

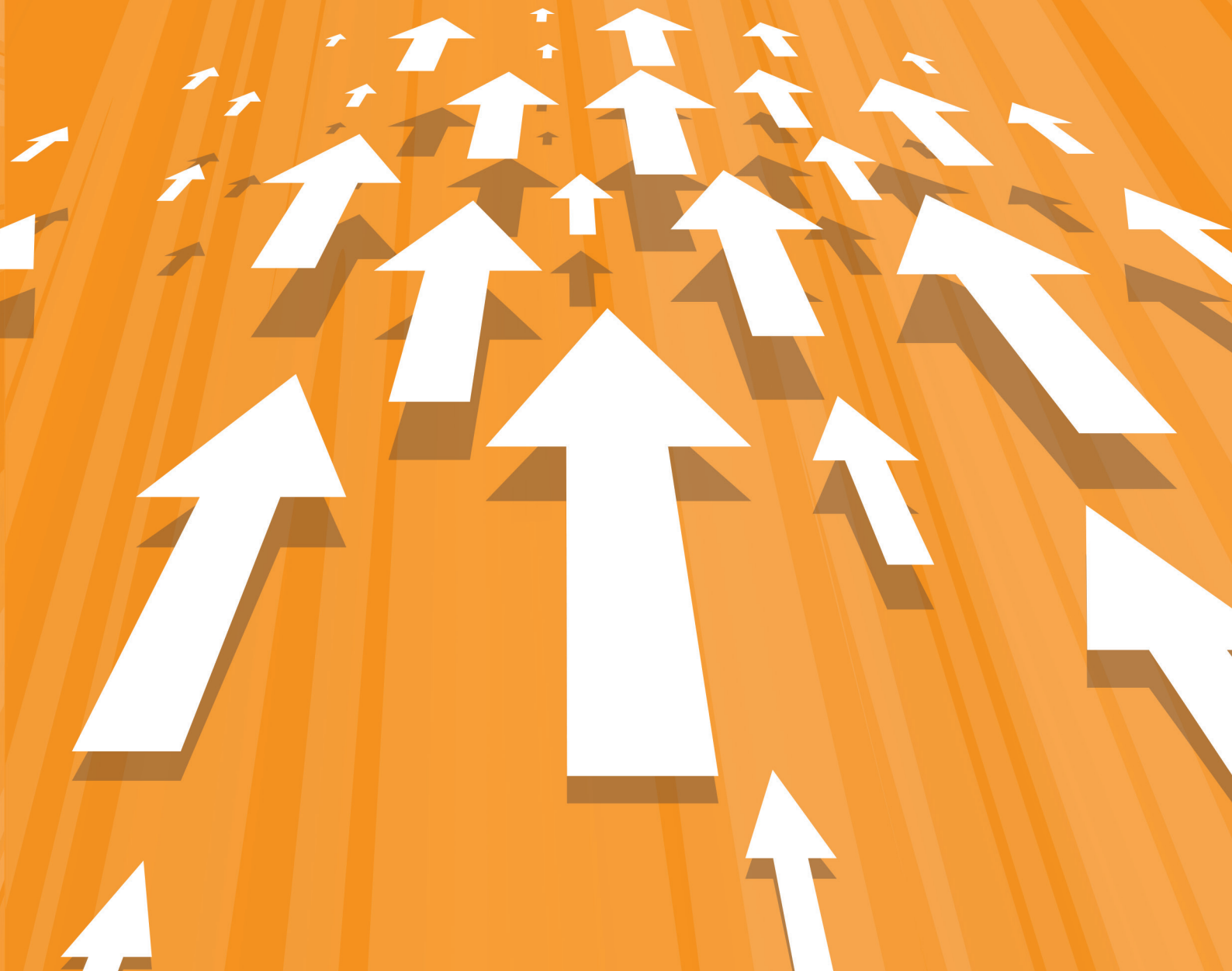


Your success is our success

**Leveraging the core,  
DRIVING MOMENTUM.**

Annual Report  
**2018-19**

**EMKAY FINCAP LTD**





## Corporate Information

### BOARD OF DIRECTORS

Krishna Kumar Karwa	Whole-Time Director	(DIN: 00181055)
Prakash Kacholia	Director & CFO	(DIN: 00002626)
R. K. Krishnamurthi	Director	(DIN: 00464622)
G. C. Vasudeo	Director	(DIN: 00021772)

### COMPANY SECRETARY

Trupti Bolke

### STATUTORY AUDITORS

B. L. Sarda & Associates, Chartered Accountants  
61, Rajgir Chambers, 7th Floor, Opp. Custom House,  
12/14, Shahid Bhagat Singh Road, Mumbai- 400 023

### BANKERS

HDFC Bank Limited  
Kotak Mahindra Bank Limited  
State Bank of India

### REGISTERED OFFICE

The Ruby, 7<sup>th</sup> Floor,  
Senapati Bapat Marg,  
Dadar (West), Mumbai- 400 028

### ADMINISTRATIVE OFFICE

Paragon Centre,  
"C-06", Ground Floor,  
P. B. Marg, Opp. Birla Centurion,  
Worli, Mumbai-400 013

### CORPORATE IDENTITY NUMBER

U65990MH2005PLC153310



Your success is our success

## Emkay Fincap limited

### AGM NOTICE

**Notice** is hereby given that the Fourteenth Annual General Meeting of the Members of Emkay Fincap Limited will be held on Monday, 12th August, 2019 at 3.00 a.m. at the Registered Office of the Company situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prakash Kacholia, (DIN: 00002626) who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED** that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. A. G. Mundra & Co., Chartered Accountants, Mumbai, bearing Firm Registration No. 114518W with the Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Statutory Auditors of the Company for a period of five years to hold office from the conclusion of this Annual General Meeting till the conclusion of the sixth Annual General Meeting to be held thereafter for the F.Y. 2023-2024, on such remuneration as may be determined by the Board of Directors of the Company.”

#### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. G. C. Vasudeo (DIN: 00021772) who was appointed as an Independent Director of the Company for a term of five years with effect from 13th August, 2014 and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing candidature for the office of a Director of the Company, be and is hereby re-appointed as an Independent Director of the Company to hold office for the second term of five consecutive years with effect from 13th August, 2019 upto 12th August, 2024, not liable to retire by rotation.

**RESOLVED FURTHER THAT** any Director of the Company or Company Secretary of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things as may be required to give effect to the aforesaid resolution.”

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. R. K. Krishnamurthi (DIN: 00464622) who was appointed as an Independent Director of the Company for a term of five years with effect from 13th August, 2014 and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing candidature for the office of a Director of the Company, be and is hereby re-appointed as an Independent Director of the Company to hold office for the second term of five consecutive years with effect from 13th August, 2019 upto 12th August, 2024, not liable to retire by rotation.

