade payables	9,238.48	-	-	9,238.48
Borrowings (other than debt security)	1,000.00	-	-	1,000.00
Deposits	146.06	-	-	146.06
Other financial liabilities	4,340.65	-	-	4,340.65
<b>Total</b>	<b>14,725.19</b>	<b>1.05</b>	<b>-</b>	<b>14,726.24</b>

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

### FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimates using a valuation technique.

The investments included in level 1 of fair value hierarchy have been valued using quoted prices for instruments in an active market. The investments included in Level 2 of fair value hierarchy have been valued using valuation techniques based on observable market data. There were no transfers between level 1 and level 2.

(₹) in Lacs

As at 31 March 2020	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivatives	-	-	-	-
Stock in trade : Equity Shares	163.00	-	-	163.00
Units of AIF	-	971.39	-	971.39
<b>Total</b>	<b>163.00</b>	<b>971.39</b>	<b>-</b>	<b>1,134.39</b>

(₹) in Lacs

As at 31 March 2019	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivatives	1.94	-	-	1.94
Stock in trade : Equity Shares	-	-	-	-
Units of AIF	-	1,066.92	-	1,066.92
<b>Total</b>	<b>1.94</b>	<b>1,066.92</b>	<b>-</b>	<b>1,068.86</b>

(₹) in Lacs

As at 1 April 2018	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivatives	20.35	-	-	20.35
Stock in trade : Equity Shares	25.13	-	-	25.13
Units of AIF	-	435.18	-	435.18
<b>Total</b>	<b>45.48</b>	<b>435.18</b>	<b>-</b>	<b>480.66</b>

Valuation techniques used to determine fair value

- Quoted equity investments – Quoted closing price on stock exchange.
- Alternative Investment funds – net asset value of the scheme

Financial instruments not measured at fair value

Financial assets not measured at fair value include cash and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying

amounts approximate fair value, due to their short term nature.

Additionally, financial liabilities such as trade payables and other financial liabilities are not measured at FVTPL whose carrying amounts approximate fair value, because of their short-term nature.

At 31 March 2020, 31 March 2019 and 01 April 2018, the Company did not hold any financial assets or financial liabilities which could have been categorized as level 3.

## Notes to Standalone Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 61. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹) in Lacs					
PARTICULARS	1 April 2019	Cash flows	Change in fair values	Others	31 March 2020
Borrowings	1,000.00	(200.00)	-	-	800.00

PARTICULARS	1 April 2018	Cash flows	Change in fair values	Others	31 March 2019
Borrowings	1,000.00	-	-	-	1,000.00

#### 62. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives revenue primarily from share broking business. Its other major revenue sources are research and advisory fees.

##### Disaggregate revenue information

₹ in Lacs		
PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
Brokerage fees	10,544.48	10,973.53
Research and advisory fees	274.37	726.69
Depository operations	64.98	66.01
<b>Total</b>	<b>10,883.83</b>	<b>11,766.23</b>
India	10,728.96	11,464.95
Outside India	154.87	301.28
<b>Total</b>	<b>10,883.83</b>	<b>11,766.23</b>
Timing of revenue recognition		
Services transferred at a point in time	10,767.58	11,249.17
Services transferred over time	116.25	517.06
<b>Total</b>	<b>10,883.83</b>	<b>11,766.23</b>

Information about Company's performance obligation  
The performance obligation in regards of arrangement where fees is charged per transaction executed is

recognized at point in time when trade is executed.  
Income from advisory services is recognized upon rendering of the services.

#### 63. EXCEPTIONAL ITEMS

(₹) in Lacs		
PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision for diminution in value of investment *	75.50	327.00
Provision for diminution in value of investment written back **	-	(140.00)
<b>Total</b>	<b>75.50</b>	<b>187.00</b>

As at 31 March, 2020, the company has an aggregate investment of ₹ 600.00 Lacs in equity shares of Emkay Commotrade Limited, a wholly owned subsidiary. ECL was engaged in Commodity Broking business till 12 February, 2019 and subsequently it discontinued this business

effective 13 February, 2019 and now ceases to be a going concern. As at 31 March, 2020, it has accumulated losses of ₹ 402.45 Lacs (Previous year ₹ 372.83 Lacs). Based on ECL's net worth as at 31 March, 2020, the management of the company has estimated an impairment provision

## Notes to Standalone Financial Statements For the year ended 31 March 2020 (Contd.)

of ₹75.50 Lacs (Previous year ₹327.00 Lacs) towards impairment in value of its investment in the said company.

\*\* The Company had made investment in Equity Shares of Emkay Wealth Advisory Limited, (formerly Emkay Insurance Brokers Limited, a wholly owned subsidiary and the value of investment is of ₹ 410.00 Lacs as at 31 March, 2019. Emkay Wealth Advisory Limited though a going concern, has been incurring losses and had accumulated losses till financial year ended 31 March, 2018. During the financial year ended 31 March, 2019, Emkay Wealth Advisory Limited sold its direct insurance broking business (without transferring its any assets and liabilities) to a third party vide agreement dated 22 March, 2019 and received a sum of ₹171.00 Lacs, (₹100.00 Lacs towards sale of direct insurance business and ₹71.00 Lacs towards non-compete

fees), due to which the accumulated losses have reduced. Accordingly, based on Emkay Wealth Advisory Limited's net worth as at 31 March, 2019, and in accordance with the then applicable requirements of the Accounting Standard(AS) 13 - Accounting for Investments, the management of the Company was of the view that a sum of ₹140.00 Lacs should be written back out of the provision of ₹ 335 Lacs made during the financial year ended 31 March, 2017 toward diminution in the value of its investments in Emkay Wealth Advisory Limited and the balance provision for diminution of ₹ 195.00 Lacs remains as other than temporary in nature. As on 31 March, 2020, although net worth of this subsidiary is further down, the company has not made any impairment provision as the subsidiary has just started new business activity and is likely to recoup the losses.

**64.** The financial statements of the Company for the year ended 31 March, 2020 were approved for issue by the Board of Directors at their meeting held on 17 June, 2020.

**65.** Previous year figures have been regrouped / reclassified / recasted / rearranged wherever necessary, to conform to this year's classification.

**66.** The Company's financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

**67.** COVID-19 outbreak was declared a pandemic by the World Health Organization on 11 March, 2020. The Indian Government on 24 March, 2020, announced a 21-day complete lockdown across the country, to contain the spread of the virus. The lockdown has since been extended with gradual relaxations. Stock Broking services, being part of Capital Market operations have been declared as

essential services and accordingly, the Company faced no business interruption on account of the lockdown. There has been no material change in the controls or processes followed in the closing of the financial statements of the Company.

As at 31 March, 2020, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties, which affect its liquidity position; and its ability to continue as a going concern. The ongoing COVID-19 situation may result in some changes in the overall economic and market conditions, which may in turn have an impact on the operations of the Company.

### 68. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that requires disclosure in these financial statements.

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

To the Members of Emkay Global Financial Services Limited

## Report on the Audit of the Consolidated Ind AS Financial Statements

### OPINION

We have audited the accompanying consolidated Ind AS financial statements of Emkay Global Financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on

Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its associates in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. 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 Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Transition to Ind AS accounting framework (as described in note 2.1 of the Ind AS financial statements)</b>	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP").	<p>Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework.</p> <p>Assessed the judgement exercised by the management in applying the first-time <b>adoption principles of Ind AS 101 especially in respect of fair</b> valuation of assets and liabilities existing as at transition date.</p> <p>Read changes made to accounting policies in light of the requirements of the new framework.</p>

## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p><b>Transition to Ind AS accounting framework (as described in note 2.1 of the Ind AS financial statements)</b></p> <p>In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS.</p> <p>The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of reliable and supportable financial information. Further, the management has exercised significant judgement for giving an appropriate effect of the first-time adoption principles of Ind AS 101, as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under relevant accounting standards, to the extent applicable.</p> <p>In view of the material impact and complexities and significant judgement involved in implementing Ind AS, we have focused on this area in our audit.</p>	<p>We understood the financial statement closure process and the additional controls established by the Company for transition to Ind AS.</p> <p>Assessed the judgement applied by the Company in determining its business model for classification of financial assets.</p> <p>Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</p> <p>Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant RBI Directions.</p> <p>Assessed disclosures made by the management for compliance with IND AS.</p>
<p><b>IT systems and controls</b></p>	
<p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting:</p> <p>Tested the design and operating effectiveness of IT access controls over the information systems.</p> <p>Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization.</p> <p>In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.</p> <p>Where deficiencies were noted, we tested the design and operating effectiveness compensating controls and, where necessary, extended the scope of our substantive audit procedures.</p>

## OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises of the Annual Report but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements

does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit

## Independent Auditor's Report (Contd.)

or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited Ind AS financial statements. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies

included in the Group and its associates are also responsible for overseeing the financial reporting process of the Group and its associates.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

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 consolidated Ind AS 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 control 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 Holding Company has adequate internal financial controls with reference to Ind AS financial statements 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 ability of the Group to continue as a going concern. If we conclude that a

## Independent Auditor's Report (Contd.)

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company 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.

### OTHER MATTER

(a) We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of ₹ 740,837,786 as at March 31, 2020, and total revenues of ₹ 165,272,930 and net cash inflow of ₹ 336,657,474 for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.

The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 7,180,969 for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of two associate, whose Ind AS financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries and the associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
  - (d) In our opinion, the aforesaid consolidated Ind AS

**Independent Auditor's Report (Contd.)**

financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Amendment Rules, 2016;

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate, none of the directors of the Group's companies or its associates incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and associate, refer to our separate Report in "Annexure" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and its associates to their directors in accordance with the provisions of section 197 read with Schedule V to 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the

report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements - Refer Note 47 to the consolidated Ind AS financial statements;
- ii. The Group, and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries or its associates during the year ended March 31, 2020.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 20048749AAAAIQ2340

Place of Signature: Mumbai

Date: June 17, 2020

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of Emkay Global Financial Services Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Emkay Global Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 with reference to these consolidated Ind AS financial

statements 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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.

### OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements insofar as it relates to these five subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated Ind AS financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information, and our report dated June 17, 2020 expressed an unqualified opinion.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 20048749AAAAIQ2340

Place of Signature: Mumbai

Date: June 17, 2020

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# CONSOLIDATED BALANCE SHEET

As at 31 March 2020

(₹ in Lacs)				
PARTICULARS	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>ASSETS</b>				
<b>1 Financial Assets</b>				
Cash and cash equivalents	8	9,855.46	3,051.16	3,185.87
Bank balance other than above	9	11,538.00	10,665.76	11,281.98
Derivative financial instruments	10	-	1.94	21.41
Stock in trade (securities held for trading)	11	163.00	-	25.13
Trade receivables	12	5,343.26	5,849.17	8,891.11
Loans	13	1,910.41	4,402.38	4,021.66
Investments	14	1,555.46	2,775.81	3,771.24
Other financial assets	15	1,927.82	677.57	377.58
		<b>32,293.41</b>	<b>27,423.79</b>	<b>31,575.98</b>
<b>2 Non-financial Assets</b>				
Current tax assets (net)	16	192.20	150.70	392.82
Deferred tax assets (net)	17	589.89	(4.71)	0.36
Property, plant and equipment	18	3,041.01	3,064.22	3,169.24
Capital work-in-progress	-	27.24	2.12	4.67
Intangible assets	18	70.91	41.77	97.37
Right of use assets	53	702.32	440.82	305.46
Other non financial assets	19	1,148.73	1,503.51	1,363.32
		<b>5,772.30</b>	<b>5,198.43</b>	<b>5,333.24</b>
<b>TOTAL ASSETS (1 + 2)</b>		<b>38,065.71</b>	<b>32,622.22</b>	<b>36,909.22</b>
<b>LIABILITIES AND EQUITY</b>				
<b>1 Financial Liabilities</b>				
Derivative financial instruments	10	-	-	1.05
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20	12,239.79	6,760.54	9,672.10
II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
Borrowings (other than debt security)	21	800.00	2,175.03	3,400.62
Deposits	22	176.74	168.28	163.47
Other financial liabilities	23	8,217.64	5,211.21	4,927.26
		<b>21,434.17</b>	<b>14,315.06</b>	<b>18,164.50</b>
<b>2 Non-financial Liabilities</b>				
Current tax liabilities (net)	24	54.50	49.15	58.65
Provisions	25	325.83	857.22	1,642.80
Other non-financial liabilities	26	967.01	689.12	789.85
		<b>1,347.34</b>	<b>1,595.49</b>	<b>2,491.30</b>
<b>3 Equity</b>				
Equity share capital	27	2,461.90	2,461.90	2,453.40
Other equity	28	12,822.30	14,249.77	13,800.02
		<b>15,284.20</b>	<b>16,711.67</b>	<b>16,253.42</b>
<b>TOTAL LIABILITIES AND EQUITY (1 + 2 + 3)</b>		<b>38,065.71</b>	<b>32,622.22</b>	<b>36,909.22</b>

The accompanying notes form an integral part of this financial statements.

As per our report of even date

for **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT & LOSS

For the year ended 31 March 2020

PARTICULARS		Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
			(₹ in Lacs)	
(I)	Revenue from operations			
	(i) Interest income	29	1,217.44	1,296.98
	(ii) Dividend income	30	12.66	11.84
	(iii) Fees and commission income	31	11,881.37	12,949.70
	(iv) Reversal of impairment provision on financial instruments	37	43.86	-
	(v) Others	32	201.65	267.55
	<b>Total revenue from operations (I)</b>		<b>13,356.98</b>	<b>14,526.07</b>
(II)	Other income	33	158.26	288.40
(III)	<b>Total income (I + II)</b>		<b>13,515.24</b>	<b>14,814.47</b>
(IV)	Expenses			
	(i) Finance cost	34	685.16	654.68
	(ii) Net loss on fair value changes	35	721.50	343.19
	(iii) Fees and commission expenses	36	1,753.97	1,829.79
	(iv) Impairment on financial instruments	37	-	20.62
	(v) Employee benefits expenses	38	7,534.71	6,977.94
	(vi) Depreciation and amortization	39	771.63	705.79
	(vii) Other expenses	40	3,729.30	3,231.41
	<b>Total expenses (IV)</b>		<b>15,196.27</b>	<b>13,763.42</b>
(V)	<b>Profit/ (loss) before exceptional item and tax (III - IV)</b>		<b>(1,681.03)</b>	<b>1,051.05</b>
(VI)	Exceptional items	64	-	171.00
(VII)	<b>Profit/ (loss) before tax (V - VI)</b>		<b>(1,681.03)</b>	<b>1,222.05</b>
(VIII)	Tax expense:			
	(i) Current tax		134.17	426.89
	(ii) MAT credit entitlement		(28.39)	(30.54)
	(iii) Deferred tax (credit) / charge		(594.61)	5.07
	(iv) Earlier years adjustments		(1.26)	(18.48)
	<b>Total tax expenses (VIII)</b>		<b>(490.09)</b>	<b>382.94</b>
(IX)	<b>Profit/(loss) after tax (VII - VIII)</b>		<b>(1,190.94)</b>	<b>839.11</b>
(X)	Add: Share of profit/(loss) from associates		(71.81)	35.46
(XI)	<b>Profit/(loss) after tax for the year from continuing operations (VII - VIII)</b>		<b>(1,262.75)</b>	<b>874.57</b>
(XII)	Add: Profit/(loss) from discontinued operations		3.39	-
	Tax expense of discontinued operations		-	-
	<b>Profit/(loss) from discontinued operations (after tax) (X - XI)</b>		<b>3.39</b>	<b>-</b>
(XIII)	<b>Profit/(loss) for the year (XI+XII)</b>		<b>(1,259.36)</b>	<b>874.57</b>
(XIV)	Other comprehensive income			
	(A) Items that will not be reclassified to profit or loss			
	(i) Actuarial gain / (loss) on post retirement benefit plans		(45.12)	(56.52)
	(ii) Tax impact on above		1.44	15.37
	<b>Subtotal (A)</b>		<b>(43.68)</b>	<b>(41.15)</b>
	(B) Items that will be reclassified to profit or loss			
	(i) Foreign exchange translation reserve		7.22	-
	(ii) Tax impact on above		-	-
	<b>Subtotal (B)</b>		<b>7.22</b>	<b>-</b>
(XV)	<b>Other comprehensive income / (loss) (A+B) (XIV)</b>		<b>(36.46)</b>	<b>(41.15)</b>
(XVI)	<b>Total comprehensive income for the year (XIII + XV)</b>		<b>(1,295.82)</b>	<b>833.42</b>
(XVII)	Earning per share (for Continuing operations)	42		
	(face value ₹10 per Equity Share)			
	Basic (in ₹)		(5.13)	3.55
	Diluted (in ₹)		(5.13)	3.55
(XVIII)	Earning per share (for Discontinued operations)	42		
	(face value ₹10 per Equity Share)			
	Basic (in ₹)		0.01	-
	Diluted (in ₹)		0.01	-
(XIX)	Earning per share (for Continuing & discontinued operations)	42		
	(face value ₹10 per Equity Share)			
	Basic (in ₹)		(5.12)	3.55
	Diluted (in ₹)		(5.12)	3.55

The accompanying notes form an integral part of this financial statements

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2020

## EQUITY SHARE CAPITAL

PARTICULARS	No of Shares	(₹) in Lacs
As at 1 April 2018	24,534,030	2,453.40
Changes during the year due to exercise of ESOP	85,000	8.50
<b>As at 31 March 2019</b>	<b>24,619,030</b>	<b>2,461.90</b>
Changes during the year due to exercise of ESOP	-	-
<b>As at 31 March 2020</b>	<b>24,619,030</b>	<b>2,461.90</b>