**RESOLVED FURTHER THAT** any Director of the Company or Company Secretary of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things as may be required to give effect to the aforesaid resolution.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof, the Company be and hereby approves the re-appointment of Mr. Krishna Kumar Karwa (DIN: 00181055) (who is Managing Director of Emkay Global Financial Services Limited) as the Whole-time Director of the Company for a period of five years w.e.f. 24<sup>th</sup> July, 2019 upto 23<sup>rd</sup> July, 2024 on the terms and conditions as set out below, with the authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as the Board of Directors may deem fit and as may be acceptable to Mr. Krishna Kumar Karwa, the Whole-time Director:

- A. Tenure of Agreement:** 5 years with effect from 24<sup>th</sup> July, 2019 upto 23<sup>rd</sup> July, 2024.
- B. Nature of Duties:** The Whole-time Director shall oversee the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company.
- C. Remuneration:** The Whole-time Director shall not be entitled to any remuneration for the whole period of his appointment.
- D. Other terms of Appointment:**
  - (i) The terms and conditions of the appointment of the Whole-time Director may be altered and varied from time to time by the Board as it may, in its discretion deem fit within the provisions of the Companies Act, 2013.
  - (ii) This appointment may be terminated by either party by giving to the other party three months' notice of such termination.

**RESOLVED FURTHER THAT** any Director of the Company or Company Secretary of the Company be and is hereby severally authorized to do all such acts deeds and things and execute all such documents as may be required to give effect to the aforesaid resolution.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of the Special Resolution passed at the Annual General Meeting held on 13<sup>th</sup> August,

2014 and pursuant to Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, be increased from Rs. 100 Crores (Rupees One Hundred Crores Only) to Rs. 200 Crores (Rupees Two Hundred Crores only).

**RESOLVED FURTHER THAT** the moneys borrowed in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not exceed Rs. 200 Crores (Rupees Two Hundred Crores only).

**RESOLVED FURTHER THAT** any one Director of the Company or the Company Secretary of the Company be and is hereby severally authorized to do all such acts deeds and things and execute all such documents as may be required to give effect to the aforesaid resolution."

By Order of the Board of Directors  
For **Emkay Fincap Limited**

**Registered Office:**  
The Ruby, 7th Floor  
Senapati Bapat Marg,  
Dadar (West), Mumbai-400028

Place: Mumbai  
Date: 28.05.2019

**Trupti Bolke**  
**Company Secretary**

**Notes for Members' Attention:**

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint Proxy/Proxies to attend and vote instead of himself/herself. Proxy/Proxies need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding not more than ten percent (10%) of the total share capital of the company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. Proxies in order to be effective must be received by the company at its registered office not later than forty eight hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of their board resolution.
3. Members/Proxies/Representatives should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to Special Business to be transacted at the Meeting under Item No. 4, 5, 6 and 7 is annexed hereto.

**Statement pursuant to Section 102 of the Companies Act, 2013****Item No. 4 & 5**

Mr. G. C. Vasudeo and Mr. R. K. Krishnamurthi were appointed as Non-Executive Independent Directors of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 in the Annual General Meeting held on 13<sup>th</sup> August, 2014 for a term of five years effective from 13<sup>th</sup> August, 2014 upto 12<sup>th</sup> August, 2019. ("first term" as per the explanation to Section 149(10) and 149(11) of the Act).

Pursuant to provisions of section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a company, but shall be eligible for re-appointment on passing a Special Resolution by the Company and disclosure of such appointment in the Board's Report.

The Nomination, Remuneration & Compensation (NRC) Committee at its Meeting held on 28<sup>th</sup> May, 2019 after taking into account the knowledge, acumen, expertise and experience in their respective fields and the substantial contribution made by these Directors during their tenure as an Independent Director since their appointment, has recommended to the Board that continued association of these Directors as Independent Directors would be in the interest of the Company. Based on the above, the Board of Directors at its Board meeting held on 28<sup>th</sup> May, 2019 has re-appointed Mr. G.C. Vasudeo and Mr. R. K. Krishnamurthi as Independent Directors subject to approval of the shareholders at the ensuing Annual General Meeting, for the second term of five years with effect of 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024.

Mr. G. C. Vasudeo and Mr. R. K. Krishnamurthi have submitted a declaration that they meet the criteria for independence as provided under Section 149(6) of the Act and they are eligible for re-appointment as Independent Directors of the Company.

The Nomination, Remuneration & Compensation Committee and the Board has recommended the re-appointment of these Directors as Independent Directors on the Board of the Company, to hold office for the second term of five consecutive years commencing from 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024 and not liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mr. G.C. Vasudeo and Mr. R. K. Krishnamurthi for their re-appointment to the office of Independent Directors.

Brief profile of the above Independent Directors is as under:

**i. Mr. G. C. Vasudeo :**

Mr. G. C. Vasudeo is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2008. Mr. Vasudeo is Member of the Audit Committee and Chairman of the Corporate Social Responsibility (CSR) Committee and Nomination, Remuneration and Compensation (NRC) Committee of the Board. 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 has a wide and rich industrial experience of over 39 years. He had been the Executive Director of SI Group-India Private Limited and had been instrumental in the restructuring of the Group and also in Mergers and Acquisitions within that Group. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Vasudeo being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for the second term of five consecutive years with effect from 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024.

In the opinion of the Board, Mr. Vasudeo fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his re-appointment as an Independent Director for the second term of five consecutive years with effect from 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024 and is independent of the management.

Copy of the draft letter for appointment of Mr. Vasudeo as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office/ Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vasudeo as an Independent Director. Accordingly, the Board recommends the Special Resolution as set out at Item No. 5 in relation to re-appointment of Mr. Vasudeo as an Independent Director for the second term of five consecutive years subject to approval of the Members of the Company by passing a Special Resolution.

Except Mr. Vasudeo, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is in any way deemed to be concerned or interested, financial or otherwise, in the resolution.

**ii. Mr. R.K. Krishnamurthi :**

Mr. R. K. Krishnamurthi is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in May, 2014. Mr. Krishnamurthi is the Chairman of Audit Committee and Member of the Nomination, Remuneration and Compensation (NRC) Committee of the Board. Mr. Krishnamurthi is a Solicitor in the Mumbai High Court and the Supreme Court of England. He has a rich and wide experience of over 46 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 does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Krishnamurthi being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for the second term of five consecutive years with effect from 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024.



In the opinion of the Board, Mr. Krishnamurthi fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his re-appointment as an Independent Director for the second term of five consecutive years with effect from 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024 and is independent of the management.

Copy of the draft letter for appointment of Mr. Krishnamurthi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office/ Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Krishnamurthi as an Independent Director. Accordingly, the Board recommends the Special Resolution as set out at Item No. 6 in relation to re-appointment of Mr. Krishnamurthi as an Independent Director for the second term of five consecutive years subject to approval of the Members of the Company by passing a Special Resolution.

Except Mr. Krishnamurthi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is in any way deemed to be concerned or interested, financial or otherwise, in the resolution.

#### Item No. 6

The Board of Directors ('the Board'), at the Meeting held on 22<sup>nd</sup> May, 2014 subject to the approval of the Members, re-appointed Mr. Krishna Kumar Karwa, Director of the Company as the Whole-time Director for a period of five years w.e.f. 24<sup>th</sup> July, 2014. The present term of Mr. Krishna Kumar Karwa as the Whole-time Director expires on 23<sup>rd</sup> July, 2019.

Mr. Krishna Kumar Karwa aged 53 years is a Chartered Accountant. He is the Promoter and Managing Director of the Emkay Global Financial Services Limited which is the holding Company of this Company. Mr. Krishna Kumar Karwa has rich and varied experience of 31 years in all aspects of the Capital Markets i.e. Research, Investment Banking, Retail/Institutional Broking, Wealth Management Services, Mutual Fund Distribution etc. He is currently on the Board of the West Coast Papers Mill Limited. He is also a Director of Emkay Commotrade Limited, Emkay Wealth Advisory Limited, Emkayglobal Financial Services IFSC Private Limited and Emkay Corporate Services Private Limited. In the interest of efficient management, it is advisable to re-appoint Mr. Krishna Kumar Karwa as Whole-Time Director of the Company. The Company will be benefited by his rich experience in the field of financial services.

The Board at its meeting held on 28<sup>th</sup> May, 2019 has approved the re-appointment of Mr. Krishna Kumar Karwa as Whole-time Director of the Company subject to approval of the members for further period of 5 years with effect from 24<sup>th</sup> July, 2019 upto 23<sup>rd</sup> July, 2024 on the terms and conditions as stipulated in the special resolution at item no. 6.

The Directors recommend the resolution at item no. 6 of the accompanying notice for approval of the Members of the Company.

Except Mr. Krishna Kumar Karwa, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is in any way deemed to be concerned or interested, financial or otherwise, in the resolution.

#### Item No.7

The members of the Company at their Annual General Meeting held on 13<sup>th</sup> August, 2014 had approved by way of Special Resolution under Section 180(1) (c) of the Companies Act, 2013 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.100 Crores (Rupees One Hundred Crores).

Keeping in view the growth in business, approval of the Members is being sought by way of Special Resolution under section 180(1) (c) of the Companies Act, 2013 read with rules made thereunder to increase the borrowing limit of the Company from Rs. 100 Crores (Rupees One Hundred Crores) to Rs. 200 Crores (Rupees Two Hundred Crores).

The Board has recommended the resolution at item no. 7 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way deemed to be concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

By Order of the Board of Directors  
For **Emkay Fincap Limited**

**Registered Office:**

The Ruby, 7<sup>th</sup> Floor  
Senapati Bapat Marg,  
Dadar (West), Mumbai-400028

Place: Mumbai  
Date: 28.05.2019

**Trupti Bolke**  
**Company Secretary**

# DIRECTORS' REPORT

Dear Members,

Your Directors present the Fourteenth Annual Report of your Company and the Audited Financial Statements for the year ended on March 31, 2019.

## 1. FINANCIAL RESULTS

An overview of the financial performance of the Company for financial year 2018-19 is as under:

Particulars	31.03.2019	31.03.2018
Total Income	751.67	1524.30
Profit Before Tax	300.43	1183.65
Less: Current Tax	59.74	271.00
Deferred Tax Charge/(Benefit) for the year	3.16	(7.02)
Deferred Tax Charge/(Benefit) for the earlier year	-	-
Tax for Earlier Years	0.69	0.78
Profit After Tax	236.85	918.89
Add: Balance brought forward	1623.52	888.40
Amount available for Appropriations	1860.37	1807.30
Less: Appropriations	-	-
Transfer to Special Reserve u/s 45 I C of RBI Act, 1934	47.37	183.78
Balance carried forward	1813.00	1623.52

## 2. REVIEW OF OPERATIONS AND BUSINESS HIGHLIGHTS

During the year under review, your Company recorded a total income of Rs. 751.67 lacs as compared to Rs. 1524.30 lacs in the previous financial year, lower by 50.69%.

## 3. RESERVES AND SURPLUS

The Company has transferred Rs. 47.37 lacs to Special Reserve u/s 45(I)(c) of RBI Act, 1934.

## 4. DIVIDEND

In order to conserve the resources for future business growth, your directors do not recommend any dividend for the financial year 2018-19.

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

There have been no material changes and commitments between the end of financial year 2018-19 and the date of this report adversely affecting the financial position of the Company.

## 6. DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Mr. Prakash Kacholia, Director & CFO of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment.

The above re-appointment forms part of the Notice of the forthcoming 14th Annual General Meeting and the respective resolution is recommended for your approval.

The period of appointment of Mr. Krishna Kumar Karwa, Whole-time Director of the Company will be expiring on July 23, 2019. On recommendation of the Nomination, Remuneration and Compensation Committee in its meeting held on May 28, 2019, the Board of Directors of the Company at its meeting held on May 28, 2019 has approved and recommended re-appointment of Mr. Krishna Kumar Karwa, Whole-time Director of the Company for a further term of five years with effect from July 24, 2019 subject to approval of the Members at the ensuing Annual General Meeting and subject to approval of the Central Government, if required.

The above appointment/re-appointment forms part of the Notice of the forthcoming 14<sup>th</sup> Annual General Meeting and the respective resolutions are recommended for your approval.

The following three 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- Whole Time Director
- Mr. Prakash Kacholia- Director & CFO
- Ms. Trupti Bolke – Company Secretary

The Company has received declaration from all the independent directors to the effect that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

## 7. INDEPENDENT DIRECTORS

Mr. G.C.Vasudeo and Mr. R.K.Krishnamurthi were appointed as Independent Directors of the Company pursuant to Section 149 of the Companies Act, 2013 for first term of 5 years and will be holding office upto 12<sup>th</sup> August 2019. Considering their knowledge, expertise and vast experience in their respective fields and the contribution made by them during their tenure as Independent Directors, the Nomination, Remuneration and Compensation Committee and the Board have approved their respective appointment as Independent Director with effect from 13<sup>th</sup> August, 2019 for second term of five years and have recommended their re-appointment as Independent Directors on the Board of the Company to hold office for the second term of five consecutive years commencing from 13<sup>th</sup> August, 2019 upto 12<sup>th</sup> August, 2024 and not liable to retire by rotation by passing a Special resolution. The Company has received declaration under section 149(6) of the Companies Act, 2013 from both of these Directors that they continue to fulfil the criteria of Independence as prescribed under the provisions of the Companies Act, 2013 read with the schedules and Rules made thereunder.

In terms of the provisions of Section 160(1) of the Companies Act, 2013, the Company has received a Notice from a Member signifying its intention to propose the candidature for re-appointment of Mr. G. C. Vasudeo and Mr. R. K. Krishnamurthi for the office of Independent Directors not liable to retire by rotation.

## 8. DECLARATION BY INDEPENDENT DIRECTORS

The Company has appointed two Independent Directors on the Board. Both the Independent Directors have submitted the declaration of Independence in accordance with the relevant provisions of Section 149 of Companies Act, 2013 stating that they meet the criteria of Independence and are not disqualified from continuing as Independent Directors.

## 9. CORPORATE GOVERNANCE

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

During the Financial Year 2018-2019, 8 meetings of the Board of Directors were held i.e. on April 9, 2018, May 28, 2018, July 23, 2018, August 14, 2018, October 16, 2018, October 30, 2018, January 30, 2019 and March 11, 2019

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

Name of the Director	Category	Board Meetings held during Financial Year 2018-19	
		Held	Attended
Mr. Krishna Kumar Karwa	Whole Time Director	8	8
Mr. Prakash Kacholia	Director & CFO	8	8
Mr. G. C. Vasudeo	Director	8	7
Mr. R. K. Krishnamurthi	Director	8	8

### b. AUDIT COMMITTEE

The composition of Audit Committee is as under:

1. Mr. R. K. Krishnamurthi Chairman
2. Mr. Prakash Kacholia Member
3. Mr. G. C. Vasudeo Member

The Chairman of the Audit Committee, Mr. R. K. Krishnamurthi is an 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 of the Company are

invited to the Audit Committee Meetings. The meeting of the Committee is held once in every quarter to review the financial results of the Company. During the Financial Year 2018-19, 4 meetings of the Audit Committee were held i.e. on May 28, 2018, August 14, 2018, October 30, 2018 and January 30, 2019.