## OTHER EQUITY PARTICULARS

PARTICULARS	Share application money pending allotment	Reserves and surplus					Other comprehensive income				(₹) in Lacs Total other equity
		Securities premium	Retained earnings	General reserve	Capital reserve on consolidation	Capital redemption reserve	Special reserve u/s 45-IC of the RBI Act 1934	Equity settled share based on payment reserve	Actuarial gains/(losses) on defined benefit plans	Foreign exchange translation reserve	
Balance as at 1 April, 2018	12.95	6,971.99	3,915.17	1,803.65	1.03	500.00	611.18	-	(15.95)	-	13,800.02
Profit after tax	-	-	874.57	-	-	-	-	-	-	-	874.57
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(41.15)	-	(41.15)
<b>Total</b>	<b>12.95</b>	<b>6,971.99</b>	<b>4,789.74</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>611.18</b>	<b>-</b>	<b>(57.10)</b>	<b>-</b>	<b>14,633.44</b>
Issue of equity share capital	(12.95)	22.95	-	-	-	-	-	-	-	-	22.95
Dividend including tax thereon	-	-	(593.61)	-	-	-	-	-	-	-	(593.61)
Transfer to special reserve	-	-	(47.37)	-	-	-	47.37	-	-	-	-
Fair value of stock options - charge for the year	-	-	-	-	-	-	-	199.94	-	-	199.94
<b>Balance as at 31 March, 2019</b>	<b>-</b>	<b>6,994.94</b>	<b>4,148.76</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>658.55</b>	<b>199.94</b>	<b>(57.10)</b>	<b>-</b>	<b>14,249.77</b>
Balance as at 1 April, 2019	-	6,994.94	4,148.76	1,803.65	1.03	500.00	658.55	199.94	(57.10)	-	14,249.77
Profit after tax	-	-	(1,259.36)	-	-	-	-	-	-	-	(1,259.36)
Other adjustments	-	-	(5.89)	-	-	-	-	-	-	-	(5.89)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(43.68)	7.22	(36.46)
<b>Total</b>	<b>-</b>	<b>6,994.94</b>	<b>2,883.51</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>658.55</b>	<b>199.94</b>	<b>(100.78)</b>	<b>7.22</b>	<b>12,948.06</b>
Dividend including Tax thereon	-	-	(296.80)	-	-	-	-	-	-	-	(296.80)
Fair value of stock options - charge for the year	-	-	-	-	-	-	-	171.04	-	-	171.04
<b>Balance as at 31 March, 2020</b>	<b>-</b>	<b>6,994.94</b>	<b>2,586.71</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>658.55</b>	<b>370.98</b>	<b>(100.78)</b>	<b>7.22</b>	<b>12,822.30</b>

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of Emkay Global Financial Services Limited

**Krishna Kumar Karwa**  
Managing Director

**Prakash Kacholia**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

**Bhalchandra Raul**  
Company Secretary

Place : Mumbai  
Date : June 17, 2020

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2020

(₹ in Lacs)

PARTICULARS	For the year ended 31 March 2020		For the year ended 31 March 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax, exceptional / extraordinary items				
Continuing Operations	(1681.03)		1051.05	
Discontinued Operations	3.39	(1677.64)	-	1051.05
Adjustment for :				
Impairment on financial instruments	(50.41)		(390.33)	
Share based payment to employees	171.04		199.94	
Fair value (gain)/ loss on investments, stock in trade and derivative trades	915.28		423.76	
Finance costs	624.70		614.76	
Interest cost pertaining to lease liability	60.46		39.92	
Depreciation and amortisation	445.73		460.23	
Depreciation and amortization ROU	325.90		245.56	
Net (gain)/ loss on disposal of property, plant and equipment	(4.91)		1.59	
(Net of loss on discard)				
Interest income	(79.76)		(117.84)	
Unrealized foreign exchange loss (Net)	13.87		2.00	
Fair valuation of security deposit	(17.37)		(10.31)	
Income on lease closure	(1.68)		-	
Dividend income	(3.67)		(3.41)	
Reversal of income	-	2,399.18	(25.00)	1,440.87
Operating profit before working capital changes		721.54		2,491.92
Increase/(decrease) in trade receivables	521.61		3,431.83	
Increase/(decrease) in loan	2,502.37		(377.35)	
Increase/(decrease) in other receivables	1.94		19.46	
(Increase)/decrease in other financial assets	(1,261.64)		(299.66)	
(Increase)/decrease in other non financial assets	384.05		(109.64)	
(Increase)/decrease in trade payables	5,479.25		(2,911.57)	
Increase/(decrease) in other payables	32.11		7.93	
Increase/(decrease) in other financial liabilities	2,725.00		139.76	
Increase/(decrease) in provisions	(551.65)		(852.17)	
Increase/(decrease) in other non financial liabilities	277.88		(75.73)	
Increase/(decrease) in deposits	8.46		4.81	
Increase/(decrease) in deposits with banks and other items	(872.41)		616.18	
(Acquisition) of / proceeds from stock in trade	(221.16)	9,025.81	25.13	(381.02)
Cash generated from operations		9,747.35		2,110.90
Direct taxes (paid)/ refund		(168.50)		(160.42)
Cash flow before exceptional / extraordinary items		9,578.85		1,950.48
Exceptional/ Extraordinary items		-		171.00
Net cash from/ (used in) operating activities		9,578.85		2,121.48
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(493.97)		(300.48)	
Proceeds from sale of property, plant and equipment	22.10		1.82	
Proceeds/ (purchase) of investments measured at FVTPL	331.11		562.70	
Interest received	79.76		117.84	
Dividend received	3.67		3.41	
Share of (loss)/ profit from associates	(71.81)	(129.14)	35.46	420.75
Net Cash from/ (used in) investing activities		(129.14)		420.75
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of equity share capital (including securities premium)	-		18.50	
Cash payment of lease liability and interest	(352.11)		(260.39)	
Addition/ (repayment) of short-term borrowings	(1,375.03)		(1,225.59)	
Finance costs paid	(624.70)		(614.76)	
Dividends paid (including dividend distribution tax)	(296.16)	(2,648.00)	(593.17)	(2,675.41)
Net Cash from/ (used in) financing activities		(2,648.00)		(2,675.41)
D. Net change due to foreign exchange translation differences				
		2.60		(1.54)
Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)		6,804.31		(134.72)

**Consolidate Cash Flow Statement (Contd.)**  
**For the year ended 31 March 2020**

PARTICULARS	(₹ in Lacs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Net increase in cash and cash equivalents (A+B+C)	6,804.30	(134.72)
Cash and cash equivalents at the beginning of the year	3,051.16	3,185.88
Cash and cash equivalents at the close of the year	9,855.46	3,051.16
Notes :		
1. Cash and cash equivalents comprise of :		
Balances with Scheduled Banks		
- In Current Accounts	9,659.32	2,894.45
- In Deposit Account	186.43	145.99
Cash on hand	7.04	4.36
Balances in Prepaid Cards	2.67	6.36
<b>Total cash and cash equivalents</b>	<b>9,855.46</b>	<b>3,051.16</b>

- The above cash flow statement has been prepared under the "Indirect method" as set out on the Indian Accounting Standard (Ind AS-7) Statement of Cash Flows.
- Also refer note 62 for change on liabilities arising from financing activities.
- Cash and cash equivalent excludes deposit with banks towards margin/security for bank guarantees, borrowings and other commitments and balance in unclaimed dividend accounts.
- Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 1. CORPORATE INFORMATION

Emkay Global Financial Services Limited ('the Company') was incorporated in 1995 and got listed in 2006. The Company together with its subsidiaries, associate and associate of its subsidiary (collectively, the Group) is engaged in the business of providing stock broking services, lending, investment banking, depository participant services, asset management services, wealth management, investment advisory services and distribution of third party financial products. The Group's registered office is at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028. Emkay Global Financial Services Limited is the ultimate parent of the group.

### 2.1 Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2019, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2020 are the first the Group has prepared in accordance with Ind AS.

Refer to note No. 7 **First time adoption** for information on how the Group adopted Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, other financial assets held for trading all of which have been measured at fair value and for one of the subsidiary company, Emkay Commotrade Limited on realization basis since it ceased to be a going concern pursuant to its decision to discontinue the business of commodity broking w.e.f. 13th February 2019.

The preparation of financial statements requires the management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are

discussed in Note 6 - Significant accounting judgements, estimates and assumptions.

The consolidated financial statements are presented in Indian Rupees (INR) except when otherwise indicated.

### 2.2 Basis of consolidation

#### • Basis of preparation:

The Consolidated financial statements have been prepared by applying the principles laid down in the Indian Accounting Standard : Ind As 110 "Consolidated Financial Statements" and Ind AS 28 "Accounting For Investments in Associates / Joint Venture in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India for the purpose of these Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow together referred to in as "Consolidated Financial Statements". Reference in these notes to the Parent Company means Emkay Global Financial Services Limited, reference to Subsidiary Companies means five subsidiaries of Emkay Global Financial Services Limited, i.e Emkay Fincap Limited, Emkay Commotrade Limited, Emkay Wealth Advisory Limited (formerly Emkay Insurance Brokers Limited), Emkay Investment Managers Limited and Emkayglobal Financial Services IFSC Pvt. Ltd., reference to an Associate means Azalea Capital Partners LLP and reference to Associate of wholly owned subsidiary means Finlearn Edutech Pvt. Ltd. and reference to Group means the Parent Company, Subsidiary Companies, Associate and Associate of a Subsidiary Company.

#### • Principles of Consolidation:

- The Consolidated Financial Statements comprises of the Financial Statements of the Parent Company and its subsidiaries and have been combined on a line-by-line basis by adding together the books values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits/ loss in full.
- The Consolidated Financial Statements of the Group comprises of share of profit/losses of the associate and associate of its subsidiary Company.
- The Consolidated Financial Statements are presented, to the extent possible in the same format as that adopted by the Parent Company for its separate financial statement.

## 3. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Group are presented in order of liquidity and in accordance with Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs

## Notes to Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

(MCA). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 60. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

### 4. STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Revenue from operations

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

The Group recognizes revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or a service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying

each performance obligation.

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

Revenue includes the following:

#### (i) Brokerage fee income

Revenue from contract with customer is recognized at a point in time when performance obligation is satisfied (when the trade is executed i.e., trade date). These include brokerage fees, which are charged per transaction executed on behalf of the clients.

#### (ii) Fees & Commission Income

This includes:

#### a) Income from investment banking activities, research and other fees

Income from investment banking activities and other fees is recognized as and when such services are completed / performed as per terms of agreement with the client (i.e. when the performance obligation is completed).

Research fees Income is recognised when the entity satisfies the performance obligation by transferring the service to the client.

#### b) Income from depository operations

Income from depository operations is accounted when the performance obligation is completed.

#### c) Income from wealth management services

Commission (net of taxes and other statutory charges) income from distribution of financial products is recognized based on mobilization and intimation received from clients/ intermediaries or over the period of service after deducting claw back as per the agreed terms.

#### d) Portfolio management fees

Portfolio management fees is accounted on accrual basis based on completion of performance obligation as follows-

- In case of fees based on fixed percentage of assets under management, income is accrued at fixed interval or closure of portfolio account, whichever is earlier.
- In case of fees based on returns on portfolio, income is accounted at the completion of one year from the date of joining the portfolio management scheme or the closure of portfolio account, whichever is earlier.

#### e) Alternate investment fund (AIF)

In case of AIF management fees is accounted on accrual basis and on the completion of performance obligations in accordance with Private Placement Memorandum and Contribution Agreements of respective schemes of AIF.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### (iii) Interest Income

Under Ind AS 109 interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognized in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognized by applying the effective interest rate to the net amortized cost (net of provision) of the financial asset.

### (iv) Dividend Income

Dividend income is recognized

- When the right to receive the payment is established,
- it is probable that the economic benefits associated with the dividend will flow and
- the amount of the dividend can be measured reliably

### (v) Net gain on Fair value changes

Any differences between the fair values of financial assets (including investments, derivatives and stock in trade) classified as fair value through the profit or loss ("FVTPL") (refer Note 35), held by the Group on the balance sheet date is recognized as an unrealized gain / loss. In cases there is a net gain in the aggregate, the same is recognized in "Net gain on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss as net loss on fair value changes.

Similarly, any realized gain or loss on sale of financial instruments measured at FVTPL is recognized in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the statement of profit and loss.

## 5.2 Financial instruments

### (i) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 6.1. Financial instruments are initially measured at their fair value (as defined in Note 6.3), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

#### Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net gain on fair value changes.

### (ii) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

- Financial assets to be measured at amortised cost
- Financial assets to be measured at fair value through other comprehensive income
- Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the Group's key management personnel on the performance of the financial assets
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

The Group also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding.

'Principal' is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss

### iii) Financial assets and liabilities

#### (a) Financial assets measured at amortized cost

These financial assets comprise bank balances, loans, trade receivables and other financial assets.

Financial Assets with contractual terms that give rise to cash flows on specified dates, and represent solely payments of principal and interest (SPPI) on the principal amount outstanding and are held within a business model whose objective is achieved by holding to collect contractual cash flows are measured at amortized cost.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

#### (b) Financial assets measured at fair value through other comprehensive income

### Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses

arising from changes in fair value are included in other comprehensive income (a separate component of equity). Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in statement of profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Group does not have any financial instruments measured at fair value through other comprehensive income.

### Equity instruments

Investment in equity instruments are generally accounted for as at fair value through the statement of profit and loss account unless an irrevocable election has been made by management to account for at fair value through other comprehensive income. Such classification is determined on an instrument-by-instrument basis.

Amounts presented in other comprehensive income for equity instruments are not subsequently transferred to statement of profit and loss. Dividends on such investments are recognized in statement of profit and loss.

#### (c) Items at fair value through profit or loss

The financial assets are classified as FVTPL if these do not meet the criteria for classifying at amortized cost or FVOCI.

Items at fair value through profit or loss comprise:

- Investments (including equity shares) and stock in trade held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.
- Derivative transactions

Financial instruments held at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the statement of profit and loss as they arise.

### Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not designated in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognized at fair value.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

d) The Company classifies its financial liabilities at amortized costs unless it has designated liabilities at fair value through the statement of profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

### Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

### (e) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 25.

### (f) Derivatives

The Group enters into derivative transactions being equity derivative transactions in the nature of futures and options in equity stock/index and currency derivative transactions in the nature of futures and options in foreign currencies both entered into for trading purposes. Derivatives are recorded at fair value and carried as assets when their fair values are positive and as liabilities when their fair values are negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain/loss on fair value changes.

### (g) Recognition and Derecognition of financial assets and liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognized when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognized initially at fair value. All other financial assets are recognized initially at fair value plus directly attributable transaction costs.

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial

asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

### (h) Impairment of financial assets

#### Overview of the ECL principles

The Group recognizes loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortized costs.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortized cost
- loan commitments; and

Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has classified its loan portfolio into Corporates / Firms, Individuals (HNIs) and Individuals (Retail).

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Group categorizes its loans into

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

Stage 1, Stage 2 and Stage 3 as described below:

### Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 days past due is considered as significant increase in credit risk.

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

## CREDIT-IMPAIRED FINANCIAL ASSETS

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

## LOAN COMMITMENTS

When estimating lifetime ECL, for undrawn loan commitments, the Group estimates the expected portion

of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

For margin funding facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognized within Provisions

## THE MECHANICS OF ECL

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

**Probability of default (PD)** - The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

**Exposure at default (EAD)** - The Exposure at default is an estimate of the exposure at a future default date.

**Loss given default (LGD)** - The Loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

## TRADE RECEIVABLES

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Group also writes off balances that are due generally for

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

more than one year and are not likely to be recovered.

### FORWARD LOOKING INFORMATION

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

### COLLATERAL VALUATION

To mitigate its credit risks on financial assets, the Group seeks to use collateral, wherever possible. The collateral comes in various forms, such as equity shares, fixed deposits, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

#### (i) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the client or borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

#### (j) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in note 61 at fair value on each balance sheet date.

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:

i. In the principal market for the asset or liability, or

ii. 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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarized below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition:

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognizes the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in statement of profit and loss when the inputs become observable, or when the instrument is derecognized.

### 5.3 EXPENSES

#### (i) Finance costs

Finance costs represents Interest expense recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognized in interest income with the

corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

#### (ii) Retirement and other employee benefits

##### SHORT TERM EMPLOYEE BENEFIT

All employee benefits including short term non vesting compensated absences and statutory bonus/ performance bonus/incentives payable wholly within twelve months of rendering the service are classified as short term employee benefits and are charged to the statement of profit and loss of the year. The employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service period not beyond twelve months.

##### POST-EMPLOYMENT EMPLOYEE BENEFITS

###### a) Defined contribution schemes

Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance and Labour Welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the statement of profit and loss of the year when the contribution to the respective funds are due

###### b) Defined benefit schemes

Retirement benefits in the form of gratuity is considered as defined benefit obligation. The schemes are formed and funds are managed by insurers to which the Group makes periodic contributions. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in statement of profit or loss is

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

### (iii) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the parent Company.

### EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in Equity settled share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. In the statement of profit and loss, expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the

grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### (iv) Other income and expenses

All Other income and expense are recognized in the period they occur.

### (v) Upfront Commission

Upfront commission paid to distributors for procuring subscription to assets being managed (Managed Assets) by the Company, is for services rendered by them to the Company over the life of Managed Assets. The same is treated as prepaid expense and is spread over the life of Managed Assets. In case such Managed Assets are prematurely withdrawn by the subscribers, the same is debited to the statement of profit and loss account on such withdrawal.

### (vi) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### (vii) Taxes

#### Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax assets and liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax

credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realized simultaneously.

#### Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and

**Notes to the Consolidated Financial Statements  
For the year ended 31 March 2020 (Contd.)**

shown as “MAT Credit Entitlement.” The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

**Goods and services tax/ value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognized net of the goods and services tax/ value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**5.4 FOREIGN CURRENCY TRANSLATION****(i) Functional and presentational currency**

The financial statements are presented in Indian Rupees which is also functional currency of the Group except for Emkayglobal Financial Services IFSC Pvt. Ltd. whose functional currency is US Dollar. Reporting currency of the Group is Indian Rupees.

**(ii) Transactions and balances****Initial recognition:**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

**Conversion:**

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

**5.5 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are

subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents are as defined above.

**5.6 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

**Depreciation**

Depreciation is calculated using the WDV method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold Improvements which are amortized on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 36 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits.