The details of the attendance of each member at the meetings are as under:

Name of the Committee Member	No. of Meetings Attended
Mr. R. K. Krishnamurthi	4
Mr. Prakash Kacholia	4
Mr. G. C. Vasudeo	3

#### c. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted Nomination and Remuneration Committee in compliance with Section 178 of the Companies Act, 2013.

The composition of the Committee is as under:

- |    |                         |          |
|----|-------------------------|----------|
| 1. | Mr. G. C. Vasudeo       | Chairman |
| 2. | Mr. R. K. Krishnamurthi | Director |
| 3. | Mr. Prakash Kacholia    | Director |

Mr. G. C. Vasudeo, Independent Director is a Chairman of the Committee.

#### d. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company has constituted Corporate Social Responsibility (CSR) Committee in compliance with Section 135 of the Companies Act, 2013.

The composition of the Committee is as under:

- |    |                         |          |
|----|-------------------------|----------|
| 1. | Mr. G. C. Vasudeo       | Chairman |
| 2. | Mr. Krishna Kumar Karwa | Director |
| 3. | Mr. Prakash Kacholia    | Director |

Mr. G. C. Vasudeo, Independent Director is a Chairman of the Committee.

During the year one meeting of the CSR Committee was held on March 11, 2019 which was attended by all the Members.

## 10. 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 and that there are no material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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.
- 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.
- The directors have prepared the annual accounts on a going concern basis.
- 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.
- The directors had laid down systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate & operating effectively.

## 11. PUBLIC DEPOSITS

The Company is a Non-Banking Finance Company, non-deposit accepting, non-systemically important.(NBFC-ND-NSI) registered with RBI. 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.

## 12. 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.

### 13. 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 2018-19. 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 B"**.

### 14. CORPORATE SOCIAL RESPONSIBILITY

The requirements of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 was applicable to the Company in FY 2018-19. The Company in the meeting of the Board held on May 28, 2018 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 objectives of the 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 provided in **"Annexure C"** and forms an integral part of this report.

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

Conservation of Energy, Technology Absorption do not have much relevance to the activities of the Company

since it does not own any manufacturing facility and hence the disclosure of information to be disclosed in terms of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption are not given. There were no foreign exchange earnings and outgo during the year.

### 16. REGULATORY UPDATES

#### a. RBI Guidelines

The Company continues to comply with various circulars, notifications and guidelines issued by Reserve Bank of India from time to time.

#### b. Significant and Material Orders passed by the regulators or courts

During the financial year 2018-19 under review there were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by RBI/any other Regulators during the financial year under review.

### 17. AUDITORS AND AUDITORS' REPORT

#### a. STATUTORY AUDITORS' REPORT

There is no qualification, disclaimer and adverse remarks by the Statutory Auditor of the Company for the end of financial year 2018-19.

#### b. SECRETARIAL AUDITORS' REPORT

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 [as inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from March 31, 2019], the Company being a material unlisted subsidiary of Emkay Global Financial Services Limited (Listed Holding Company) was required to obtain a Secretarial Audit Report from the Practicing Company Secretary.

There is no qualification, disclaimer and adverse remarks by the Secretarial Auditor of the Company for the end of financial year 2018-19 and the report has been attached as **"Annexure D"**.



**c. STATUTORY AUDITORS**

M/s B. L. Sarda & Associates Chartered Accountants, Mumbai, bearing Firm Registration Number 109266W with the Institute of Chartered Accountants of India (ICAI) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 13th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held for the financial year 2018-19 on such remuneration as may be determined by the Board of Directors of the Company.

Since, the term of the present Auditor is expiring in the ensuing Annual General Meeting, your Directors recommend appointing M/s. A.G. Mundra & Co., Chartered Accountants, Mumbai bearing firm Registration No. 114518W with the Institute of Chartered Accounts of Indian (ICAI) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 19<sup>th</sup> Annual General Meeting. The Audit Committee in its meeting held on May 28, 2019 has also recommended the appointment of M/s. A.G. Mundra & Co., Chartered Accountants as the Statutory Auditors of the Company.

A certificate has been received from them to the effect that their appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 139(1) and 141 of the Companies Act, 2013.

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

**d. SECRETARIAL AUDITORS**

As required under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board hereby appointed M/s. Parikh and Associates, Practicing Company Secretary as the Secretarial Auditor of the Company for the financial year 2019-20.

**e. COST RECORDS AND COST AUDIT**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

**f. REPORTING OF FRAUDS BY AUDITORS**

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor has reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

**g. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

The Company has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively for the Financial Year 2018-19.

**18. SECRETARIAL STANDARDS**

The Company complies with the applicable secretarial standards issued by the Institute of Company Secretaries of India.

**19. HUMAN RESOURCE****a. PARTICULARS OF EMPLOYEES**

The particulars of employees, in terms of requirement under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not annexed, as there are no employees whose remuneration falls within the prescribed limits of the Section 197.

**b. INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

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

**20. EXTRACT OF ANNUAL RETURN**

As provided under Section 92(3) of the Act, the extract of annual return is given in "Annexure A" in the prescribed form MGT-9, which forms part of this report.

## 21. ACKNOWLEDGEMENT

Your Directors would like to take this opportunity to express sincere gratitude towards the customers, bankers and other business associates for the continued cooperation and patronage provided by them. Your Directors gratefully acknowledge the ongoing co-operation and support provided by the Government Authorities, Regulatory Bodies and other entities dealing with the Company.

Your Directors place on record their deep appreciation for the exemplary contribution made by employees at all levels.

### On behalf of the Board of Directors

**Krishna Kumar Karwa**  
**Whole Time Director**  
DIN: 00181055

**Prakash Kacholia**  
**Director & CFO**  
DIN: 00002626

Place: Mumbai  
Date: 28.05.2019



“Annexure A”

**EXTRACT OF THE ANNUAL RETURN**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN AS ON March 31, 2019**  
**[Pursuant to Section 92 (3) of the Companies Act, 2013 and rules 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I REGISTRATION AND OTHER DETAILS**

	CIN	U65990MH2005PLC153310
i	Registration Date	May 16, 2005
ii	Name of the Company	Emkay Fincap Limited
iii	Category/ Sub-Category of the Company	Public Limited Company
iv	Address of the Registered Office and contact details	The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028 Tel. No. 022-66121212
v	Whether Listed Company	No (Unlisted Company)
vi	Name , Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**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	Margin Funding Activities and Investment activities	64990	99.95%

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

S r . No.	Name and Address of the Company	CIN Nos	Holding/ Subsidiary/ Associates	% of shares held	Applicable Section
1	Emkay Global Financial Services Ltd	L67120MH1995PLC084899	Holding	100	2(46)