**The estimated useful lives are as follows**

PARTICULARS	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Group
Office premises	60 years	60 years
Furniture and fixture	10 years	10 years
Air conditioner	15 years	15 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years
Computer end user	3 years	3 years
Computer data centre and networking	6 years	6 years

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the statement of profit and loss in the year the asset is derecognized. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 5.7 INTANGIBLE ASSETS

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortization on assets acquired/sold during the year is recognized on a pro-rata basis to the statement of profit and loss from / upto the date of acquisition/sale.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortized on a straight-line

basis over a period of 3 years from the start of the year of acquisition irrespective of the date of acquisition, unless it has a shorter useful life.

The Group's intangible assets consist of computer software with finite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the statement of profit and loss when the asset is derecognized.

### 5.8 LEASES (AS A LESSEE)

#### Identifying a lease

At the inception of the contract, the Group assesses whether a contract is, or contain, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether:

- The contract involves the use of an identified asset; this may be specified explicitly or implicitly.
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Group has right to direct the use of the asset.

This policy is applied to contracts which are in effect or are entered into on or after 1 April 2018.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

#### RECOGNITION OF RIGHT OF USE ASSET

The Group recognizes a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

#### SUBSEQUENT MEASUREMENT OF RIGHT OF USE ASSET

The right of use asset is subsequently amortized using the straight-line method from the 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, whichever is less. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### RECOGNITION OF LEASE LIABILITY

The lease liability is initially measured at the present value of the lease payments net of cash lease incentives that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) Fixed payments, including in-substance fixed payments;
- (ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) Amounts expected to be payable under a residual value guarantee; and
- (iv) The exercise price under a purchase option, extension option and penalties for early termination only if the Group is reasonably certain to exercise those options.

### SUBSEQUENT MEASUREMENT OF LEASE LIABILITY

Lease liability is measured at amortized cost using the effective interest method. The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

### SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected by class of underlying asset to not recognize right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

### 5.9 PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying

economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

### 5.10 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

### 5.11 EARNING PER SHARE

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 5.12 CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Events occurring after the date of the balance sheet, which provide further evidence of conditions that existed at the balance sheet date or that arose subsequently, are considered upto the date of approval of accounts by the board of directors, where material.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### 5.13 IMPAIRMENT

Where the recoverable amount of the Property, Plant, and Equipment is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life.

### 5.14 DIVIDENDS ON ORDINARY SHARES

The Group recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

## 6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

### 6.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other

comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

### 6.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### 6.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 6.4 Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 5.2 (iii)(h) Overview of ECL principles.

### 6.5 Contingent liabilities and provisions other than impairment on loan portfolio

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

litigation, arbitration in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

### 6.6 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

### 6.7 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

## 7. FIRST TIME ADOPTION

These financial statements, for the year ended 31 March 2020, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Group prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2018, being the Group's date of transition to Ind AS. This note explains the

principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

### EXEMPTIONS APPLIED

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

#### 7.1 Share-based payment transactions

On transition to Ind AS, the Group has elected not to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind-AS's.

#### 7.2 Property, plant, equipment & intangible assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at 31 March 2018, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 1st April 2018.

#### 7.3 Fair value measurement of financial assets or financial liabilities at initial recognition

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognize the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Group has opted for this exemption to recognize the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

#### 7.4 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

#### 7.5 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

#### 8. CASH AND CASH EQUIVALENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Cash on hand	7.04	4.36	7.02
Cheques on hand	-	-	1.22
Balances with banks			
- in current accounts	9,659.32	2,894.45	3,149.83
- in deposit accounts	186.43	145.99	20.05
Others			
Balance in prepaid cards	2.67	6.36	7.75
<b>Total</b>	<b>9,855.46</b>	<b>3,051.16</b>	<b>3,185.87</b>

#### 9. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Other deposit account	10.04	413.26	10.04
Fixed deposits with banks (with original maturity of more than 3 months) *	11,124.33	9,749.34	10,769.20
Less: Impairment loss allowance	(0.43)	(0.25)	(0.22)
	<b>11,123.90</b>	<b>9,749.09</b>	<b>10,768.98</b>
Margin money deposit	400.00	500.00	500.00
In earmarked accounts			
- Unpaid dividend account	4.06	3.41	2.96
<b>Total</b>	<b>11,538.00</b>	<b>10,665.76</b>	<b>11,281.98</b>

\* Fixed deposits under lien with stock exchange amounted to ₹2635.00 Lacs (March 31, 2019 : ₹ 1615.00 Lacs) and kept as collateral security towards bank guarantees issued amounted to ₹ 8100.00 Lacs (March 31, 2019 : ₹ 7750.22 Lacs) and kept as collateral security against bank overdraft facility amounted to ₹ 300.00 Lacs (March 31, 2019 : ₹ 300.00 Lacs) and others ₹ 89.33 Lacs (March 31, 2019 : ₹ 84.12 Lacs)

#### 10. DERIVATIVE FINANCIAL INSTRUMENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Equity index/stock options premium	-	1.94	20.36
<b>Total</b>	<b>-</b>	<b>1.94</b>	<b>20.36</b>
Notional amounts - assets	-	5.93	144.70
Notional amounts - liabilities	-	-	4.00
Fair value - assets	-	1.94	21.41
Fair value - liabilities	-	-	1.05

Derivatives are used for the purpose of trading. Refer note 58 for managing risks arising from derivatives.

#### 11. STOCK IN TRADE (SECURITIES HELD FOR TRADING)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
At fair value through profit and loss			
Equity Shares : Quoted, fully paid	163.00	-	25.13
<b>Total</b>	<b>163.00</b>	<b>-</b>	<b>25.13</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2020 (Contd.)

### 12. TRADE RECEIVABLES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Receivables considered good - secured *	326.66	3,465.55	417.89
Receivables considered good - unsecured **	5,016.60	2,383.62	8,473.22
Receivables - credit impaired	16.30	31.75	422.09
	5,359.56	5,880.92	9,313.20
Less: Impairment loss allowance	(16.30)	(31.75)	(422.09)
<b>Total</b>	<b>5,343.26</b>	<b>5,849.17</b>	<b>8,891.11</b>
* Secured against securities given as collateral by the clients			
** Above includes due from a managing director	0.71	1.05	1.15
** Above includes due from other related parties	51.82	0.53	2.21
** Net of margin			

The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

### 13. LOANS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>(A) At amortized cost</b>			
Margin funding and others	1,791.51	4,415.47	4,019.17
Margin trade funding (MTF)	121.81	-	-
Loan to employees	-	0.21	19.15
	1,913.32	4,415.68	4,038.32
Less: Impairment loss allowance	(2.91)	(13.30)	(16.66)
<b>Total (A) Net</b>	<b>1,910.41</b>	<b>4,402.38</b>	<b>4,021.66</b>
<b>(B) Secured / Unsecured</b>			
Secured by pledge of securities	1,831.35	4,413.01	4,013.60
Unsecured	81.97	2.67	24.72
	1,913.32	4,415.68	4,038.32
Less: Impairment loss allowance	(2.91)	(13.30)	(16.66)
<b>Total (B) Net</b>	<b>1,910.41</b>	<b>4,402.38</b>	<b>4,021.66</b>
<b>(C) Loans in India</b>			
Others	1,913.32	4,415.68	4,038.32
Less: Impairment loss allowance	(2.91)	(13.30)	(16.66)
<b>Total (C) Net</b>	<b>1,910.41</b>	<b>4,402.38</b>	<b>4,021.66</b>

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

#### 13. LOANS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>Stage wise break up of loans</b>			
(i) Low credit risk (Stage 1)	1,910.41	4,401.21	4,021.66
(ii) Significant increase in credit risk (Stage 2)	-	-	-
(ii) Credit impaired (Stage 3)	-	1.17	-
<b>Total</b>	<b>1,910.41</b>	<b>4,402.38</b>	<b>4,021.66</b>

#### 14. INVESTMENTS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>I Unquoted investments at cost</b>			
<b>Equity Share Capital / Capital contribution in associates*</b>			
- Azalea Capital Partners LLP	4.50	4.50	4.50
- Finlearn Edutech Pvt Ltd	109.73	-	-
- Add/(Less) : Share in accumulated (loss)/profit	(40.75)	31.07	(4.39)
<b>Total investments in associates</b>	<b>73.48</b>	<b>35.57</b>	<b>0.11</b>
<b>I At fair value through profit and loss</b>			
<b>1 In Alternate investment funds (Category III)</b>			
- Emkay Emerging Stars Fund	623.71	684.49	356.48
- Emkay Emerging Stars Fund-II	138.81	152.47	78.70
- Emkay Emerging Stars Fund-III	208.87	229.97	-
<b>Total investments in AIF</b>	<b>971.39</b>	<b>1,066.93</b>	<b>435.18</b>
<b>2 Equity instruments: Quoted, fully paid up</b>	<b>378.97</b>	<b>1,670.37</b>	<b>3,313.75</b>
<b>3 Investments in Mutual Funds</b>	<b>131.62</b>	<b>2.94</b>	<b>22.20</b>
<b>Total</b>	<b>1,555.46</b>	<b>2,775.81</b>	<b>3,771.24</b>
Investment in India	1,555.46	2,775.81	3,771.24
Investment outside India	-	-	-

\*The Group has elected to measure investment in associates at deemed cost as per Ind AS 101

#### 15. OTHER FINANCIAL ASSETS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Deposits with stock exchanges	1,708.14	246.05	212.75
Deposits with professional clearing members (PCM)	3.00	235.00	12.44
Other deposits	212.68	186.55	147.00
<b>Total</b>	<b>1,923.82</b>	<b>667.60</b>	<b>372.19</b>

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

#### 15. OTHER FINANCIAL ASSETS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Less: Impairment loss allowance	(1.82)	(1.70)	(7.40)
	<b>1,922.00</b>	<b>665.90</b>	<b>364.79</b>
Other recoverable	4.51	11.48	5.59
Less: Impairment loss allowance	-	-	(1.04)
	<b>4.51</b>	<b>11.48</b>	<b>4.55</b>
Other receivable	1.31	0.19	7.64
Dividend receivable	-	-	0.60
<b>Total</b>	<b>1,927.82</b>	<b>677.57</b>	<b>377.58</b>

#### 16. CURRENT TAX ASSETS (NET)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advance income tax (net of provision for tax)	192.20	150.70	392.82
<b>Total</b>	<b>192.20</b>	<b>150.70</b>	<b>392.82</b>

#### 17. DEFERRED TAX ASSETS (NET)

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>Deferred tax assets</b>			
Provisions	27.50	21.18	25.71
Ind AS impact	-	-	13.94
Unabsorbed capital losses	35.34	-	-
Unabsorbed business losses	242.76	-	-
Unabsorbed depreciation	140.46	-	-
Fair value loss/ (gain) on investments and other assets	235.03	52.25	33.56
<b>Total</b>	<b>681.09</b>	<b>73.43</b>	<b>73.21</b>
<b>Deferred tax liabilities</b>			
Fixed asset: Impact of difference between tax depreciation and depreciation/amortization charged for financial reporting period	91.02	76.86	72.85
Other adjustments	0.18	1.28	-
<b>Total</b>	<b>91.20</b>	<b>78.14</b>	<b>72.85</b>
<b>Net deferred tax assets</b>	<b>589.89</b>	<b>(4.71)</b>	<b>0.36</b>

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

#### 18: PROPERTY, PLANT AND EQUIPMENT (CURRENT YEAR)

(₹) in Lacs

PARTICULARS	Gross block			Balance as at 31 March 2020	Accumulated depreciation/ amortization			Balance as at 31 March 2020	Net block	
	Balance as at 1 April 2019	Additions	Disposals		Balance as at 1 April 2019	Additions	Disposals		Balance as at 1 April 2019	Balance as at 31 March 2020
<b>Property, plant and equipment</b>										
Office Premises	2,736.19	-	-	2,736.19	132.97	126.51	-	259.48	2,603.22	2,476.71
Furniture & Fixtures	84.67	4.16	1.23	87.60	21.21	17.80	0.09	38.92	63.46	48.68
Vehicles	36.16	-	2.22	33.94	11.36	7.06	-	18.42	24.80	15.52
Office Equipment	64.96	15.00	1.86	78.10	20.49	20.31	0.63	40.17	44.47	37.93
Computers	371.00	259.21	7.25	622.96	140.63	152.33	3.00	289.96	230.37	333.00
Air Conditioners	35.22	0.73	8.26	27.69	6.21	4.94	1.01	10.14	29.01	17.55
Leasehold Improvement	103.16	100.79	0.11	203.84	34.27	57.98	0.03	92.22	68.89	111.62
<b>Total (A)</b>	<b>3,431.36</b>	<b>379.89</b>	<b>20.93</b>	<b>3,790.32</b>	<b>367.14</b>	<b>386.93</b>	<b>4.76</b>	<b>749.31</b>	<b>3,064.22</b>	<b>3,041.01</b>
<b>Intangible assets</b>										
Computer software	134.22	87.94	-	222.16	92.46	58.80	-	151.25	41.77	70.91
<b>Total (B)</b>	<b>134.22</b>	<b>87.94</b>	<b>-</b>	<b>222.16</b>	<b>92.46</b>	<b>58.80</b>	<b>-</b>	<b>151.25</b>	<b>41.77</b>	<b>70.91</b>
<b>Total (A)+(B)</b>	<b>3,565.58</b>	<b>467.83</b>	<b>20.93</b>	<b>4,012.48</b>	<b>459.60</b>	<b>445.73</b>	<b>4.76</b>	<b>900.56</b>	<b>3,105.99</b>	<b>3,111.92</b>

#### 18: PROPERTY, PLANT AND EQUIPMENT (PREVIOUS YEAR)

(₹) in Lacs

PARTICULARS	Gross block			Balance as at 31 March 2019	Accumulated depreciation/ amortization			Balance as at 31 March 2019	Net block	
	Balance as at 1 April 2018	Additions	Disposals		Balance as at 1 April 2018	Additions	Disposals		Balance as at 1 April 2018	Balance as at 31 March 2019
<b>Property, plant and equipment</b>										
Office Premises	2,736.19	-	-	2,736.19	-	132.97	-	132.97	2,736.19	2,603.22
Furniture & Fixtures	67.34	17.56	0.23	84.67	-	21.24	0.03	21.21	67.34	63.46
Vehicles	36.16	-	-	36.16	-	11.36	-	11.36	36.16	24.80
Office Equipment	31.24	35.10	1.38	64.96	-	20.70	0.21	20.49	31.24	44.47
Computers	244.83	127.96	1.79	371.00	-	140.98	0.35	140.63	244.83	230.37
Air Conditioners	29.29	6.26	0.33	35.22	-	6.25	0.04	6.21	29.29	29.01
Leasehold Improvement	24.19	78.97	-	103.16	-	34.27	-	34.27	24.19	68.89
<b>Total (A)</b>	<b>3,169.24</b>	<b>265.85</b>	<b>3.73</b>	<b>3,431.36</b>	<b>-</b>	<b>367.77</b>	<b>0.63</b>	<b>367.14</b>	<b>3,169.24</b>	<b>3,064.22</b>
<b>Intangible assets</b>										
Computer software	97.37	36.85	-	134.22	-	92.46	-	92.46	97.37	41.77
<b>Total (B)</b>	<b>97.37</b>	<b>36.85</b>	<b>-</b>	<b>134.22</b>	<b>-</b>	<b>92.46</b>	<b>-</b>	<b>92.46</b>	<b>97.37</b>	<b>41.77</b>
<b>Total (A)+(B)</b>	<b>3,266.61</b>	<b>302.70</b>	<b>3.73</b>	<b>3,565.58</b>	<b>-</b>	<b>460.23</b>	<b>0.63</b>	<b>459.60</b>	<b>3,266.61</b>	<b>3,105.99</b>

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

#### 19. OTHER NON FINANCIAL ASSETS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Capital advances	2.23	54.68	13.25
Other than capital advances			
Prepaid expenses	982.37	1,308.82	1,179.02
MAT credit entitlement	58.93	30.54	-
Fringe benefit tax refund	5.28	5.28	5.28
Income tax refund	0.88	-	-
Deposit against appeal	38.44	-	-
Advances to suppliers and others	36.70	7.88	7.65
Indirect tax input credits	23.90	96.31	158.12
<b>Total</b>	<b>1,148.73</b>	<b>1,503.51</b>	<b>1,363.32</b>

#### 20. PAYABLES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>Trade Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12,239.79	6,760.54	9,672.10
<b>Total</b>	<b>12,239.79</b>	<b>6,760.54</b>	<b>9,672.10</b>

The details of amount outstanding to Micro, Small and Medium Enterprises defined under “Micro, Small and Medium Enterprises Development Act, 2006” (as identified based on information available with the Company and relied upon by the Auditors is as under)

Principal amount due and remaining unpaid	-	-	-
Interest due on above and the unpaid interest	-	-	-
Interest paid	-	-	-
Payment made beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-

**Notes to the Consolidated Financial Statements**  
**As at 31 March 2020 (Contd.)**

**21. BORROWINGS (OTHER THAN DEBT SECURITIES)**

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>At amortized cost</b>			
Term Loan			
From Banks : Secured by way of cash margin	400.00	500.00	500.00
From Banks : Unsecured	400.00	500.00	500.00
From Banks : Secured by way of fixed deposit receipts	-	-	120.62
From financial institutions	-	1,145.00	2,280.00
From others	-	30.03	-
<b>Total</b>	<b>800.00</b>	<b>2,175.03</b>	<b>3,400.62</b>
Borrowings in India	800.00	2,175.03	3,400.62
Borrowings outside India	-	-	-
<b>Total</b>	<b>800.00</b>	<b>2,175.03</b>	<b>3,400.62</b>

**22. DEPOSITS**

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>At amortized cost</b>			
Deposits from intermediaries - Unsecured	176.74	168.28	163.47
<b>Total</b>	<b>176.74</b>	<b>168.28</b>	<b>163.47</b>

**23. OTHER FINANCIAL LIABILITIES**

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Interest accrued but not due on borrowings	2.96	15.18	3.61
Unpaid dividends	4.06	3.41	2.96
Deposit towards margin and other from clients	7,019.01	4,349.59	4,232.36
Lease liability	699.46	436.41	292.66
Payable for expenses	328.89	311.51	295.15
Accrued salaries and benefits	82.66	66.83	69.43
Other liabilities	80.60	28.28	31.09
<b>Total</b>	<b>8,217.64</b>	<b>5,211.21</b>	<b>4,927.26</b>

**24. CURRENT TAX LIABILITIES (NET)**

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
For taxation (net of taxes paid)	54.50	49.15	58.65
<b>Total</b>	<b>54.50</b>	<b>49.15</b>	<b>58.65</b>

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

#### 25. PROVISIONS

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Provision for employee benefits			
- Gratuity (refer note 52)	138.07	89.63	121.29
- Bonus	28.94	655.00	1,300.00
- Compensated absences	72.10	-	-
- Incentive payable	80.00	81.00	200.00
Provision for non fund based exposure on MTF clients	6.72	31.59	21.51
<b>Total</b>	<b>325.83</b>	<b>857.22</b>	<b>1,642.80</b>

#### 26. OTHER NON FINANCIAL LIABILITIES

(₹) in Lacs

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Statutory dues	791.37	650.57	674.34
Income received in advance	22.92	10.90	88.14
Advance received from clients	151.79	27.65	27.37
Other liabilities	0.93	-	-
<b>Total</b>	<b>967.01</b>	<b>689.12</b>	<b>789.85</b>

#### 27. EQUITY SHARE CAPITAL

PARTICULARS	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs
<b>(A) Authorized</b>						
Equity Shares of ₹10/- each	500,00,000	5,000.00	5,00,00,000	5,000.00	4,00,00,000	4,000.00
	<b>500,00,000</b>	<b>5,000.00</b>	<b>5,00,00,000</b>	<b>5,000.00</b>	<b>4,00,00,000</b>	<b>4,000.00</b>
<b>(B) Issued, subscribed and fully paid up</b>						
Equity Shares of ₹10/- each	2,46,19,030	2,461.90	2,46,19,030	2,461.90	2,45,34,030	2,453.40
<b>Total</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,45,34,030</b>	<b>2,453.40</b>

#### (C) Reconciliation of the shares outstanding at the beginning and at the end of the year

PARTICULARS	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs	Number of Shares	(₹) in Lacs
<b>At the beginning of the year</b>	2,46,19,030	2,461.90	2,45,34,030	2,453.40	2,45,34,030	2,453.40
Stock Options exercised under ESOP	-	-	85,000	8.50	-	-
<b>At the end of the year</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,46,19,030</b>	<b>2,461.90</b>	<b>2,45,34,030</b>	<b>2,453.40</b>

## Notes to the Consolidated Financial Statements As at 31 March 2020 (Contd.)

### (D) Terms / rights / restrictions attached to equity shares

The Parent Company has only one class of equity shares having par value of ₹10/- each share. Each holder of equity share is entitled to one vote per share. The Parent Company declares and pay dividends in Indian Rupees. The dividend proposed if any, by the Board of Directors of the Parent Company is subject to the approval of shareholders in the ensuing Annual General Meeting of the Parent Company except interim dividend.

In the event of liquidation of the Parent Company, the holders of Equity shares will be entitled to receive remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March, 2020, dividend recognized as distribution to equity shareholders was ₹1.00 Per share being final dividend for the year ended 31 March, 2019. The total dividend appropriated amounts to ₹ 246.18 Lacs ( Previous year ₹492.38 Lacs) and dividend distribution tax of ₹ 50.62 Lacs (Previous year ₹ 101.23 Lacs).

### (E) Details of Shareholding more than 5% Shares in Company (face value of ₹10 per share)

PARTICULARS	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No of Shares	% held	No of Shares	% held	No of Shares	% held
Krishna Kumar Karwa	4,922,500	19.99	4,922,500	19.99	4,922,500	20.06
Prakash Kacholia	4,750,000	19.29	4,750,000	19.29	4,750,000	19.36
Emkay Corporate Services Private Limited	4,851,484	19.71	4,390,000	17.83	4,150,000	16.92
Preeti Kacholia	1,880,000	7.64	1,880,000	7.64	1,880,000	7.66
Raunak Karwa	1,750,000	7.11	1,750,000	7.11	1,750,000	7.13

### (F) Shares reserved for issue under employee stock option plans

PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
ESOP's reserved for offering to eligible employees for the Parent Company and its subsidiaries under ESOP scheme	41,28,918	46,38,448	22,45,045

### (G) During the preceding five years the Group has not

- allotted fully paid up shares without payment being received in cash
- issued fully paid up bonus shares
- bought back shares

### (H) Capital management

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

In addition to above Group Companies are required to maintain minimum networth as prescribed from time to time by various regulators. The management ensures that this is complied at all times.

## Notes to the Consolidated Financial Statements

### As at 31 March 2020 (Contd.)

28. OTHER EQUITY			(₹) in Lacs
PARTICULARS	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Share application money pending allotment	-	-	12.95
<b>Reserves and surplus</b>			
<b>Security premium</b>			
Balance at the beginning of the year	6,994.94	6,971.99	6,971.99
Add : Addition during the year	-	22.95	-
<b>Balance at the end of the year</b>	<b>6,994.94</b>	<b>6,994.94</b>	<b>6,971.99</b>
<b>Retained earnings</b>			
<b>Balance at the beginning of the year</b>	<b>4,148.76</b>	<b>3,915.17</b>	<b>3,796.16</b>
Profit for the year	(1,259.36)	874.57	-
Add : Other adjustment	(5.89)	-	-
Add : Ind As adjustments	-	-	119.01
<b>Amount available for appropriation</b>	<b>2,883.51</b>	<b>4,789.74</b>	<b>3,915.17</b>
Less : Dividend paid to equity shareholders	(246.18)	(492.38)	-
Less : Dividend distribution tax	(50.62)	(101.23)	-
Less : Transfer to special reserve u/s 45-IC of the RBI Act, 1934	-	(47.37)	-
<b>Balance at the end of the year</b>	<b>2,586.71</b>	<b>4,148.76</b>	<b>3,915.17</b>
General reserve	1,803.65	1,803.65	1,803.65
Capital reserve on consolidation	1.03	1.03	1.03
Capital redemption reserve	500.00	500.00	500.00
Special reserve u/s 45-IC of the RBI Act 1934	658.55	611.18	611.18
Add : Transfer from surplus in P&L	-	47.37	-
<b>Balance at the end of the year</b>	<b>658.55</b>	<b>658.55</b>	<b>611.18</b>
Equity-settled share-based payment reserve			
<b>Balance at the beginning of the year</b>	<b>199.94</b>	-	-
Add : Addition during the year	171.04	199.94	-
<b>Balance at the end of the year</b>	<b>370.98</b>	<b>199.94</b>	-
Foreign exchange translation reserve			
<b>Balance at the beginning of the year</b>	-	-	-
Add : Additions during the year	7.22	-	-
<b>Balance at the end of the year</b>	<b>7.22</b>	-	-
Other comprehensive income			
<b>Balance at the beginning of the year</b>	<b>(57.10)</b>	<b>(15.95)</b>	-
Add : Ind As adjustments	-	-	(15.95)
Add : Movement in other comprehensive income (net) during the year	(43.68)	(41.15)	-
<b>Balance at the end of the year</b>	<b>(100.78)</b>	<b>(57.10)</b>	<b>(15.95)</b>
<b>Total</b>	<b>12,822.30</b>	<b>14,249.77</b>	<b>13,800.02</b>

## Notes to the Consolidated Financial Statements As at 31 March 2020 (Contd.)

### Nature and purpose of reserve

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#### a) Share application money pending allotment

Share application money pending allotment represents application money received on account of exercise of Employees Stock Options.

#### b) Securities premium

Securities Premium reserves is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, writing off the preliminary expenses in accordance with the provisions of the Companies Act, 2013.

#### c) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

#### d) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilized only in accordance with the specific requirements of Companies Act, 2013.

#### e) Capital reserve on consolidation

Capital reserve is the excess of net assets taken over cost of consideration paid.

#### f) Capital reserve is the excess of net assets taken over cost of consideration paid

Capital redemption reserve is created to be utilized towards redemption of preference shares. The reserve will be utilized in accordance with provision of the Act.

#### g) Special reserve under u/s 45-IC of the RBI Act 1934

In case of a subsidiary company carrying on Non-banking financial business, the Group creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfer therein an amount of equal to / more than twenty percent of its net profit of the year.

#### h) Equity-settled share-based payment reserve

This reserve is created by debiting the statement of profit and loss account with value of share options granted to the employees by the Company. In case of share options granted by the Company, the reserve will move to the share capital account on issue of shares.

#### i) Exchange difference on translating the financial statement

Under IND AS, in cases where the functional currency of the operations is different from the functional currency of the reporting entity, the translation differences are accounted in the other comprehensive income and disclosed under Other equity.

#### j) Other comprehensive income

Other comprehensive income consist of remeasurement gains/ losses on employees defined benefit plans.

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**29. INTEREST INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>On financial assets measured at amortized cost</b>		
Interest on loan and advances to customers	471.57	619.30
Interest on deposits with Banks	728.59	672.78
Other interest income	7.87	4.90
Interest on margin trading funding (MTF)	9.41	-
<b>Total</b>	<b>1,217.44</b>	<b>1,296.98</b>

**30. DIVIDEND INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend on investments	12.66	11.84
<b>Total</b>	<b>12.66</b>	<b>11.84</b>

**31. FEES AND COMMISSION INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Brokerage and fees income</b>		
Brokerage	10,540.24	11,235.28
Portfolio management fees	418.75	400.04
Alternate investment fund management fees	541.63	479.64
Research and advisory fees	318.23	771.80
Depository operations	62.52	62.94
<b>Total</b>	<b>11,881.37</b>	<b>12,949.70</b>

**32. OTHER OPERATING INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Delayed payment charges	182.34	237.50
Others	19.31	30.05
<b>Total</b>	<b>201.65</b>	<b>267.55</b>

**33. OTHER INCOME**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend received	3.67	3.41
Net gain on disposal/discard of property, plant and equipment	4.90	-
Interest on deposits with banks	51.17	57.41
Other interest income	45.95	70.74
Others	52.57	156.84
<b>Total</b>	<b>158.26</b>	<b>288.40</b>

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**34. FINANCE COSTS**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>On Instruments measured at amortized cost</b>		
Interest on deposits	96.93	53.99
Interest on borrowings	374.81	409.84
Interest on lease liability	60.46	39.93
Other borrowing costs	152.96	150.92
<b>Total</b>	<b>685.16</b>	<b>654.68</b>

**35. NET LOSS ON FAIR VALUE CHANGES**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Net loss/ (gain) on financial instruments at fair value through profit or loss</b>		
- Investments	1,002.33	370.21
- Stock in trade ( held for trading )	53.09	17.72
- Inventory ( corporate bonds )	(42.97)	(10.23)
- Derivatives	(290.95)	(34.51)
Total Net loss/ (gain) on fair value changes	<b>721.50</b>	<b>343.19</b>
<b>Fair Value changes</b>		
- Realized (gain)	(193.78)	(80.57)
- Unrealized loss	915.28	423.76
<b>Total Net loss/ (gain) on fair value changes</b>	<b>721.50</b>	<b>343.19</b>

**36. FEES AND COMMISSION EXPENSES**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Brokerage sharing with intermediaries	1,339.17	1,416.03
Other fees	414.80	413.76
<b>Total</b>	<b>1,753.97</b>	<b>1,829.79</b>

**37. IMPAIRMENT ON FINANCIAL INSTRUMENTS**

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>On financial instruments measured at amortized cost</b>		
Receivables	(8.89)	13.59
Other financial assets	-	(0.87)
Deposits	0.12	0.94
Fixed deposits	0.17	0.03
Loans	(36.11)	6.93
Loans : Margin trade funding clients		
: fund based	0.47	-
: non fund based	0.38	-
<b>Total</b>	<b>(43.86)</b>	<b>20.62</b>

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 38. EMPLOYEE BENEFIT EXPENSE

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and Wages	6,885.80	6,428.08
Share based payments to employees (refer note 49)	171.04	199.94
Contributions provident and other funds	307.83	206.76
Gratuity (refer note 52)	93.66	76.57
Staff welfare expenses	76.38	66.59
<b>Total</b>	<b>7,534.71</b>	<b>6,977.94</b>

#### 39. DEPRECIATION AND AMORTIZATION

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of tangible assets	386.93	367.77
Depreciation of right of use assets	325.90	245.56
Amortization of intangible assets	58.80	92.46
<b>Total</b>	<b>771.63</b>	<b>705.79</b>

#### 40. OTHER EXPENSES

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Electricity	119.49	123.26
Repairs and maintenance		
- Building	59.03	54.95
- Others	237.03	201.04
Insurance	10.10	12.27
Rates and taxes	91.66	26.11
Communication, postage and courier	231.84	232.00
Travelling and conveyance	735.71	672.30
Printing and stationery	50.97	56.65
Advertisement and business promotion	349.20	309.75
Donations and contributions	3.15	17.71
Legal and professional fees	353.95	350.14
Subscription	737.93	592.63
Software expenses	62.38	55.17
Claims and compensation	3.79	-

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**40. OTHER EXPENSES****(₹) in Lacs**

<b>PARTICULARS</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Fees and stamps	27.86	25.11
Payments to stock exchanges	85.98	103.56
Registration fees	13.92	6.67
Depository charges	30.40	13.91
Loss due to execution of error trades	334.36	136.91
Training & development	37.16	67.31
Auditor's fees and expenses (refer note below) #	41.34	34.67
Loss on disposal/discard of property, plant and equipment	-	1.59
Commission to independent directors	-	9.50
Share issue expenses	-	14.65
Foreign exchange rate fluctuation loss (net)	2.44	6.33
Others	109.61	107.22
<b>Total</b>	<b>3,729.30</b>	<b>3,231.41</b>

#

**(₹) in Lacs**

<b>PARTICULARS</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
a) for audit fees	23.25	19.75
b) for tax audit fees	2.00	3.45
c) for taxation matters	1.95	2.06
d) for other services including limited review and certificates	13.49	8.67
e) for reimbursement of expenses	0.65	0.74
<b>Total</b>	<b>41.34</b>	<b>34.67</b>

**Notes to the Consolidated Financial Statements  
For the year ended 31 March 2020 (Contd.)****41. DISCLOSURE PURSUANT TO IND AS 101  
“FIRST TIME ADOPTION OF INDIAN ACCOUNTING  
STANDARDS”**

For reporting periods up to and including the year ended March 31, 2019, the Group prepared its financial statements in accordance with Indian GAAP ( IGAAP or previous GAAP). The Group has prepared its financial statements in accordance with Ind AS prescribed under section 133 of the Act and other accounting principles generally accepted in India and as notified by Ministry of Corporate Affairs with the transition date being April 1, 2018. The impact of transition has been provided in the opening reserves as at April 1, 2018.

In preparing these financial statements, the Group has opted to avail the choices available for certain transitional provisions with Ind AS 101, 'First time adoption of Indian Accounting Standards', which offers exemption from applying specified Ind AS retrospectively. The most significant of these provisions are in the following areas:

**I. Cost for property, plant and equipment and intangible assets**

The Group has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as measured as per the previous GAAP and used that as its deemed cost as at the date of transition.

**II. Classification and measurement of financial assets**

At the transition date, the Group assessed the conditions for classification of financial assets and accordingly classified its financial assets at either amortized cost, fair value through other comprehensive income or fair value through profit and loss account, as appropriate, under the provisions of Ind AS 109, 'Financial Instruments'.

**III. Employees' share based payment transactions**

The parent Company of the Group has granted share options to the eligible employee of the Group. The Group has elected not to apply recognition and measurement requirements under Ind AS 102 for share based payments for the options vested before the transition date. Options which remain unvested on the date of transition are fair valued and entire cost till the transition date is recorded through retained earnings and through the statement of profit and loss thereafter. However, as all the options have been vested before the transition date, no Ind AS adjustment as on the date of transition is required.

**IV. De-recognition of financial assets and liabilities**

The Group has elected not to recognize financial assets or financial liabilities which were derecognized in accordance

with previous GAAP as a result of transactions that occurred before the transition date.

**V. Investment in associates**

Ind AS 101 provides a one-time option to a first time adopter either to measure its investment in associate as per previous GAAP carrying value or at fair value on the date of transition. The Group has elected to measure its investment in associate as per previous GAAP carrying value.

**VI. Revenue from contracts with customers**

The Group has availed the following practical expedients in applying the standard retrospectively:

- a) For completed contracts within the same annual reporting period, no restatement has been done.
- b) For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed rather than estimating variable consideration amount in the comparative reporting periods, and
- c) For all reporting periods presented before the beginning of the first Ind AS reporting period, no disclosure of the amount of transaction price allocated to the remaining performance obligations have been done.

**VII. Estimates**

An Group's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies).