## 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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>	-	-	-	-	-	-	-	-	No Change during the year
<b>(1) Indian</b>	-	-	-	-	-	-	-	-	
a) Individuals/HUF	-	-	-	-	-	-	-	-	
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt	-	-	-	-	-	-	-	-	
d) Bodies Corporate	-	21,999,400	21,999,400	99.99727	-	21,999,400	21,999,400	99.99727	
e) Bank/FI	-	-	-	-	-	-	-	-	
f) Any Other -Six Shareholders as a nominee of Emaky Global Financial Services Ltd.	-	600	600	0.00273	-	600	600	0.00273	
<b>Sub Total A-1</b>	-	22,000,000	22,000,000	100	-	22,000,000	22,000,000	100	
<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>	-	22,000,000	22,000,000	100%	-	22,000,000	22,000,000	100%	
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	
<b>1. Institution</b>	-	-	-	-	-	-	-	-	
a) Mutual Fund	-	-	-	-	-	-	-	-	
b) Bank/FI	-	-	-	-	-	-	-	-	
c) Cent. Govt	-	-	-	-	-	-	-	-	
d) State Govt	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	
f) Insurance Comp	-	-	-	-	-	-	-	-	
g) FIIS	-	-	-	-	-	-	-	-	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
<b>Sub Total-B-1</b>	-	-	-	-	-	-	-	-	
<b>2. Non Institutions</b>	-	-	-	-	-	-	-	-	
a. Bodies Corp	-	-	-	-	-	-	-	-	
i. Indian	-	-	-	-	-	-	-	-	
ii. Overseas	-	-	-	-	-	-	-	-	
b. Individuals	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	No Change during the year
c. State Govt	-	-	-	-	-	-	-	-	
d. Venture Capital Funds	-	-	-	-	-	-	-	-	
e. Insurance Comp	-	-	-	-	-	-	-	-	
f. FIIS	-	-	-	-	-	-	-	-	
g. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
h. Others (specify)	-	-	-	-	-	-	-	-	
a. Clearing member	-	-	-	-	-	-	-	-	
b. Trust	-	-	-	-	-	-	-	-	
c. NRIs	-	-	-	-	-	-	-	-	
d. NRN	-	-	-	-	-	-	-	-	
<b>Sub Total B-2</b>	-	-	-	-	-	-	-	-	
<b>Total Public Shareholding B=B1+B2</b>	-	-	-	-	-	-	-	-	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	
<b>Grand Total (A+B+C)</b>	-	22,000,000	22,000,000	100	-	22,000,000	22,000,000	100	

## ii. Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholding at the Beginning of the Year			Shareholding at the end of the Year			% change in shareholding during the year
		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	
1	Emkay Global Financial Services Ltd.	21,999,400	99.99727	-	21,999,400	99.99727	-	No Change during the year
2	Krishna Kumar Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
3	Prakash Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
4	Satyanarayan Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
5	Krishna Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
6	Priti Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
7	Priti Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	

**Note:** There is no change in the shareholding of Promoters during the year.

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

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
1	<b>At the Beginning of the year</b>				
A	Emkay Global Financial Services Ltd.	21,999,400	99.99727	21,999,400	99.99727

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	Krishna Kumar Karwa as a nominee of Emkay Global Financial Services Ltd	100	0.000455	100	0.000455
C	Prakash Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
D	Satyanarayan Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
E	Krishna Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
F	Priti Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
G	Priti Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
2.	<b>Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. allotment / transfer / bonus / sweat equity etc.)</b>	-	-	-	-
3.	<b>At the end of the year</b>				
A	Emkay Global Financial Services Ltd.	21,999,400	99.99727	21,999,400	99.99727
B	Krishna Kumar Karwa as a nominee of Emkay Global Financial Services Ltd	100	0.000455	100	0.000455
C	Prakash Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
D	Satyanarayan Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
E	Krishna Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455

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
F	Priti Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455
G	Priti Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	100	0.000455

**Note:** There is no change in the number of shares held by the Promoters during the year.

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

Sr. No.	For each of the Top Ten Shareholders	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
		N.A.			

**V. INDEBTEDNESS**

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

(In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial Year</b>				
i) Principal Amount	-	228,000,000	-	228,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1,577,607	-	1,577,607
<b>Total (i+ii+iii)</b>	-	<b>229,577,607</b>	-	<b>229,577,607</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	113,500,000	-	113,500,000
<b>Net Change</b>	-	<b>113,500,000</b>	-	<b>113,500,000</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	114,500,000	-	114,500,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1,093,222	-	1,093,222
<b>Total (i+ii+iii)</b>	-	<b>115,593,222</b>	-	<b>115,593,222</b>

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

(In Rs.)

Sr. No.	Particulars of Remuneration	Name of Managing Director/ WTD	Total
		Krishna Kumar Karwa- WTD	
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	--	--
2.	Stock Option	--	--
3.	Sweat Equity	--	--
4.	Commission - as % of profit - others, specify...	--	--
5.	Others, please specify	--	--
	<b>Total (A)</b>	--	--
	Ceiling as per the Act	--	--

**Note:** Mr. Krishna Kumar Karwa, Whole Time Director is drawing remuneration from the Holding Company i.e. Emkay Global Financial Services Limited.

**B. Remuneration to other directors:**

(In Rs.)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		R. K. Krishnamurthi	G. C. Vasudeo	
<b>1. Independent Directors</b>				
	x Fee for attending board/ committee meetings	-	-	-
	x Commission	-	-	-
	x Others, please specify	-	-	-
	<b>Total (1)</b>	-	-	-
<b>2. Other Non-Executive Directors</b>				
	x Fee for attending board committee meetings	-	-	-
	x Commission	-	-	-
	x Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-
	Overall Ceiling as per the Act	-	-	-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Amt in Rs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Prakash Kacholia (Director & CFO)	Ms. Trupti Bolke	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	5,52,000	5,52,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0	0
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of Profit - others, specify...	-	-	-
5.	Others, please Specify	-	-	-
	<b>Total</b>	<b>-</b>	<b>5,52,000</b>	<b>5,52,000</b>

**Note:** Mr Prakash Kacholia is drawing remuneration from the Holding Company – Emkay Global Financial Services Limited.

**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)
A.	<b>COMPANY</b>				
	Penalty		NIL		
	Punishment				
	Compounding				
B.	<b>DIRECTOR</b>				
	Penalty		NIL		
	Punishment				
	Compounding				
C.	<b>OTHER OFFICERS IN DEFAULT</b>				
	Penalty		NIL		
	Punishment				
	Compounding				

On behalf of the Board of Directors

**Krishna Kumar Karwa**  
Whole Time Director  
DIN: 00181055

**Prakash Kacholia**  
Director & CFO  
DIN: 00002626

Place: Mumbai  
Date: 28.05.2019



## ANNEXURE "B"

## 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 third proviso thereto

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

Sr No	Particulars	Details of Transaction
A	Name(s) of the related party and nature of relationship	Emkay Global Financial Services Limited – Holding Company
b	Nature of contracts /arrangements /transactions	Reimbursement 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, 2018 to 31st March, 2019
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 to the Holding Company 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 paying this to the Holding Company on the basis of number of employees of the Company.
e	Justification for entering into such contracts or arrangements or transactions	The Company is not having its own office premises. Hence, it is using office premises of its Holding Company.
f	Date(s) of approval by the Board	09.04.2018
g	Amount paid as advances, if any	N.A
h	Date on which the resolution was passed in general meeting as required under first proviso to section 188 ##	N.A

**Note:**

## 1. As per 4th proviso to section 188(1) of the Companies Act, 2013 passing of shareholders resolution under 1st proviso is not applicable for transactions entered into between Holding Company and its wholly owned subsidiary company 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 in its meeting dated January 29, 2018 has been obtained prior to entering into all the related party transactions.