**VIII. Fair value measurement of financial assets or financial liabilities at initial recognition**

Under Ind AS 109, if a Group measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognize the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Group has opted for this exemption to recognize the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**RECONCILIATION OF NET WORTH AND NET INCOME BETWEEN INDIAN GAAP AND IND AS FINANCIAL STATEMENTS**

**A) Reconciliation of shareholder's equity as per Indian GAAP and Ind AS financial statements**

(₹) in Lacs			
PARTICULARS	Note	As at	
		31 March 2019	1 April 2018
Networth under previous GAAP		17,029.18	16,155.29
Adjustments under Ind AS:			
Gain/ (loss) on fair value of investments	b (i)	(312.67)	129.52
Impairment of financial instruments	b (ii)	(52.12)	(54.93)
Unwinding of security deposits	b (iii)	20.77	10.46
Amortization of prepaid rent as per Ind AS Opening	b (iii)	(11.15)	(11.15)
Reversal of income recognized under IGAAP	b (iv)	-	(25.00)
Deferred tax impact on above adjustments	b (vi)	62.75	49.23
Net Impact of Ind AS 116 adjustments	b (viii)	(25.09)	-
<b>Total impact on net worth</b>		<b>(317.51)</b>	<b>98.13</b>
<b>Total shareholders' equity as per Ind AS financial statements</b>		<b>16,711.67</b>	<b>16,253.42</b>

**B) Reconciliation of total comprehensive income as per Ind AS with profit reported under previous GAAP**

(₹) in Lacs		
PARTICULARS	Note	For the year ended 31 March 2019
Net profit as per Indian GAAP		1,449.00
<b>Adjustment on account of</b>		
Gain/ (loss) on fair value of investments	b (i)	(442.19)
Impairment of financial instruments	b (ii)	2.81
Unwinding of security deposits	b (iii)	10.31
Recognition of income earlier reversed under Ind AS	b (iv)	25.00
Employee benefit expenses due to fair valuation of employee stock option	b (v)	(199.94)
Deferred tax on above	b (vi)	13.52
Reclassification of net actuarial loss on employee defined benefit obligation to Other Comprehensive Income	b (vii)	41.15
Net impact of Ind AS 116 adjustments	b (viii)	(25.09)
<b>Net profit after tax (before OCI) as per Ind AS financial statements</b>		<b>874.57</b>
Other comprehensive income (Net of tax)		(41.15)
<b>Total comprehensive income as per Ind AS financial statements</b>		<b>833.42</b>

**Notes to the Consolidated Financial Statements  
For the year ended 31 March 2020 (Contd.)****RECONCILIATION OF STATEMENT OF CASH FLOWS**

There were no material differences between the statement of cash flows presented under Ind AS and the previous GAAP.

**Notes to the reconciliations:****(i) Fair valuation of investments**

Under the previous Indian GAAP, investments in equity instruments and mutual funds, were classified as long-term investments or current investments based on intended holding period and realizability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in other equity as at the date of transition and subsequently in the statement of profit or loss for the year ended March 31, 2019.

This has resulted in an increase in retained earnings in April 2018 by ₹129.52 Lacs and reduction in retained earnings in March 2019 by ₹312.67 Lacs and a decrease in the net profit for the year ended March 2019 of ₹442.19 Lacs.

**(ii) Impairment of financial assets**

Under Ind AS provisions for losses are required to be computed as per the impairment principles laid out in Ind AS 109 'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

This has resulted in a reduction in the retained earnings by ₹54.93 Lacs and ₹ 52.12 Lacs in April 2018 and March 2019 respectively and credit in the statement of profit and loss of ₹ 2.81 Lacs for the year ended March 31, 2019.

**(iii) Accounting for security deposits**

Under Indian GAAP, the security deposits given were accounted on the transaction price. Ind AS requires such assets to be recognized at present value. This has led to decrease in the value of the security deposits on the date of transition which was adjusted in the retained earnings. The excess of principal amount of the deposit over its fair value shall be recognized as right to use of assets as per Ind AS 116 which shall be amortized to profit or loss on a straight-line basis over the lease term, partially set off by

the notional interest income recognized on such deposit. The increase in interest income is known as unwinding of interest accounted under other income.

Unwinding of interest has resulted in increase in the retained earnings by ₹10.46 Lacs and ₹20.77 Lacs April, 2018 and March 2019 respectively and credit in the statement of profit and loss of ₹10.31 Lacs for the year ended March 31, 2019.

**(iv) Non-refundable income**

Under IGAAP, non-refundable fixed income from investment banking is recognized upfront as per the terms of the agreement. As per Ind AS 115, the Group has evaluated that the fixed fee that is recognized upfront in IGAAP will have to be reversed and needs to be recognized on completion of the performance obligation. This has resulted in credit in the statement of profit and loss and reduction in retained earnings by ₹ 25.00 Lacs for the year ended 31st March, 2019 and as at 1st April, 2018 respectively.

**(v) Employees' stock option expense**

Under previous GAAP, the Group has used the intrinsic value method to account for the compensation cost of stock options to the employees. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to date of the grant, exceeds the exercise price of the option. Under Ind AS 102, the grant date fair value of the employee stock option should be recognized over the vesting period by debiting the 'Employee benefit expense' in statement of profit and loss and crediting 'Equity-settled share-based payment reserve' under other equity.

As a result of this change, the profit for the year ended March 31, 2019 decreased by ₹ 199.94 Lacs. There is no impact on the total equity as at 31 March, 2019.

**(vi) Deferred tax**

Indian GAAP required deferred tax accounting using profit and loss approach, which focused on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under Indian GAAP.

In addition, the various transitional adjustments have led to temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### (vii) Re-measurement of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in the other comprehensive income instead of statement of profit or loss under the previous GAAP.

As a result of this change, the profit for the year ended March 31, 2019 increased by ₹ 41.15 Lacs. There is no impact on the total equity as at 31 March, 2019.

### (viii) Lease liability and right of use of assets

The Group has opted for the modified retrospective approach for transition to the new standard for leases: Ind AS 116. Lease liability and a corresponding Right-of-use asset are recognised in the books by discounting the lease

rentals using the incremental borrowing rate.

An amount of ₹ 39.93 Lacs was accrued on the lease liability as finance cost and the Right-of-use asset was depreciated by ₹ 245.56 Lacs. Lease payments of ₹ 260.39 Lacs were transferred from rent expense and shown as payment of lease liabilities.

This has resulted in a reduction in the retained earnings by ₹ 25.09 Lacs in March 2019 and debit in the statement of profit and loss of ₹ 25.09 Lacs for the year ended March 31, 2019.

## 42. EARNINGS PER SHARE

### a) Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculations are as follows:

PARTICULARS			For the year ended 31 March 2020	For the year ended 31 March 2019
a	Equity shares outstanding at the beginning of the year	Nos.	2,46,19,030	2,45,34,030
b	Add: Weighted average number of equity shares issued during the year	Nos.	-	67,233
c	Weighted average number of equity shares for basic earnings per share (a+b)	Nos.	2,46,19,030	2,46,01,263
d	Net profit after tax available for equity shareholders from continuing operations	(₹) in Lacs	(1,262.75)	874.57
e	Basic earnings per share of ₹ 10 each (d/c)	(₹)	(5.13)	3.55
f	Net profit after tax available for equity shareholders from discontinued operations	(₹) in Lacs	3.39	-
g	Basic earnings per share of ₹ 10 each (d/c)	(₹)	0.01	-
h	Net profit after tax available for equity shareholders from continuing and discontinued operations	(₹) in Lacs	(1,259.36)	874.57
i	Basic earnings per share of ₹ 10 each (d/c)	(₹)	(5.12)	3.55

### b) Diluted earnings per share

The calculations of diluted earnings per share is based on profit attributable to shareholders and weighted average

number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

PARTICULARS			For the year ended 31 March 2020	For the year ended 31 March 2019
a	Equity shares outstanding at the beginning of the year	Nos.	2,46,19,030	2,45,34,030
b	Add: Weighted average number of equity shares issued during the year	Nos.	Nil	67,233
c	Weighted average number of equity shares for basic earnings per share (a+b)	Nos.	2,46,19,030	2,46,01,263
d	Net profit after tax available for equity shareholders from continuing operations	(₹) in Lacs	(1,262.75)	874.57
e	Basic earnings per share of ₹ 10 each (d/c)	(₹)	(5.13)	3.55
f	Net profit after tax available for equity shareholders from discontinued operations	(₹) in Lacs	3.39	-
g	Diluted earnings per share of ₹ 10 each (d/c)	(₹)	0.01	-
h	Net profit after tax available for equity shareholders from continuing and discontinued operations	(₹) in Lacs	(1,259.36)	874.57
i	Diluted earnings per share of ₹ 10 each (d/c)	(₹)	(5.12)	3.55

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### 43. SEGMENT INFORMATION

#### (A) Primary Segment

The Chief Operating Decision Maker monitors the operating results of the business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segment has been identified considering the nature of services, the differing risks and returns, the organization structure and

internal financial reporting system. Business segment has been considered as the primary segment for disclosure.

The primary business of the Group relate to two reportable business segments namely "Advisory and Transactional Services" comprising of Broking and Distribution of Securities, Investment Banking and other related Financial Intermediation Services" and Financing and Investment Activities (hitherto referred as "Non-Banking Financing Activities").

#### (B) Information about Business Segments

(₹) in Lacs

PARTICULARS	Advisory and Transactional Services		Financing & Investment Activities		Eliminations		Consolidated for the	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. REVENUE</b>								
1a Segment revenue	12,979.02	14,137.86	536.21	676.61	-	-	13,515.24	14,814.47
1b Intersegment revenue	11.16	15.46	50.74	1.01	(61.89)	(16.47)	-	-
<b>Total revenue</b>	<b>12,990.18</b>	<b>14,153.32</b>	<b>586.95</b>	<b>677.62</b>	<b>(61.89)</b>	<b>(16.47)</b>	<b>13,515.24</b>	<b>14,814.47</b>
<b>B. RESULTS</b>								
1 Segment results (PBIT)	(1,613.67)	1,191.74	(68.77)	(142.46)	(1.41)	(1.77)	(1,681.03)	1,051.05
Segment results (PBIT) - intersegment	(1.41)	(1.77)	-	-	-	-	-	-
<b>Total segment results (PBIT)</b>	<b>(1,612.26)</b>	<b>1,193.51</b>	<b>(68.77)</b>	<b>(142.46)</b>	<b>(1.41)</b>	<b>(1.77)</b>	<b>(1,681.03)</b>	<b>1,051.05</b>
2 Profit from ordinary activities							(1,681.03)	1,051.05
3 Exceptional Items							-	(171.00)
<b>Profit from ordinary activities after exceptional item but before tax</b>							<b>(1,681.03)</b>	<b>1,222.05</b>
5 Provision for current tax							105.78	396.36
6 Deferred tax charge/(benefit)							(594.61)	5.07
7 Tax provision of earlier years							(1.26)	(18.48)
<b>8 (Loss)/ profit after tax</b>							<b>(1,190.94)</b>	<b>839.11</b>
9 Less:- Minority Interest							-	-
10 Add:- Share of (loss)/ profit from Associates							(71.81)	35.46
11 Add :- Profit from discontinued operations							3.39	-
12 Other comprehensive income net of tax							(36.46)	(41.15)
<b>13 Total comprehensive income for the year</b>							<b>(1,295.82)</b>	<b>833.42</b>
<b>C. OTHER INFORMATION</b>								
1 Segment assets	30,499.89	24,261.01	4,576.15	5,909.07	-	-	35,076.04	30,170.08
2 Unallocated corporate assets							2,989.67	2,452.14
<b>3 Total assets</b>							<b>38,065.71</b>	<b>32,622.22</b>
4 Segment liabilities	21,666.60	13,604.80	21.97	1,207.98	-	-	21,688.57	14,812.78
5 Unallocated corporate liabilities							1,092.93	1,097.77
<b>6 Total liabilities</b>							<b>22,781.50</b>	<b>15,910.55</b>
7 Capital expenditure (Including capital work in progress)	440.50	341.38	-	0.52	-	-	440.50	341.89
8 Depreciation and amortization	770.59	703.87	1.04	1.91	-	-	771.63	705.79

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 44. RELATED PARTY DISCLOSURES

(A) As per Indian Accounting Standard on related party disclosure (Ind AS 24), the name of the related parties are as follows :

Associate	Azalea Capital Partners LLP
Associate of a wholly owned subsidiary	Finlearn Edutech Private Limited
Directors and/ or key managerial personnel (KMP)	S. K. Saboo : Chairman (w.e.f. 30.01.2019, till 29.01.2019 Non Executive, Non Independent Director)
	G. P. Gupta : Ex-Chairman (Resigned w.e.f. 02/11/2018)
	Krishna Kumar Karwa : Managing Director
	Prakash Kacholia : Managing Director
	G. C. Vasudeo : Independent Director
	R. K. Krishnamurthi : Independent Director
	Dr. Satish Ugrankar : Independent Director
	Dr. Bharat Kumar Singh : Independent Director (w.e.f. 14.08.2018)
Relatives of directors and/ or key managerial personnel (Where transactions have taken place)	Preeti Kacholia (Woman Director)
	Priti Karwa
	Raunak Karwa
	Soumya Karwa
	Murlidhar Karwa HUF
	Krishna Kumar Karwa HUF
	Nidhi Kacholia
	Divya Kacholia
	Krishna R Kacholia
	Rekha S Saboo
	Amit S Saboo
Enterprises owned/controlled by key managerial personnel or their relatives (Where transactions have taken place)	Cambridge Securities
	Synthetic Fibres Trading Company
	Emkay Corporate Services Pvt. Ltd.
	Seven Hills Capital
	Emkay Charitable Foundation
	Krishna Investments
Post-employment benefits plan	Emkay Global Financial Services Ltd. Employees Group Gratuity Assurance Scheme (Trust)
	Emkay Commotrade Ltd. Employees Group Gratuity Assurance Fund (Trust)
	Emkay Fincap Ltd Employees Group Gratuity Assurance Fund (Trust)
	Emkay Investment Managers Ltd. Employees Group Gratuity Assurance Fund (Trust)
	Emkay Wealth Advisory Ltd. Employees Group Gratuity Assurance Fund (Trust)

Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

Chief financial officer	Saket Agrawal
Company secretary	Bhalchandra Raul

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2020 (Contd.)

(B) Related party transactions for the year ended 31 March 2020

No.	PARTICULARS	Nature of transaction	Transaction amount during 2019-20	Amount Outstanding as on 31.03.2020	31.03.2019
	Related parties where control exists				
	<b>Associate</b>				
1	Azalea Capital Partners LLP	Depository charges	1,070	-	-
		Trade receivables	-	-	35
		Investment via capital contribution	-	4,50,000	4,50,000
		Reimbursement of expenses	19,080	19,080	-
		Trade payables	-	7,120	-
	<b>Associate of a wholly owned subsidiary</b>				
2	Finleam Edutech Private Limited	Sale of assets	6,40,215	-	-
		Depository charges	675	-	-
		Trade payables	-	33	-
		Loan granted and received back	2,00,00,000	-	-
		Payments made on behalf	6,12,361	2,000	-
		Interest received	5,464	4,917	-
		Investment made	1,09,72,500	1,09,72,500	-
	<b>Directors and/or key managerial personnel (KMP)</b>				
3	Krishna Kumar Karwa	Salaries & other benefits	1,14,24,000	94,08,000	-
		Brokerage income	39,151	48,825	-
		Depository charges	660	-	-
		Dividend paid	49,22,500	98,45,000	-
		Trade receivables	-	-	89
		Trade payables	-	21,261	-
4	Prakash Kacholia	Salaries & other benefits	1,14,24,000	94,08,000	-
		Brokerage income	30,356	36,002	-
		Portfolio management fees	3,21,421	3,57,005	1,04,601
		Depository charges	2,645	1,000	-
		Dividend paid	47,50,000	95,00,000	-
		Trade payables	-	73,26,270	24,76,815
5	S. K. Saboo	Brokerage income	16,700	7,400	-
		Depository charges	345	315	-
		Sitting fees	80,000	1,00,000	-
		Trade payables	-	195	-
6	G. P. Gupta	Sitting fees	-	50,000	-
7	G. C. Vasudeo	Sitting fees	80,000	1,30,000	-
		Commission	-	3,50,000	3,50,000
8	R. K. Krishnamurthi	Sitting fees	90,000	1,50,000	-
		Commission	-	2,00,000	2,00,000

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**(B) Related party transactions for the year ended 31 March 2020 (Contd.)**

No.	PARTICULARS	Nature of transaction	Transaction amount during 2019-20	Transaction amount during 2018-19	Amount Outstanding as on 31.03.2020	Amount Outstanding as on 31.03.2019
9	Dr. Satish Ugrankar	Sitting fees Comission	1,20,000 -	1,50,000 2,00,000	- -	- 2,00,000
10	Dr. Bharat Kumar Singh	Sitting fees Comission	60,000 -	40,000 2,00,000	- -	- 2,00,000
	<b>Relatives of directos and/or key managerial personnel</b>					
11	Preeti Kacholia	Brokerage income Portfolio management fees Depository charges Dividend paid Trade payables	3,81,175 21,602 8,685 18,80,000 -	3,17,862 - 6,505 37,60,000 -	- 13,435 - - 20,96,972	- - - - 1,41,900
12	Priti Karwa	Brokerage income Depository charges Trade receivables Trade payables	1,408 510 - -	357 630 - -	- - - 1,26,480	- - 71 -
13	Krishna Kacholia	Brokerage income Depository charges	16 1,335	- -	- -	- -
14	Raunak Karwa	Salaries & other benefits Brokerage income Depository charges Dividend paid Trade receivables	20,16,000 - 150 17,50,000 -	20,16,000 5,109 735 35,00,000 -	- - - - -	- - - - 389
15	Soumya K Karwa	Depository charges Trade receivables	995 -	510 -	- 124	- 124
16	Murliidhar Karwa HUF	Brokerage income Depository charges Dividend paid Trade receivables	5,400 465 1,00,000 -	- 315 2,00,000 -	- - - -	- - - 384
17	Krishna Kumar Karwa HUF	Brokerage income Depository charges Dividend paid Trade receivables	6,726 150 1,00,000 -	- 375 2,00,000 -	- - - 18	- - - 35
18	Nidhi Kacholia	Brokerage income Depository charges	70 645	344 15	- -	- -
19	Divya Kacholia	Brokerage income Depository charges	240 90	- -	- -	- -

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### (B) Related party transactions for the year ended 31 March 2020 (Contd.)