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**

**Krishna Kumar Karwa**  
**Whole Time Director**  
DIN: 00181055

**Prakash Kacholia**  
**Director & CFO**  
DIN: 00002626

Place: Mumbai  
Date: 28.05.2019

## ANNEXURE "C"

## 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.

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 - Rs. 6,86,46,625.**

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) - Rs. 13,72,933.**

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

- |    |  |   |                 |
|----|--|---|-----------------|
| a) | Total amount to be spent for the financial year                              | - | Rs. 13.73 lakhs |
| b) | Amount unspent, if any;  | - | Rs. 13.73 lakhs |
| c) | Manner in which the amount spent during the financial year is detailed below |   |                 |

(Rs. In lakhs)

S. 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 undertake	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 to 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 trying to locate suitable projects which will benefit to the really needy society.

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.

**On behalf of Corporate Social Responsibility Committee of the Board of Directors**

**Krishna Kumar Karwa**  
Whole Time Director  
DIN: 00181055

**Prakash Kacholia**  
Director & CFO  
DIN: 00002626

**G. C. Vasudeo**  
Chairman – CSR Committee  
DIN: 00012772

Place: Mumbai  
Date: 28.05.2019

## FORM No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

(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 Fincap Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Emkay Fincap 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 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, 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 31<sup>st</sup> March, 2019 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; (Not applicable to the Company during the audit period)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 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; (Not applicable to the Company during the audit period)
  - (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:-
- Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
  - Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016
  - Relevant sections of Reserve Bank of India Act 1934

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.

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

The Company has an unspent amount of Rs. 13,72,933 /- during the year towards Corporate Social Responsibility.

We further report that:

The Board of Directors of the Company is constituted with proper balance of 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 etc.

For Parikh & Associates  
Company Secretaries

Place: Mumbai  
Date: May 28, 2019

ShaliniBhat  
Partner  
FCS No: 6484 CP No: 6994

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 Fincap 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

Place: Mumbai  
Date: May 28, 2019

ShaliniBhat  
Partner  
FCS No: 6484 CP No: 6994

## AUDITOR'S ADDITIONAL REPORT

To the Board of the Directors  
EMAKY FINCAP LIMITED  
The Ruby, 7th Floor,  
Senapati Bapat Marg,  
Dadar (West),  
Mumbai-400028

1. This report is issued in accordance with the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the "Directions").
2. We have audited the accompanying financial statements of EMKAY FINCAP LIMITED (hereinafter referred to as the "Company") comprising Balance Sheet as at 31st March, 2019 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, on which we have issued our report dated 28th May, 2019.

### Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013, as amended ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
4. The Management is also responsible for compliance with the Reserve Bank of India (hereinafter RBI or

Bank) Act, 1934 and other relevant RBI directions and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to RBI.

### Auditor's Responsibility

5. Pursuant to the requirements of the Directions, it is our responsibility to examine the audited books and records of the Company for the year ended 31st March, 2019 and report on the matters specified in the Directions to the extent applicable to the Company.
6. We conducted our examination in accordance with the "Guidance Note on Reports and Certificates for Special Purposes" issued by the Institute of Chartered Accountants of India.

### Opinion

7. Based on our examination of the audited books and records of the Company for the year ended 31st March, 2019 as produced for our examination and the information and explanations given to us we report that:
  - 7.1 The Company is engaged in the business of non-banking financial institution and has obtained a certificate of registration (CoR) N-13.01809 dated 8th day of October, 2005 from the Bank's Department of Non-Banking Supervision, Mumbai Regional Office.
  - 7.2. The Company is entitled to continue to hold such CoR in terms of its asset and income pattern as on 31st March, 2019.
  - 7.3. The Company is meeting the required Net Owned Fund requirement as laid down in Non-Banking Financial Company – Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016, as amended up to the date of this report.
  - 7.4. The Board of Directors of the Company has passed a resolution in its meeting held on 9th April, 2018 for non-acceptance of public deposits.
  - 7.5. The Company has not accepted any public deposits during the year ended 31st March, 2019.

7.6 The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company – Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 ,as amended up to the date of this report.

#### Restriction on use

8. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as auditors of the Company or otherwise. Nothing said in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
9. This report is issued pursuant to our obligations under Directions to submit a report on additional matters as stated in the above Directions, to the Board of

Directors of the Company and should not be used by any other person or for any other purpose. B. L. Sarda & Associates ,Chartered Accountants neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

**For B. L. Sarda & Associates**  
Chartered Accountants  
Firm Registration No.109266W

**(CA B.L. Sarda)**  
Partner  
Membership Number : 014568

Place: Mumbai  
Date : 28th May, 2019



# INDEPENDENT AUDITOR'S REPORT

## To The Members of EMKAY FINCAP LIMITED

### Report on the Audit of Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of EMKAY FINCAP LIMITED ("the Company"), which comprises of Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the Act) in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profits and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Board's Report including Annexures to the Board report, but does not

include the standalone financial statement and our auditor's report thereon.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and those charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 financial statements, the Board of Directors 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 Board of Directors 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 entity'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 standalone 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 standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### Report on Other Legal and Regulatory Requirements

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 "A" 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 & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
- (e) On the basis of the written representation received from the directors as on March 31, 2019 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a Directors in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- (g) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

**For B. L. Sarda & Associates**

Chartered Accountants

Firm Registration No.109266W

**(CA B.L. Sarda)**

Partner

Membership Number : 014568

Place: Mumbai

Date : 28th May, 2019

**Annexure “A” to Independent Auditor’s report of even date to the members of EMKAY FINCAP LIMITED on the standalone financial statements as at and for the year ended 31st March, 2019**

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, fixed assets of the Company have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property during the year. Accordingly, paragraph 3(i)(c) of the order is not applicable to the Company.
- (ii) In our opinion and according to the information and explanations given to us, the Company do not hold any inventory in connection with its trading in bonds. Accordingly, comments required under paragraph 3(ii) of the order regarding physical verification of inventory are not applicable to the Company
- (iii) (a) The Company has granted unsecured loan to a company covered in the register maintained under section 189 of the Act. The Company has not granted any secured or unsecured loan to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (b) In respect of the aforesaid loan, the terms and conditions under which the said loan was granted are not prejudicial to the Company’s interest.
- (c) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated, and full repayment of principal amount and interest thereon has been received, as stipulated.
- (d) The said loan has been fully repaid with interest thereon as stipulated and hence comments required under paragraph 3(iii)(c) of the order regarding overdue amount of loan are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company being a Non-Banking finance company (NBFC) registered with Reserve Bank of India, the provisions of section 185 and section 186 of the Act are not applicable to the Company in respect of loans given, investments made and securities provided. The Company has not given any guarantee.
- (v) In our opinion, and according to the information and explanations given to us, the company being a Non-Banking finance company (NBFC) registered with Reserve Bank of India, is not required to comply with the provisions of 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company is not required to maintain cost records pursuant to the rules made by the Central Government under Section 148 (1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, goods and services tax, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as on 31st March, 2019 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of provident fund, employees’ state insurance, sales-tax, service tax, duty of customs, duty of excise and value added tax.
- (b) As at 31st March, 2019, according to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax and goods and services tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowings to the financial institutions. The Company

has not obtained any loan or borrowings from any bank or government. Further, the Company does not have any debentures issued/outstanding any time during the year.

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.
- (x) Based on the audit procedures performed and according to the information and explanations given by the management, we report that no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year ended 31st March, 2019 nor have we been informed of such case by the management during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration during the year. Accordingly paragraph 3(xi) of the order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a nidhi company. Accordingly paragraph 3(xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transaction have been

disclosed in note 26 of the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as prescribed under section 192 of the Act. Accordingly paragraph 3(xv) of the order is not applicable to the Company.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration from Reserve Bank of India.