No.	PARTICULARS	Nature of transaction	Transaction amount during		Amount Outstanding as on	
			2019-20	2018-19	31.03.2020	31.03.2019
20	Amit S Saboo	Brokerage income	9,300	10,876	-	-
		Depository charges	480	405	-	-
		Trade receivables	-	-	-	18,328
		Trade payables	-	-	4,30,739	-
21	Rekha S Saboo	Depository charges	-	15	-	-
		Trade receivables	-	-	-	18
22	Enterprises owned/controlled by KIMP or their relatives Synthetic Fibres Trading Co	Brokerage income	8,22,120	7,65,341	-	-
		Depository charges	2,340	1,490	-	-
		Trade payables	-	-	2,21,995	-
		Trade receivables	-	-	-	71
23	Emkay Corporate Services Private Limited	Brokerage income	33,419	55,764	-	-
		Portfolio management fees	1,40,027	28,797	38,347	33,980
		Depository charges	1,490	1,700	-	-
		Dividend paid	48,51,484	83,00,000	-	-
		Interest paid	2,712	29,836	-	2,712
		Loan taken	-	4,80,00,000	-	30,00,000
		Repayment of loan taken	30,00,000	4,50,00,000	-	-
		Trade payables	-	-	-	52,35,153
24	Krishna Investments	Brokerage and commission	43,169	49,308	-	-
		Trade payables	-	-	82,021	41,869
25	Seven Hills Capital	Brokerage income	2,83,201	3,42,535	-	-
		Depository charges	2,680	1,610	-	-
		Trade payables	-	-	-	40,63,137
		Trade receivables	-	-	51,29,635	-
26	Emkay Charitable Foundation	Donation : Corporate social responsibility	-	8,00,000	-	-
27	Post employment benefits plan Emkay Global Financial Services Limited Employees Group Gratuity Assurance Scheme (Trust)	Gratuity contribution	1,27,13,416	84,88,362	12,713,416	84,88,362
28	Emkay Fincap Limited Employees Group Gratuity Assurance Fund (Trust)	Gratuity contribution	4,49,012	2,59,048	4,49,012	2,59,048
29	Emkay Wealth Advisory Limited Employees Group Gratuity Assurance Fund (Trust)	Gratuity contribution	95,642	2,67,796	81,504	(14,138)
30	Emkay Investment Managers Limited Employees Group Gratuity Assurance Fund (Trust)	Gratuity contribution	5,63,411	2,15,543	5,63,411	2,15,543
31	Emkay Commotrade Limited Employee Group Gratuity Assurance Fund (Trust)	Gratuity contribution	13,978	18,742	46,024	1,02,015
32	Additional Related Parties as per Companies Act, 2013 Saket Agrawal : Chief financial officer	Salaries & other benefits	45,55,572	45,87,160	-	-
33	Bhalchandra Raul : Company secretary	Salaries & other benefits	25,15,749	24,92,093	-	-

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 45. FOREIGN CURRENCY TRANSACTIONS

Sr. No.	PARTICULARS	(₹) in Lacs	
		For the year ending	
		31 March 2020	31 March 2019
<b>1</b>	<b>Expenditure in foreign currency (accrual basis)</b>		
(a)	Fees and commission expenses	73.70	18.23
(b)	Travelling expenses	38.22	74.67
(c)	Subscription	91.73	95.65
(d)	Advertisement and business promotion	14.16	23.84
(e)	Software Expenses	0.16	0.50
		217.97	212.89
<b>2</b>	<b>Earning in foreign currency (accrual basis)</b>		
(a)	Research and advisory fees	154.87	301.28

#### 46. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold needs to spend at least 2% of its average net profit for the immediately three preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been

formed by the Group as per Act.

a) Gross amount required to be spent by the Group during the year is ₹42.01 Lacs (P.Y. ₹44.84 Lacs)

b) Details of amount spent:

PARTICULARS	(₹) in Lacs		
	In Cash	Yet to be paid	Total
<b>During the year ending on 31 March, 2020</b>			
i) Construction / acquisition of any asset	-	42.01	42.01
<b>During the year ending on 31 March, 2019</b>			
i) Construction / acquisition of any asset	7.76	37.08	44.84
II) On purpose other than (i) above	-	-	-

Above amount has been spent by Emkay Charitable Foundation a section 8 Company as per the Companies Act, 2013 from the contribution made by the Group.

#### 47. CONTINGENT LIABILITIES

Sr. No.	PARTICULARS	(₹) in Lacs	
		As at	
		31 March 2020	31 March 2019
1	Claims against the Group not acknowledged as debt	8.63	8.63
2	Guarantees issued by Banks (refer note below)	16,200.00	15,500.00
3	Income Tax matters in appeal (net of taxes paid )	0.61	0.61
4	Service Tax matters in appeal (net of amount deposited)	847.81	847.81
5	Bond cum legal undertaking executed	11.99	11.99

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

Note : Guarantees given

The Group has provided bank guarantees aggregating to ₹ 16200.00 Lacs for the following purposes to:

1. National Stock Exchange of India Limited : ₹ 12750.00 Lacs for meeting margin requirements.
2. BSE Limited : ₹ 300.00 Lacs for meeting margin requirements.

3. Multi Commodity Exchange of India Limited : ₹ 2725.00 Lacs for meeting margin requirements.

4. National Commodity & Derivatives Exchange Limited : ₹ 425.00 Lacs for meeting margin requirements.

The Group has pledged fixed deposits with banks aggregating to ₹ 8100 Lacs for obtaining bank guarantees.

### 48. CAPITAL COMMITMENTS

(₹) in Lacs

Sr. No.	PARTICULARS	As at	
		31 March 2020	31 March 2019
1	Estimated amounts of contracts remaining to be executed on Capital Account and not provided for (net of advances)	10.44	174.04

### 49. SHARE BASED PAYMENTS

Details of employees' stock options

#### ESOP-2005

This scheme was approved by the shareholders of the Parent Company at the Extra ordinary General meeting held on 28th January, 2006 for grant of 3,81,250 equity shares of ₹ 10/- each.

#### ESOP-2007

This scheme was approved by the shareholders of the Parent Company at the Extra Ordinary General Meeting held on 11.01.2008 for grant of 24,26,575 equity shares of ₹ 10/- each.

#### ESOP- 2010 – Through Trust Route

This scheme was approved by the shareholders of the Parent Company at the Annual General Meeting held on 30.08.2010 for grant of 24,41,995 equity shares of ₹ 10/- each. Emkay Employees Welfare Trust was formed for the said purpose.

#### ESOP-2018

This scheme was approved by shareholders of the Parent Company through postal ballot process on 21.03.2018 for grant of 24,53,403 equity shares of ₹ 10/- each.

The activity in ESOP-2007, ESOP-2010 and ESOP-2018 during the year ended 31st March, 2020, 31st March 2019 and 31st March 2018 is set out below:

PARTICULARS	As at 31 March 2020	Weighted Average Exercise Price	As at 31 March 2019	Weighted Average Exercise Price	As at 1 April 2018	Weighted Average Exercise Price
	Nos.	(₹)	Nos.	(₹)	Nos.	(₹)
<b>ESOP-2007</b>						
Options outstanding at the beginning of the year	1,395,000	145.45	87,000	54.01	353,050	61.71
Add: Granted	1,411,598	74.66	1,395,000	145.45	-	-
Less: Exercised	-	-	50,000	37.00	115,880	64.92
Less: Forfeited	-	-	-	-	-	-
Less: Lapsed	847,500	134.33	37,000	77.00	150,170	63.70
Options outstanding at the end of the year	1,959,098	74.98	1,395,000	145.45	87,000	54.01

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

PARTICULARS	As at 31 March 2020	Weighted Average Exercise Price	As at 31 March 2019	Weighted Average Exercise Price	As at 1 April 2018	Weighted Average Exercise Price
	Nos.	(₹)	Nos.	(₹)	Nos.	(₹)
<b>ESOP-2010-Through Trust route</b>						
Options outstanding at the beginning of the year	-	-	15,500	93.00	65,000	87.23
Add: Granted	-	-	-	-	-	-
Less: Exercised	-	-	-	-	40,500	83.74
Less: Forfeited	-	-	-	-	-	-
Less: Lapsed	-	-	15,500	93.00	9,000	93.00
Options outstanding at the end of the year	-	-	-	-	15,500	93.00
<b>ESOP-2018</b>						
Options outstanding at the beginning of the year	2,086,168	110.49	-	-	-	-
Add: Granted	356,958	91.92	2,186,168	110.38	-	-
Less: Exercised	-	-	-	-	-	-
Less: Forfeited	-	-	-	-	-	-
Less: Lapsed	923,000	75.60	100,000	108.20	-	-
Options outstanding at the end of the year	1,520,126	75.38	2,086,168	110.49	-	-

The Group has re-priced following options during current year

ESOP Scheme	No of Options	Original Weighted Average Exercise price (₹)	Revised Weighted Average Exercise price (₹)
<b>ESOP-2007</b>			
Options granted during current year	-	-	-
Options granted during previous year	635,000	145.45	75.60
<b>ESOP-2018</b>			
Options granted during current year	332,338	93.20	75.60
Options granted during previous year	1,986,168	112.40	75.60

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### Employees' Stock Options Scheme (ESOP)

PARTICULARS	ESOP-2007	ESOP-2010-Trust Route	ESOP-2018
Date of Grant	Various dates starting from 17.01.2008 till 24.01.2020	Various dates starting from 21.10.2010 till 21.01.2012	Various dates starting from 14.08.2018 till 14.11.2019
Date of Board Approval	01.12.2007	27.07.2010	29.01.2018
Date of Shareholder's Approval	11.01.2008	30.08.2010	21.03.2018
Number of Approval Options Granted	56,11,598	6,47,000	25,43,126
Method of Settlement	Equity	Equity	Equity
Vesting Period	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based	Graded vesting over a period of 5 years	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based

#### Weighted Average Remaining Contractual life

PARTICULARS	ESOP-2007	ESOP-2018
Current year		
- Granted but not vested	6.05 years	5.61 years
Current year		
- Vested but not exercised	-	-
Current year		
- Weighted Average Share Price at the date of exercise for stock options exercised during the year	-	-
Previous year		
- Granted but not vested	7.23 years	6.71 years
Previous year		
- Vested but not exercised	-	-
Previous year		
- Weighted Average Share Price at the date of exercise for stock options exercised during the year (₹)	122.56	-
Exercise Period	Within 2 to 3 years from the date of vesting of options	
Vesting Conditions	Vesting of options would be subject to continued employment with the Parent Company and / or its subsidiaries and thus the options would vest on passage of time. In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters.	
Weighted Average Fair Value of Options as on grant date - Current Year (₹)	38.51	43.47

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

PARTICULARS	ESOP-2007	ESOP-2018
Weighted Average Fair Value of Options as on grant date - Previous Year (₹)	92.89	62.66
Risk free interest rate	7.75%	7.75%
Dividend Yield	1.41%	1.41%
Expected Volatility	62%	62%

#### THE EXERCISE PRICING FORMULAS FOR ESOP SCHEMES ARE AS UNDER:

##### ESOP-2007

The exercise price shall be equal to the latest available closing market price on the date prior to the date on which the Nomination, Remuneration and Compensation Committee of the Parent Company finalizes the specific number of options to be granted to the employees.

##### ESOP-2010

The exercise price shall be calculated on the basis of latest closing price of the Parent Company's equity shares quoted on the Stock Exchange prior to the date of the grant of Options, which for this purpose shall be date on which the Nomination, Remuneration and Compensation Committee of the Parent Company meets to make its recommendations for grant of Options.

##### ESOP-2018

The exercise price shall be the closing price of the Parent Company's equity shares quoted on the Stock Exchange immediately prior to the date of grant of the Options, which for this purpose shall be the date on which the Nomination, Remuneration and Compensation Committee of the Parent Company meets to make its recommendations for the grant of the Options. The Stock Exchange to be selected for determining the closing price shall be in accordance with the SEBI ESOP Regulations. The Committee may, at its sole discretion, consider a discount to such closing price.

#### OTHER INFORMATION REGARDING EMPLOYEE SHARE BASED PAYMENT PLAN IS AS BELOW

PARTICULARS	(₹) in Lacs	
	For the year ended	
	31 March 2020	31 March 2019
Expense arising from employee share based payment plans	171.04	199.94
Total carrying amount at the end of the year	732.63	1,464.86

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 50. a) DETAILED INFORMATION IN RESPECT OF EQUITY INDEX / STOCK FUTURES CONTRACT OUTSTANDING AND HELD FOR TRADING PURPOSE (OPEN INTEREST) :

Name of Equity Index/ Stock Futures	As at 31 March 2020			As at 31 March 2019		
	No. of Contracts	No. of Units		No. of Contracts	No. of Units	
		Long	Short		Long	Short
FUTSTK LT	67	25,125	-	-	-	-
FUTSTK M&M	2	-	2,000	-	-	-
FUTSTK HCLTECH	-	-	-	3	2,100	-
FUTSTK REPCOHME	-	-	-	15	16,500	-
FUTSTK ACC	-	-	-	4	1,600	-
FUTSTK BALKRISIND	-	-	-	3	-	2,400
FUTSTK EICHERMOT	-	-	-	3	-	75
FUTSTK SRTRANSFIN	-	-	-	3	1,800	-
FUTSTK JUBLFOOD	-	-	-	4	2,000	-
FUTSTK HEXAWARE	-	-	-	6	9,000	-
FUTSTK EQUITAS	-	-	-	9	36,000	-
FUTSTK APOLLOHOSP	-	-	-	4	2,000	-

#### b) DETAILED INFORMATION IN RESPECT OF EQUITY INDEX / STOCK OPTIONS CONTRACTS OUTSTANDING AND HELD FOR TRADING PURPOSE (OPEN INTEREST)

(₹) in Lacs

Name of Equity Index Options	Premium c/f as at 31 March 2020 (net of provision made)	Premium c/f as at 31 March 2019 (net of provision made)
NIFTY	-	1.94
<b>Total</b>	<b>-</b>	<b>1.94</b>

#### 51. DETAILED INFORMATION IN RESPECT OF SECURITIES TRADED (DELIVERY ONLY)

(₹) in Lacs

PARTICULARS	Purchases		Sales	
	For the year ended		For the year ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Securities	3,270.53	3,575.33	3,064.07	3,588.62
Corporate Bonds & Government Securities	9,281.11	2,743.83	9,324.08	2,754.05

#### 52. EMPLOYEE BENEFITS

##### Gratuity

##### Governance of the Plan:

The legal entities of the Group have setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the respective trusts are responsible for the overall governance of the plan.

##### Funding arrangements and Policy:

The money contributed by the Group entities to the fund

to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

strategy to manage risk actively. There is no compulsion on the part of the Group to fully pre fund the liability of the Plan. Group's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan. The expected contribution to the plan next year is ₹ 241.45 Lacs.

The following table summarizes the components of net expenses for gratuity benefits recognized in the statement of profit and loss, other comprehensive income and amount recognized in the balance sheet.

### a) Movement in defined benefit obligation

PARTICULARS	(₹) in Lacs	
	As at 31 March	
	2020	2019
<b>Present value of obligation as at the beginning</b>	<b>597.05</b>	<b>494.33</b>
Current service cost	87.54	68.00
Interest expense or cost	41.28	35.57
Re-measurements due to :		
- Actuarial loss /(gain) arising from change in financial assumptions	66.86	25.26
- Actuarial loss /(gain) arising from change in demographic assumptions	0.09	6.15
- Actuarial loss /(gain) arising on account of experience changes	12.67	20.89
Benefits paid	(111.02)	(54.69)
Acquisition adjustment	0.57	1.55
<b>Present value of obligation as at the end</b>	<b>695.04</b>	<b>597.06</b>

### b) Movement in Plan assets

PARTICULARS	(₹) in Lacs	
	As at 31 March	
	2020	2019
<b>Fair value of plan asset as at the beginning</b>	<b>508.56</b>	<b>375.47</b>
Employer contributions	89.63	163.44
Investment income	35.16	27.01
Return on plan assets, excluding amount recognized in net interest expense	34.50	(4.23)
Benefits paid	(111.02)	(54.69)
Acquisition adjustment	0.57	1.55
<b>Fair value of plan asset as at the end</b>	<b>557.40</b>	<b>508.55</b>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### c) Reconciliation of net liability/ asset

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
<b>Net defined benefit liability/ (asset) as at the beginning of the year</b>	<b>(90.53)</b>	<b>(122.45)</b>
Expenses charged to statement of profit and loss	(93.38)	(76.18)
Amount recognized in other comprehensive income	(44.28)	(55.34)
Employer contribution	89.63	163.44
<b>Net defined benefit liability/ (asset) as at the end of the year</b>	<b>(138.56)</b>	<b>(90.53)</b>

### d) Expenses charged to the Statement of profit & loss

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Current Service Cost	87.54	68.00
Net Interest Cost / (Income) on the net defined benefit liability/ (Asset)	6.12	8.57
Expenses recognized in the income statement	<b>93.66</b>	<b>76.57</b>

### e) Movement in asset ceiling

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
<b>Effect of asset ceiling at the beginning</b>	-	-
Interest on opening balance of asset ceiling	-	-
Re measurements due to change in surplus/deficit	-	-
<b>Effect of asset ceiling as at the end of the year</b>	-	-

### f) Re-measurement (gains)/ losses in other comprehensive income

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
<b>Actuarial (gains)/ losses</b>		
Change in financial assumptions	66.86	25.26
Change in demographic assumptions	0.09	6.15

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

**f) Re-measurement (gains)/ losses in other comprehensive income**

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
Experience adjustments	12.67	20.89
Return on plan assets, excluding amount recognized in net interest expense	(34.50)	4.23
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>45.12</b>	<b>56.53</b>

**g) Amount recognized in balance sheet**

(₹) in Lacs

PARTICULARS	As at 31 March	
	2020	2019
<b>Present value of obligation as at the end</b>	<b>695.05</b>	<b>597.05</b>
Fair value of plan assets	557.41	508.56
Surplus/(Deficit)	(137.64)	(88.49)
Effects of asset ceiling, if any	-	-
<b>Net asset / ( liability )</b>	<b>(137.64)</b>	<b>(88.49)</b>

**h) Key actuarial assumptions**

PARTICULARS	As at 31 March	
	2020	2019
Discount Rate (p.a.)	5.55%	6.90%
Salary growth rate (p.a.)	10.00%	9.00%
<b>Category of plan assets</b>		
Insurer managed funds	100%	100%

**i) Sensitivity analysis for significant assumptions is as shown below**

PARTICULARS	As at 31 March 2020	
	Decrease (-1% )	Increase (+1%)
Discount Rate ( - / 1% ) : % Change compared to base due to sensitivity	5.10%	-4.70%
Salary Growth ( - / 1% ) : % Change compared to base due to sensitivity	-3.70%	3.80%

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### j) Projected plan cash flow:

The table below shown the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

(₹) in Lacs	
PARTICULARS	As at 31 March 2020
<b>Maturity Profile</b>	
Expected benefit for 1 year	120.17
Expected benefit for 2 to 5 years	403.26
Expected benefit for 6 to 10 years	259.03
Expected benefit for more than 10 years	160.41

The weighted average duration to the payment of these cash flows is five years.

### 53. LEASE

The Group has entered into lease contracts for various properties across India for its office premises used in its operations. There are no variable lease payments, residual agreements, sale and leaseback arrangements and other restrictions.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'Short-term lease' recognition exemption for these leases.

Set out below are the carrying amount of right-of-use assets recognized and movement during the year.

(₹) in Lacs	
PARTICULARS	Amount
Carrying amount of asset as at 1st April, 2018 (restated)	305.46
Additions	380.92
Depreciation expense	245.56
<b>Balance as at 31 March, 2019</b>	<b>440.82</b>
Additions	645.71
Closure	58.31
Depreciation expense	325.90
<b>Balance as at 31 March, 2020</b>	<b>702.32</b>

Set out are the carrying amount of lease liabilities and movement during the year :

(₹) in Lacs		
PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
	-	<b>Restated</b>
<b>As at 1 April</b>	<b>436.41</b>	<b>292.66</b>
Additions	614.71	364.21
Accretion of interest	60.46	39.93
Closure	59.99	-
Payments	352.13	260.39
<b>Balance as at 31 March</b>	<b>699.46</b>	<b>436.41</b>

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
	-	Restated
Current	301.88	237.93
Non Current	397.58	198.48

The maturity of lease liabilities are disclosed in Note 60.

The effective interest rate of lease liabilities is 10.45% with maturities between one to three years.

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis is as follows :

(₹) in Lacs

PARTICULARS	As at 31 March 2020
Upto one year	354.29
One to five years	414.88
Above five years	32.67
<b>Total</b>	<b>801.84</b>

The following are the amount recognized in statement of profit or loss

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
	-	Restated
Depreciation expense right of use of assets	325.90	245.56
Interest expense on lease liabilities	60.46	39.93
Expense relating to short term leases (included in other expenses)	1.23	4.68
<b>Total Amount recognized in statement of profit and loss account</b>	<b>387.59</b>	<b>290.17</b>

#### 54. RATINGS ASSIGNED BY CREDIT RATING AGENCY

ICRA Limited has downgraded rating to [ICRA] A2+ from [ICRA] A1 to the Short Term Non Fund Based Bank Facilities of the Group of ₹ 27,500 lacs (Previous year : ₹ 20,000 lacs).

#### 55. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are :

(₹) in Lacs

PARTICULARS	As at		
	31 March 2020	31 March 2019	1 April 2018
<b>Financial Asset</b>			
Fixed Deposits	300.00	300.00	828.00
<b>Non Financial Asset</b>			
Building	2,476.71	2,603.22	2,736.19

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

Fixed Deposits and Buildings are pledged and mortgaged respectively with bank for overdraft facilities.

**56.** a) Shares (i) received from clients/ remissiers/ sub-brokers as collateral for margins/ security deposits, (ii) of clients, withheld against their outstanding balances, are held by the Group in its own name in a fiduciary capacity. Depending upon business needs of the Group, some of these shares are lodged with the exchanges towards additional base capital/ exposure.

(b) Client fixed deposits are kept as collateral for their margin requirements are lien marked directly in favor of stock exchanges through their clearing corporations / professional clearing Member and are utilized towards additional base capital/ exposure/ margin requirement of the Group.

**57.** Other liabilities under Other financial liabilities includes ₹ 43.03 Lacs (P.Y. ₹ 20.30 Lacs ) being aggregate amount of deposits in Group's bank accounts made directly by Clients whose details are awaited. Appropriate accounting treatment is given on regular basis on receipt of required information.

### 58. FINANCIAL RISK MANAGEMENT

The Group has established a comprehensive system for risk management and internal controls for all its businesses to manage the risks that it is exposed. The objective of its risk management framework is to ensure that various risks are identified, measured and mitigated and also that policies, procedures and standards are established to address these risks and ensure a systematic response in the case of crystallization of such risks.

The Group has exposure to the following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The risk management system features 'three lines of defence' approach.

1. The first line of defence comprises its operational departments, which assume primary responsibility for their own risks and operate within the limits stipulated in various policies approved by the Board or by committees constituted by the Board.
2. The second line of defence comprises specialized department such as risk management and compliance.

They employ specialized methods to identify and assess risks faced by the operational departments and provide them with specialized risk management tools and methods, facilitate and monitor the implementation of effective risk management practices, develop monitoring tools for risk management, internal controls and compliances, report risk related information and promote the adoption of appropriate risk prevention measures.

3. The third line of defence comprise the internal audit and external audit functions. They monitor and conduct periodic evaluations of the risk management, internal controls and compliance activities to ensure the adequacy of risk controls and appropriate risk governance and provide the Board with comprehensive feedback.

#### a) Credit risk

It is risk of financial loss that the Group will incur a loss because its customers or counterparties to financial instruments fail to meet its contractual obligation.

The Group's financial assets comprises of cash and bank balances, trade receivables, loans, investments and other financial assets which comprise mainly of deposits and unbilled revenues.

The maximum exposure to credit risk at the reporting date is primarily from Group's trade receivable and loans.

Following provides exposure to credit risks for trade receivables and loans:

#### Trade receivable:

The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written.

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

(₹) in Lacs

PARTICULARS	As at		
	31 March 2020	31 March 2019	1 April 2018
Trade and other receivables (net of impairment)	5343.26	5849.17	8891.11
Loans (net of impairment)	1910.41	4402.38	4021.66

**Loans:** Loans comprise of margin trading funding (MTF), Margin Funding (MF) and Loan against securities (LAS) for which staged approach is followed for determination of ECL.

**Stage 1 :** All standard loans in MTF, MF and LAS loan book up to 30 days past due (DPD) are considered as Stage 1 assets for computation of expected credit loss.

**Stage 2 :** Exposure under stage 2 include under-performing loans having 31 to 90 days past due (DPD).

**Stage 3 :** Exposures under stage 3 include non-performing loans with overdue more than 90 days past due (DPD).

Based on historical data, the GROUP assigns PD to stage 1 and stage 2 and applies it to the EAD to compute the ECL. For Stage 3 assets PD is considered as 100%

The Group does not have any loan book which may fall under stage 2 or stage 3.

Following table provides information about exposure to credit risk and ECL on Loan

(₹) in Lacs

Bucketing (Stage)	As at 31 March 2020		As at 31 March 2019	
	Carrying Value	ECL	Carrying Value	ECL
Stage 1	1,913.32	2.91	4,414.12	12.91
Stage 2	-	-	-	-
Stage 3	-	-	1.56	0.39
<b>Total</b>	<b>1,913.32</b>	<b>2.91</b>	<b>4,415.68</b>	<b>13.30</b>

Movement in the allowances for impairment in respect of trade receivables and loans is as follows:

(₹) in Lacs

Bucketing (Stage)	As at 31 March 2020	As at 31 March 2019
Opening Balance	45.05	438.75
Net re-measurement of loss allowance	(25.84)	(393.70)
<b>Closing Balance</b>	<b>19.21</b>	<b>45.05</b>

Other financial assets considered to have a low credit risk: Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investments comprise of quoted equity instruments, mutual funds which are market tradeable. Other financial assets include deposits for assets acquired on lease and with qualified clearing counterparties and exchanges as per the prescribed statutory limits.

In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This can be reflected in the increased haircuts taken on collateral held against such receivables and loans.

#### b) Liquidity risk

Liquidity risk is the risk that the entity will encounter

**Notes to the Consolidated Financial Statements  
For the year ended 31 March 2020 (Contd.)**

difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to entity's reputation.

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and close out market positions.

The Group has a view of maintaining liquidity with minimal risks while making investments. The Group invests its surplus funds in short term liquid assets in bank deposits. The Group monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

Refer note no. 60 for analysis of maturities of financial assets and financial liabilities.

**c) Market Risk**

Market risk arises when movements in market factors (foreign exchange rates, interest rates, credit spreads and equity prices) impact the Group's income or market value of its portfolios. The Group, in its course of business, is exposed to market risk due to change in equity prices, interest rates and foreign exchange rates. The objective of market risk management is to maintain an acceptable level of market risk exposure while aiming to maximize returns.

**(i) Equity Price**

The Group's exposure to equity price risk arises primarily

on account of its proprietary positions and on account of margin bases positions of its clients in equity cash and derivative segments.

The Group's equity price risk is managed in accordance with its Risk Policy approved by Board.

**(ii) Interest rate risk**

The Group is exposed to Interest rate risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

The Group's interest rate risk arises from interest bearing deposits with bank and loan given to customers. Such instrument exposes the Group to fair value interest rate risk. Management believes that the interest rate risk attached to these financial assets is not significant due to the nature of these financial assets.

**(iii) 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.

Foreign currency risk management

In respect of foreign currency transactions, the Group does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Group.

The Group's exposure to foreign currency risk at the end of reporting period is as shown as under:

**Receivables**

PARTICULARS	Currency	In Lacs	
		As at	
		31 March 2020	31 March 2019
Foreign currency exposure outstanding	USD	0.33	0.51
	INR	25.18	34.99
Foreign currency receivable in next 5 years including interest	USD	0.33	0.51
	INR	25.18	34.99
Unhedged foreign currency exposure	USD	0.33	0.51
	INR	25.18	34.99

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### Payables

		In Lacs	
PARTICULARS	Currency	As at	
		31 March 2020	31 March 2019
Foreign currency exposure outstanding	USD	3.17	0.23
	INR	239.87	15.83
	SGD	0.06	0.03
	INR	3.20	1.31
Foreign currency payable in next 5 years including interest	USD	1.17	0.23
	INR	88.54	15.83
	SGD	0.06	0.03
	INR	3.20	1.31
Unhedged foreign currency exposure	USD	3.17	0.23
	INR	239.87	15.83
	SGD	0.06	0.03
	INR	3.20	1.31

The Group basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the impact on the financial statements.

The table below indicates the currencies to which the Group had significant exposure at the end of the reported periods for the non-traded component. The analysis calculates the effect of a reasonably possible movement of the currency rate against INR (all other variable being constant) on the statement of profit and loss.

		In Lacs	
CURRENCY	Change in currency rate in %	Impact on statement of profit and loss	
		For the year ended	
		31 March 2020	31 March 2019
USD	Depreciation of 5%	10.73	(0.96)
	Appreciation of 5%	(10.73)	0.96
SGD	Depreciation of 5%	0.16	0.07
	Appreciation of 5%	(0.16)	(0.07)

#### 59. INCOME TAX

##### A) The major components of income tax expense for the year are as under

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
Current tax		
In respect of current year	134.17	426.89
Mat Credit Entitlement	(28.39)	(30.54)
	<b>105.78</b>	<b>396.35</b>
In respect of earlier year	(1.26)	(18.48)
<b>Total : Current Tax ( A )</b>	<b>104.52</b>	<b>377.87</b>
<b>Deferred Tax</b>		
Origination and reversal of temporary differences	(594.61)	5.07

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### A) The major components of income tax expense for the year are as under

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
Total : Deferred Tax ( B )	(594.61)	5.07
Income Tax recognized in statement of Profit and Loss ( A + B )	(490.09)	382.94
Income Tax expenses recognized in OCI		
Items that will not be reclassified to profit or loss		
Re-measurement of defined employee benefit plans	(45.12)	(56.52)
Income tax relating to items that will not be classified to profit or loss	1.44	15.37
Items that will be reclassified to profit or loss		
Foreign exchange translation reserve	7.22	-
<b>Total</b>	<b>(36.46)</b>	<b>(41.15)</b>

#### B) Reconciliation of tax expense and the accounting profit for the year is as under

(₹) in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
Profit before tax	(1,681.03)	1,222.05
Indian statutory income tax rate (%)	29.12%	27.82%
Expected income tax expenses	(489.52)	339.97
<b>Tax effect of adjustments to reconcile expected income tax expenses to reported income tax expenses</b>		
Income exempt from income tax	(4.33)	(4.24)
Expenses allowable	(208.48)	(294.57)
Fair valuation of investments	(88.08)	88.88
Expenses not allowable/ deductible	331.46	224.44
Others (Net)	(1.06)	7.10
Impact of differential tax rate	(2.65)	(7.99)
Brought forward business loss and unabsorbed depreciation adjusted	-	(21.94)
Current year loss carried forward	2.22	84.85
Tax impact on account of MAT	-	15.46
MAT credit entitlement	(28.39)	(30.54)
Tax relating to earlier years	(1.26)	(18.48)
<b>Total Income tax expenses</b>	<b>(490.09)</b>	<b>382.94</b>

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### C) Movement of deferred tax assets and liabilities as at 31 March 2020

(₹) in Lacs			
PARTICULARS	As at 1 April 2019	Credit/ (Charge) in the statement of profit and loss	As at 31 March 2020
Provisions	21.18	6.32	27.50
Unabsorbed capital losses	-	35.34	35.34
Unabsorbed business losses	-	242.76	242.76
Unabsorbed depreciation	-	140.46	140.46
Fair Value loss/ (gain) on investments and other assets	52.25	182.78	235.03
Fixed asset: Impact of difference between tax depreciation and depreciation/amortization charged for financial reporting period	(76.86)	(14.16)	(91.02)
Other Adjustments	(1.28)	1.10	(0.18)
<b>Net deferred tax assets/ (liabilities)</b>	<b>(4.71)</b>	<b>594.61</b>	<b>589.89</b>

#### Movement of deferred tax assets and liabilities as at 31 March 2020

(₹) in Lacs			
PARTICULARS	As at 1 April 2019	Credit/ (Charge) in the statement of profit and loss	As at 31 March 2020
Provisions	25.71	(4.53)	21.18
Ind AS Impact	13.94	(13.94)	-
Fair Value loss/ (gain) on investments and other assets	33.56	18.69	52.25
Fixed asset: Impact of difference between tax depreciation and depreciation/amortization charged for financial reporting period	(72.85)	(4.01)	(76.86)
Other Adjustments	-	(1.28)	(1.28)
<b>Net deferred tax assets/ (liabilities)</b>	<b>0.36</b>	<b>(5.07)</b>	<b>(4.71)</b>

#### UNRECOGNIZED DEFERRED TAX ASSETS

Two subsidiary companies of the Group have not recognized the deferred tax assets in respect of the following items, because it is not probable that the future taxable profit

will be available against which they can use the benefits therefrom :

(₹) in Lacs			
PARTICULARS	As at		
	31 March 2020	31 March 2019	1 April 2018
Interest component of compound financial instrument	18.52	11.97	8.84
Financial guarantee expenses recognized	-	-	1.69
Impairment of financial instruments	0.92	1.03	93.37
Provision for compensated absences	0.17	-	-
Unused tax losses/ depreciation	275.78	276.10	251.46
Depreciation and amortization	0.16	0.18	0.22
<b>Total deferred tax assets</b>	<b>295.55</b>	<b>289.28</b>	<b>355.58</b>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### 60. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(₹) in Lacs

PARTICULARS	As at 31 March 2020		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	9,855.46	9,855.46	-
Bank balance other than above	11,538.00	10,938.06	599.94
Derivative financial instruments	-	-	-
Stock in trade (Securities held for trading)	163.00	163.00	-
Trade receivables	5,343.26	5,343.26	-
Loans	1,910.41	1,910.41	-
Investments	1,555.46	-	1,555.46
Other financial assets	1,927.82	1,345.42	582.40
	<b>32,293.41</b>	<b>29,555.61</b>	<b>2,737.80</b>
<b>Non financial assets</b>			
Current tax assets (net)	192.20	-	192.20
Deferred tax assets (net)	589.89	-	589.89
Property, plant and equipment	3,041.01	-	3,041.01
Capital work-in-progress	27.24	-	27.24
Other Intangible assets	70.91	-	70.91
Right of use assets	702.32	-	702.32
Other non-financial assets	1,148.73	493.00	655.73
	<b>5,772.30</b>	<b>493.00</b>	<b>5,279.30</b>
<b>Total assets</b>	<b>38,065.71</b>	<b>30,048.61</b>	<b>8,017.10</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments			
Trade payables	12,239.79	12,239.79	-
Borrowings (other than debt security )	800.00	800.00	-
Deposits	176.74	-	176.74
Other financial liabilities	8,217.64	7,816.30	401.34
	<b>21,434.17</b>	<b>20,856.09</b>	<b>578.08</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	54.50	-	54.50
Provisions	325.83	325.83	-
Other non-financial liabilities	967.01	967.01	-
	1,347.34	1,292.84	54.50
<b>Total liabilities</b>	<b>22,781.51</b>	<b>22,148.93</b>	<b>632.58</b>
<b>Net</b>	<b>15,284.20</b>	<b>7,899.68</b>	<b>7,384.52</b>

**Notes to the Consolidated Financial Statements**  
**For the year ended 31 March 2020 (Contd.)**

(₹) in Lacs

PARTICULARS	As at 31 March 2019		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,051.16	3,051.16	-
Bank balance other than above	10,665.76	10,660.72	5.04
Derivative financial instruments	1.94	1.94	-
Stock in trade (Securities held for trading)	-	-	-
Trade receivables	5,849.17	5,849.17	-
Loans	4,402.38	4,402.38	-
Investments	2,775.81	-	2,775.81
Other financial assets	677.57	281.06	396.51
	<b>27,423.79</b>	<b>24,246.43</b>	<b>3,177.36</b>
<b>Non financial assets</b>			
Current tax assets (net)	150.70	-	150.70
Deferred tax assets (net)	(4.71)	-	(4.71)
Property, plant and equipment	3,064.22	-	3,064.22
Capital work-in-progress	2.12	-	2.12
Other Intangible assets	41.77	-	41.77
Right of use assets	440.82	-	440.82
Other non-financial assets	1,503.51	583.87	919.64
	<b>5,198.43</b>	<b>583.87</b>	<b>4,614.56</b>
<b>Total assets</b>	<b>32,622.22</b>	<b>24,830.30</b>	<b>7,791.92</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments			
Trade payables	6,760.54	6,760.54	-
Borrowings (other than debt security)	2,175.03	2,175.03	-
Deposits	168.28	-	168.28
Other financial liabilities	5,211.21	5,012.73	198.48
	<b>14,315.06</b>	<b>13,948.30</b>	<b>366.76</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	49.15	-	49.15
Provisions	857.22	857.22	-
Other non-financial liabilities	689.12	689.12	-
	<b>1,595.49</b>	<b>1,546.34</b>	<b>49.15</b>
<b>Total liabilities</b>	<b>15,910.55</b>	<b>15,494.64</b>	<b>415.91</b>
<b>Net</b>	<b>16,711.67</b>	<b>9,335.66</b>	<b>7,376.01</b>