**For B. L. Sarda & Associates**  
Chartered Accountants  
Firm Registration No.109266W

**(CA B.L. Sarda)**  
Partner  
Membership Number : 014568

Place: Mumbai  
Date : 28th May, 2019

**Annexure “B” to Independent Auditor’s report of even date to the members of EMKAY FINCAP LIMITED on the standalone financial statements for the year ended 31st March, 2019**

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

1. We have audited the internal financial controls over financial reporting of EMKAY FINCAP LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

6. A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 standalone financial statements.



**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at 31st March, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. L. Sarda & Associates**

Chartered Accountants

Firm Registration No.109266W

**(CA B.L. Sarda)**

Partner

Membership Number : 014568

Place: Mumbai

Date : 28th May, 2019

**BALANCE SHEET**

As at 31st March, 2019

PARTICULARS	Note No.	As At 31st March, 2019 (₹)	As At 31st March, 2018 (₹)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	3	22,00,00,000	22,00,00,000
Reserves and Surplus	4	29,71,54,450	27,34,69,475
		<b>51,71,54,450</b>	<b>49,34,69,475</b>
<b>NON - CURRENT LIABILITIES</b>			
Long-term Provisions	5	10,92,544	9,90,306
		<b>10,92,544</b>	<b>9,90,306</b>
<b>CURRENT LIABILITIES</b>			
Short-term Borrowings	6	11,45,00,000	22,80,00,000
Trade Payables			
- Total outstanding dues of Micro Enterprises and Small Enterprises	7	-	-
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	7	10,93,222	15,77,607
Other Current Liabilities	8	19,77,486	21,95,634
Short-term Provisions	5	8,57,297	53,99,232
		<b>11,84,28,005</b>	<b>23,71,72,473</b>
<b>Total</b>		<b>63,66,74,999</b>	<b>73,16,32,254</b>
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, Plant and Equipment			
- Tangible Assets	9 (a)	2,44,648	3,84,139
- Intangible Assets	9 (b)	-	-
Non-Current Investments	10	15,24,87,405	25,05,06,545
Deferred Tax Assets (Net)	11	5,98,800	9,14,400
Long-term Loans and Advances	12	36,86,257	24,26,786
		<b>15,70,17,110</b>	<b>25,42,31,870</b>
<b>CURRENT ASSETS</b>			
Current Investments	13	2,99,82,423	5,59,62,860
Trade Receivables	14	12,02,004	1,20,94,165
Cash and Cash Equivalents	15	67,13,055	74,98,794
Short-term Loans and Advances	16	43,73,79,986	39,80,21,060
Other Current Assets	17	43,80,421	38,23,505
		<b>47,96,57,889</b>	<b>47,74,00,384</b>
<b>Total</b>		<b>63,66,74,999</b>	<b>73,16,32,254</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>2</b>		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date  
For **B. L. SARDA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

(CA B. L. Sarda)  
Partner  
Membership No: 014568

For and on behalf of the Board of  
**EMKAY FINCAP LIMITED**

**Krishna Kumar Karwa**  
Whole Time Director

**Prakash Kacholia**  
Director and Chief Financial Officer

**Trupti Bolke**  
Company Secretary

Place: Mumbai  
Dated: 28th May, 2019

Place: Mumbai  
Dated: 28th May, 2019



# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2019

PARTICULARS	Note No.	As At	As At
		31st March, 2019 (₹)	31st March, 2018 (₹)
<b>Revenue from Operations</b>	18	7,51,31,281	15,22,66,438
<b>Other Income</b>	19	35,901	1,63,596
<b>Total Revenue</b>		<b>7,51,67,182</b>	<b>15,24,30,034</b>
<b>Expenses</b>			
Employee Benefits Expense	20	1,02,68,653	73,77,607
Finance Costs	21	2,83,46,420	1,50,30,740
Depreciation and Amortization Expense	22	1,91,439	3,15,176
Other Expenses	23	63,17,261	1,13,41,091
<b>Total Expenses</b>		<b>4,51,23,773</b>	<b>3,40,64,614</b>
<b>Profit Before Tax</b>		<b>3,00,43,409</b>	<b>11,83,65,420</b>
<b>Tax Expense:</b>			
- Current Tax		66,28,000	2,71,00,000
- Less: MAT Credit Entitlement		(6,54,000)	-
		59,74,000	2,71,00,000
- Deferred Tax Charge/(Benefit)		3,15,600	(7,01,550)
- Short/(Excess) Provision for Income Tax for Earlier Years		68,834	77,559
<b>Profit for the year</b>		<b>2,36,84,975</b>	<b>9,18,89,411</b>
<b>Earnings per Equity Share of Nominal Value of ₹10 each</b>			
- Basic		1.08	4.18
- Diluted		1.08	4.18
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	2		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date  
For **B. L. SARDA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

(CA B. L. Sarda)  
Partner  
Membership No: 014568

For and on behalf of the Board of  
**EMKAY FINCAP LIMITED**

**Krishna Kumar Karwa**  
Whole Time Director

**Prakash Kacholia**  
Director and Chief Financial Officer

**Trupti Bolke**  
Company Secretary

Place: Mumbai  
Dated: 28th May, 2019

Place: Mumbai  
Dated: 28th May, 2019

# CASH FLOW STATEMENT

For the year ended 31st March - 2019

	As at 31st March, 2019		As at 31st March, 2018	
	(₹)	(₹)	(₹)	(₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before tax and extraordinary items</b>		<b>3,00,43,409</b>		<b>11,83,65,420</b>
Adjustment for :				
Depreciation and Amortization Expense	1,91,439		3,15,176	
Loss on Disposal/Discard of Property, Plant and Equipment	-		463	
Provision for Standard Assets	1,02,238		1,92,292	
Provision for Sub-Standard Assets	15,635		2,02,135	
Reduction in Carrying Amount of Current Investments	-		20,05,491	
"Provision for diminution in Value of Non-Current Investments"	-		50,04,996	
Provision for Sub-Standard Assets Written Back	(2,02,135)		(1,30,252)	
Reduction in Carrying Amount of Current Investments W/back	(9,43,896)		-	
Interest on deposit with Bank	(35,382)		(35,352)	
Interest on Income Tax Refund	-	(8,72,101)	(1,08,535)	74,46,414
<b>Operating profit before working capital changes</b>		<b>2,91,71,308</b>		<b>12,58,11,834</b>
Adjustment for :				
Trade and other receivables	1,00,68,002		(1,28,53,564)	
Loans relating to Financing Activities	(3,90,12,363)		(7,76,53,252)	
Trade and other payables	(5,77,435)	(2,95,21,796)	7,42,648	(8,97,64,168)
<b>Cash Generated from operations</b>		<b>(3,50,488)</b>		<b>3,60,47,666</b>
Direct taxes (Paid)/Refund		(1,18,62,158)		(2,13,53,861)
<b>Cash flow before extraordinary items</b>		<b>(1,22,12,646)</b>		<b>1,46,93,805</b>
<b>Net Cash from/(used in) Operating Activities</b>		<b>(1,22,12,646)</b>		<b>1,46,93,805</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale/(Purchase) of Property, Plant & Equipment	(51,948)		497	
Current Investments made	2,69,24,333		(5,79,68,351)	
Non-Current Investments made	9,80,19,140		(3,87,64,397)	
Interest on deposit with Bank	35,382		35,352	
Interest on Income Tax Refund	-		1,08,535	
		<b>12,49,26,907</b>		<b>(9,65,88,364)</b>
<b>Net Cash from/(used in) Investing Activities</b>		<b>12,49,26,907</b>		<b>(9,65,88,364)</b>