**Notes to the Consolidated Financial Statements**  
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(₹) in Lacs

PARTICULARS	As at 1 April 2018		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,185.87	3,185.87	-
Bank balance other than above	11,281.98	11,051.03	230.95
Derivative financial instruments	21.41	21.41	-
Stock in trade (Securities held for trading)	25.13	25.13	-
Trade receivables	8,891.11	8,891.11	-
Loans	4,021.66	4,020.61	1.05
Investments	3,771.24	-	3,771.24
Other financial assets	377.58	34.35	343.23
	<b>31,575.98</b>	<b>27,229.51</b>	<b>4,346.47</b>
<b>Non financial assets</b>			
Current tax assets (net)	392.82	-	392.82
Deferred tax assets (net)	0.36	-	0.36
Property, plant and equipment	3,169.24	-	3,169.24
Capital work-in-progress	4.67	-	4.67
Other Intangible assets	97.37	-	97.37
Right of use assets	305.46	-	305.46
Other non-financial assets	1,363.32	541.53	821.79
	<b>5,333.24</b>	<b>541.53</b>	<b>4,791.71</b>
<b>Total assets</b>	<b>36,909.22</b>	<b>27,771.04</b>	<b>9,138.18</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	1.05	1.05	-
Trade payables	9,672.10	9,672.10	-
Borrowings (other than debt security)	3,400.62	3,400.62	-
<b>Deposits</b>	163.47	-	163.47
Other financial liabilities	4,927.26	4,789.94	137.32
	<b>18,164.50</b>	<b>17,863.71</b>	<b>300.79</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	58.65	-	58.65
Provisions	1,642.80	1,642.80	-
Other non-financial liabilities	789.85	789.85	-
	<b>2,491.30</b>	<b>2,432.65</b>	<b>58.65</b>
<b>Total liabilities</b>	<b>20,655.80</b>	<b>20,296.36</b>	<b>359.44</b>
<b>Net</b>	<b>16,253.42</b>	<b>7,474.68</b>	<b>8,778.74</b>

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 61. FINANCIAL INSTRUMENTS

Refer to financial instruments by category table below for the disclosure on carrying value and fair value of financial assets and liabilities.

I. The carrying value and financial instruments by categories as of 31 March 2020 is as follows:

(₹) in Lacs				
PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	9,855.46	-	-	9,855.46
Bank balance other than above	11,538.00	-	-	11,538.00
Stock in trade (Securities held for trading)	-	163.00	-	163.00
Trade receivables	5,343.26	-	-	5,343.26
Loans	1,910.41	-	-	1,910.41
Investments ( excluding associates )	-	1,481.98	-	1,481.98
Other financial assets	1,927.82	-	-	1,927.82
<b>Total</b>	<b>30,574.95</b>	<b>1,644.98</b>	<b>-</b>	<b>32,219.93</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	12,239.79	-	-	12,239.79
Borrowings ( other than debt security )	800.00	-	-	800.00
Deposits	176.74	-	-	176.74
Other financial liabilities	8,217.64	-	-	8,217.64
<b>Total</b>	<b>21,434.17</b>	<b>-</b>	<b>-</b>	<b>21,434.17</b>

II. The carrying value and financial instruments by categories as of 31 March 2019 is as follows:

(₹) in Lacs				
PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3,051.16	-	-	3,051.16
Bank balance other than above	10,665.76	-	-	10,665.76
Derivative financial instruments	-	1.94	-	1.94
Trade receivables	5,849.17	-	-	5,849.17
Loans	4,402.38	-	-	4,402.38

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

II. The carrying value and financial instruments by categories as of 31 March 2019 is as follows:

(₹) in Lacs

PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
Investments (excluding associate)	-	2,740.24	-	2,740.24
Other financial assets	677.57	-	-	677.57
<b>Total</b>	<b>24,646.04</b>	<b>2,742.18</b>	-	<b>27,388.22</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	6,760.54	-	-	6,760.54
Borrowings (other than debt security)	2,175.03	-	-	2,175.03
Deposits	168.28	-	-	168.28
Other financial liabilities	5,211.21	-	-	5,211.21
<b>Total</b>	<b>14,315.06</b>	-	-	<b>14,315.06</b>

III. The carrying value and financial instruments by categories as of 1 April 2018 is as follows:

(₹) in Lacs

PARTICULARS	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3,185.87	-	-	3,185.87
Bank balance other than above	11,281.98	-	-	11,281.98
Derivative financial instruments	-	21.41	-	21.41
Stock in trade (Securities held for trading)	-	25.13	-	25.13
Trade receivables	8,891.11	-	-	8,891.11
Loans	4,021.66	-	-	4,021.66
Investments (excluding associate)	-	3,771.13	-	3,771.13
Other financial assets	377.58	-	-	377.58
<b>Total</b>	<b>27,758.20</b>	<b>3,817.67</b>	-	<b>31,575.87</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Derivative financial instruments	-	1.05	-	1.05
Trade payables	9,672.10	-	-	9,672.10
Borrowings (other than debt security)	3,400.62	-	-	3,400.62
Deposits	163.47	-	-	163.47
Other financial liabilities	4,927.26	-	-	4,927.26
<b>Total</b>	<b>18,163.45</b>	<b>1.05</b>	-	<b>18,164.50</b>

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimates using a valuation technique.

The investments included in level 1 of fair value hierarchy have been valued using quoted prices for instruments in

an active market. The investments included in Level 2 of fair value hierarchy have been valued using valuation techniques based on observable market data. The investments included in Level 3 of fair value hierarchy have been valued using the income approach and break-up value to arrive at their fair value. There were no transfers between level 1 and level 2.

(₹) in Lacs				
As at 31 March 2020	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivatives	-	-	-	-
Stock in trade : Equity Shares	163.00	-	-	163.00
Investment in Equity Shares	378.97	-	* refer note below	378.97
Investment in MF Units	131.62	-	-	131.62
Investment in AIF Units	-	971.39	-	971.39
<b>Total</b>	<b>673.59</b>	<b>971.39</b>	-	<b>1,644.98</b>

(₹) in Lacs				
As at 31 March 2019	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivatives	1.94	-	-	1.94
Investment in Equity Shares	1,670.37	-	* refer note below	1,670.37
Investment in MF Units	2.94	-	-	2.94
Investment in AIF Units	-	1,066.93	-	1,066.93
<b>Total</b>	<b>1,675.25</b>	<b>1,066.93</b>	-	<b>2,742.18</b>

(₹) in Lacs				
As at 1 April 2018	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivatives	20.36	-	-	20.36
Stock in trade : Equity Shares	25.13	-	-	25.13
Investment in Equity Shares	3,313.75	-	* refer note below	3,313.75
Investment in MF Units	22.20	-	-	22.20
Investment in AIF Units	-	435.18	-	435.18
<b>Total</b>	<b>3,381.44</b>	<b>435.18</b>	-	<b>3,816.62</b>

\* Investments under level 3 above include investment in unquoted equity shares of ₹50.05 lacs whose fair value is considered as ₹ Nil based on the financial health of the investee Company

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### IV. VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUE

- Quoted equity investments – Quoted closing price on stock exchange
- Unquoted equity investments – Based on financial health of the investee Company.
- Quoted mutual fund investments – Quoted closing NAV of respective schemes
- Alternative Investment funds – net asset value of the scheme

and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short term nature.

Additionally, financial liabilities such as borrowings, trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short term nature.

At 31 March 2020, 31 March 2019 and 01 April 2018, the Group did not hold any financial liabilities which could have been categorized as level 3.

### V. FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Financial assets not measured at fair value include cash

### 62. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹) in Lacs

PARTICULARS	1 April 2019	Cash flows	Change in fair values	Others	31 March 2020
Borrowings	2,175.03	(1,375.03)	-	-	800.00

PARTICULARS	1 April 2018	Cash flows	Change in fair values	Others	31 March 2019
Borrowings	3,400.62	(1,225.59)	-	-	2,175.03

### 63. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue primarily from share broking business. Its other major revenue sources are fees from research and advisory services, alternate investment management, portfolio management services.

#### Disaggregate revenue information

₹ in Lacs

PARTICULARS	For the year ended	
	31 March 2020	31 March 2019
Brokerage fees	10,540.24	11,235.28
Portfolio management fees	418.75	400.04
Alternate investment management fees	541.63	479.64
Research and advisory fees	318.23	771.80
Depository operations	62.52	62.94
<b>Total</b>	<b>11,881.37</b>	<b>12,949.70</b>
India	11,726.50	12,648.42
Outside India	154.87	301.28
<b>Total</b>	<b>11,881.37</b>	<b>12,949.70</b>
Timing of revenue recognition		
Services transferred at a point in time	11,765.12	12,432.64
Services transferred over time	116.25	517.06
<b>Total</b>	<b>11,881.37</b>	<b>12,949.70</b>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

### INFORMATION ABOUT THE GROUP'S OBLIGATION

The performance obligation in regards of arrangement where fees is charged per transaction executed is recognized at point in time when trade is executed.

Income from Portfolio management and alternate investment management fees is recognized as per the terms and conditions of the respective agreements.

Income from research, advisory and other services is recognized upon rendering of the services.

**64.** Emkay Wealth Advisory Limited (formerly Emkay Insurance Brokers Limited) had transferred its direct insurance broking business by entering into a Business Transfer Agreement dated 22nd March, 2019 for an aggregate consideration of ₹17,100,000/-. The same is comprising of following and shown as an Exceptional Item in accompanying financial statements :

₹ in Lacs	
PARTICULARS	2018-19
Non-Compete fees received on transfer of direct Insurance broking business	71.00
Consideration for transfer of direct insurance broking business	100.00
<b>Total</b>	<b>171.00</b>

**65.** Emkay Commotrade Limited, a subsidiary Company received a Show Cause Notice dated 17th September, 2019 under Regulation 28(1) of the SEBI (Intermediaries) Regulations, 2008 in the matter of paired contacts transacted at National Spot Exchange Limited (NSEL) in which it had acted as broker asking as to why appropriate action should not be taken as per Regulation 28(2) of the SEBI Intermediaries Regulations 2008 concerning not treating it as a fit and proper person and cancelling certificate of registration granted to it. Emkay Commotrade Limited submitted a detailed reply in the matter denying all allegations and requested to grant an opportunity for personal hearing which is awaited and matter is pending for disposal. The Management do not expect any impact of the same on the subsidiary Company since it has already discontinued its business operations during 2018-19.

**66.** The list enterprises consolidated as subsidiary in accordance with the Indian Accounting Standard (Ind AS) – 110 Consolidated financial statements and as associate in accordance with Indian Accounting Standard (Ind AS) – 28 – Investments in associates and joint ventures.

Name of Entity	Country of Incorporation	Proportion of ownership as at reporting date	Consolidated as
Emkay Fincap Limited	India	100%	Subsidiary
Emkay Investment Managers Limited	India	100%	Subsidiary
Emkay Wealth Advisory Limited	India	100%	Subsidiary
Emkay Commotrade Limited	India	100%	Subsidiary
Emkayglobal Financial Services IFSC Private Limited	India	100%	Subsidiary
Azalea Capital Partners LLP	India	45%	Associate of parent
Finlearn Edutech Private Limited	India	27.43%	Associate of a wholly owned subsidiary

## Notes to the Consolidated Financial Statements

### For the year ended 31 March 2020 (Contd.)

#### 67. ADDITIONAL DISCLOSURE PERTAINING TO SUBSIDIARIES / ASSOCIATES AS PER DIVISION III OF COMPANIES ACT, 2013

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	(₹) in Lacs	As % of Consolidated Profit or Loss	(₹) in Lacs	As % of Consolidated Profit or Loss	(₹) in Lacs	(₹) in Lacs	(₹) in Lacs
<b>Parent</b>								
Emkay Global Financial Services Ltd.	63.34%	12,026.81	92.39%	(1,257.86)	106.32%	(38.76)	92.76%	(1,296.62)
<b>Subsidiaries</b>								
Emkay Fincap Ltd.	24.64%	4,678.54	8.41%	(114.51)	5.88%	(2.14)	8.34%	(116.65)
Emkay Investment Managers Ltd.	8.61%	1,635.16	-5.92%	80.60	4.98%	(1.82)	-5.64%	78.78
Emkay Wealth Advisory Ltd.	1.12%	212.82	0.28%	(3.87)	1.49%	(0.54)	0.32%	(4.42)
Emkay Commotrade Ltd.	1.51%	287.36	2.14%	(29.20)	1.15%	(0.42)	2.12%	(29.62)
Emkayglobal Financial Services IFSC Pvt. Ltd.	0.76%	144.97	0.47%	(6.38)	-19.82%	7.22	-0.06%	0.85
<b>Associate</b>								
Azalea Capital Partners LLP	0.00%	0.85	2.22%	(30.22)	0.00%	-	2.16%	(30.22)
<b>SubTotal</b>	<b>100.00%</b>	<b>18,986.53</b>	<b>100.00%</b>	<b>(1,361.43)</b>	<b>100.00%</b>	<b>(36.46)</b>	<b>100.00%</b>	<b>(1,397.89)</b>
Adjustments arising out of consolidation		(3,702.32)		102.07		-		102.07
<b>Total</b>		<b>15,284.21</b>		<b>(1,259.36)</b>		<b>(36.46)</b>		<b>(1,295.82)</b>

#### 68. SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES AS PER COMPANIES ACT, 2013

##### Part - A : SUBSIDIARIES

Name of Subsidiary	(₹) in Lacs				
	Emkay Fincap Ltd.	Emkay Commotrade Ltd.	Emkay Wealth Advisory Ltd. (formerly Emkay Insurance Brokers Ltd.)	Emkay Investment Managers Ltd.	Emkayglobal Financial Services IFSC Pvt. Ltd.
Reporting Period	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020
Reporting Currency	INR	INR	INR	INR	INR
The date from which became subsidiary	16/05/2005	05/01/2006	08/03/2007	08/06/2010	21/06/2018
Share Capital	2,200.00	600.00	410.00	900.00	150.00
Other Equity	2,478.54	(312.64)	(197.18)	735.16	(5.03)
Total Assets	4,730.55	543.79	219.76	1,727.81	186.47
Total Liabilities	52.01	256.43	6.93	92.64	41.50
Investments	283.72	-	30.22	265.66	-
Turnover/Total Income	586.96	52.55	49.64	963.52	0.06
Profit Before Tax	(68.77)	(29.47)	(7.27)	128.27	(6.15)
Provision for Taxation	4.14	(0.27)	-	47.67	0.23
Profit after Taxation	(72.91)	(29.20)	(7.27)	80.60	(6.38)
Share of (Loss) from Associate	(41.59)	-	-	-	-
Profit from discontinued operations	-	-	3.39	-	-

## Notes to the Consolidated Financial Statements For the year ended 31 March 2020 (Contd.)

	(₹) in Lacs				
Name of Subsidiary	Emkay Fincap Ltd.	Emkay Commotrade Ltd.	Emkay Wealth Advisory Ltd. (formerly Emkay Insurance Brokers Ltd.)	Emkay Investment Managers Ltd.	Emkayglobal Financial Services IFSC Pvt. Ltd.
Other Comprehensive Income	(2.14)	(0.42)	(0.54)	(1.82)	7.22
Total comprehensive income	(116.65)	(29.62)	(4.42)	78.78	0.85
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
% of Shareholding	100.00%	100.00%	100.00%	100.00%	100.00%

### Part - B : ASSOCIATE (only company)

Name of associate	Latest audited balance sheet date	The date on which the associate was acquired or was associated	Shares of the Associate held by the Company on the year end			Profit/ (loss) for the year	
			Nos.	Amount of investment in associate (₹) in Lacs	Extent of holding %	Net worth attributable to shareholding as per latest audited balance sheet (₹) in Lacs	Considered in consolidation (₹) in Lacs
Finlearn Edutech Private Limited	31/03/2020	31/12/2019	1,097,250	109.725	27.43%	68.13	(41.59)

There has been a significant influence due to percentage (%) of voting power.

**69.** Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

**70.** The financial statements of the Group for the year ended 31st March, 2020 were approved for issue by the Board of Directors at their meeting held on June 17, 2020.

**71.** The Group's financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lac, except when otherwise indicated.

**72.** COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The Indian Government on March 24, 2020, announced a 21-day complete lockdown across the country, to contain the spread of the virus. The lockdown has since been extended with gradual relaxations. The Group's most of

the operations are covered under essential services and accordingly, the Group faced no business interruption on account of the lockdown. There has been no material change in the controls or processes followed in the closing of the financial statements of the Group.

As at March 31, 2020, based on facts and circumstances existing as of that date, the Group does not anticipate any material uncertainties, which affect its liquidity position; and its ability to continue as a going concern. The ongoing COVID-19 situation may result in some changes in the overall economic and market conditions, which may in turn have an impact on the operations of the Group.

### 73. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that requires disclosure in these financial statements.

As per our report of even date

for **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/ E300005

per **Viren H. Mehta**  
Partner  
Membership No.048749

Place : Mumbai  
Date : June 17, 2020

For and on behalf of the Board of Directors of **Emkay Global Financial Services Limited**

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : June 17, 2020

**Prakash Kacholia**  
Managing Director

**Bhalchandra Raul**  
Company Secretary

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## NOTES

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# Emkay<sup>®</sup>

Your success is our success

Emkay Global Financial Services Ltd

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