	As at 31st March, 2019		As at 31st March, 2018	
	(₹)	(₹)	(₹)	(₹)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
(Repayment)/Proceeds from Short Term Borrowings	(11,35,00,000)		4,40,00,000	
		(11,35,00,000)		4,40,00,000
<b>Net Cash from/(used in) Financing Activities</b>		(11,35,00,000)		4,40,00,000
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		(7,85,739)		(3,78,94,559)
<b>Cash and Cash Equivalents at the beginning of the year (Opening Balance)</b>		69,98,794		4,48,93,353
<b>Cash and Cash Equivalents at the close of the year (Closing Balance)</b>		62,13,055		69,98,794

**Note:**

- Cash and Cash Equivalents comprise of :
 

Balances with Scheduled Banks		
- In Current Accounts	61,59,367	69,51,624
Cash on hand	27,553	47,170
Balance in Prepaid Cards	26,135	-
	<b>62,13,055</b>	<b>69,98,794</b>
- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS-3) "Cash Flow Statement".
- Cash and Cash Equivalent excludes deposit with banks towards security for Corporate Credit Card.
- Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

As per our Report of even date  
For **B. L. SARDA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**(CA B. L. Sarda)**  
**Partner**  
Membership No: 014568

For and on behalf of the Board of  
**EMKAY FINCAP LIMITED**

**Krishna Kumar Karwa**  
**Whole Time Director**

**Prakash Kacholia**  
**Director and Chief Financial Officer**

**Trupti Bolke**  
**Company Secretary**

Place: Mumbai  
Dated: 28th May, 2019

Place: Mumbai  
Dated: 28th May, 2019

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 1. Corporate Information

Emkay Fincap Ltd (the 'Company') is a Public Limited Company domiciled in India and incorporated on 16-May-2005 under the provisions of the Companies Act, 1956. The Company is a wholly owned subsidiary of Emkay Global Financial Services Limited. The Company has received a Certificate of Registration No.N-13.01809 from the Reserve Bank of India ('RBI') on October 8, 2005 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting Public Deposits.

## 2. Significant Accounting Policies

### 2.1 Basis of Preparation of Financial Statements

- a) The accompanying Financial Statements have been prepared on going concern basis in accordance with Generally Accepted Accounting Principles in India to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 and Non-Banking Financial Company – Non Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016, (RBI NBFC Directions) prescribed by Reserve Bank of India. The Financial Statements have been prepared under the historical cost convention on the accrual basis of accounting. The accounting policies have been consistently applied by the company unless otherwise stated.
- b) In view of criteria set out in the Schedule III to the Companies Act, 2013, the Company has considered 12 months period as its operating cycle for classifying its assets and liabilities as current or non-current.

### 2.2 Use of Estimates

The preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from these estimates and the differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

### 2.3 Revenue Recognition

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

- a) Interest Income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non-Performing Assets, interest income is recognized on receipt basis, as per RBI NBFC Directions. Any interest income recognized before the assets became non-performing and remaining unrealized is reversed.
- b) (i) Trading Income in Corporate Bonds and Government Securities comprises of Profit/(Loss) on Sale of these instruments held as Stock-in-Trade and is recognized on settlement date. Profit on sale of securities is netted with loss on sale of securities. Profit/(Loss) on Sale of these Instruments is determined based on first-in-first-out (FIFO) basis of cost of these instruments sold.
- (ii) Purchase and sale price of Securities is bifurcated into cost and accrued interest paid or realized. Accrued interest paid on purchase and received on sale is netted and reckoned as expense/income.
- c) Profit/(Loss) earned on sale of Investments is recognized on trade date basis. Profit or Loss on sale of Investments is a determined on the basis of the weighted average cost method. On disposal of an Investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss.
- d) Income from fees is recognized as and when such services are completed / performed.
- e) Dividend including interim are accounted when the right to receive payment is established.

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 2.4 Provisioning/Write-off on assets

### a) Provisioning/Write-off on overdue assets

The provisioning/Write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per RBI NBFC Directions.

The Company classifies non-performing assets which are overdue for six months or more. The Company accounts for provision for non-performing assets after taking into account the time lag between an accounts becoming overdue, its recognition as such and realization of available security.

### b) Provision on standard assets

Provision on standard assets is made @ 0.25% as prescribed by RBI NBFC Directions.

## 2.5 Property, Plant and Equipment and Depreciation

a) Tangible Assets are stated at cost of acquisition including incidental expenses related to such acquisition and installation less accumulated depreciation.

b) Depreciation on Tangible Assets have been provided on written down value method and computed with reference to the useful life of respective assets specified and in the manner prescribed in Schedule II of the Companies Act, 2013 including pro-rata depreciation on additions/deletions made during the year.

## 2.6 Intangible Assets & Amortization

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard- 26 on "Intangible Assets" are classified as intangible assets and are amortized over the period of their economic benefits.

Software are stated at cost of acquisition and are amortized on straight-line basis over a period of 3 years irrespective of the date of Acquisition.

## 2.7 Stock in trade

Securities acquired with the intention to trade are classified as Stock – in – Trade. Stock in Trade of securities is valued at lower of the cost or fair value on individual scrip by scrip basis. Cost is determined on First-in-First-Out (FIFO) basis.

## 2.8 Investments

Investments that are readily realizable and intended to be held for not more than twelve months are classified as Current Investments. All other investments are classified as Non-current Investments. Non-current Investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than of a temporary in the Value of Non-Current Investments.

Current Investments are stated at lower of cost and fair market value and determined on an individual investment basis.

## 2.9 Employee Benefits

### ➤ Short Term Benefits:

All employee benefits including short term 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.

### ➤ Long Term Benefits:

#### Post Employment Benefits

Defined Benefit: Retirement benefits in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made as at the date of the Balance Sheet. The scheme is maintained and administered by an insurer to which the trustees make periodic contribution. Actuarial gain/loss, if any is recognized in the Statement of Profit and Loss.

### ➤ Other Long Term Benefits

As per the present policy of the company, there are

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

no other long term benefits to which its employees are entitled.

## 2.10 Taxation

Provision for taxation has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

## 2.11 Deferred Taxation

Deferred tax assets and liabilities are recognized for timing differences between the accounting and taxable income measured based on the tax rates and the tax laws enacted at the balance sheet date or substantively enacted. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date, the carrying amount of the deferred tax assets is reviewed to assess its realization.

## 2.12 Minimum Alternative Tax (MAT) Credit Entitlement

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said is created by way of a credit to the Statement of Profit & Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

## 2.13 Contingencies and Events occurring after the Balance Sheet Date

Events occurring after the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

## 2.14 Impairment

Where the recoverable amount of a 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.

## 2.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation. Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements.

## 2.16 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, balances with bank in current accounts (other than earmarked), fixed deposits with bank (free from any encumbrances) and balances in prepaid cards.

## 2.17 Segments

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated".

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 2.18 Earnings per Share

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

## 2.19 Borrowing Costs

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

## 2.20 Assets on Operating Leases

Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease and license agreements.

## 3 : Share Capital

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
<b>Authorised</b>		
22,000,000 (P. Y. 22,000,000) Equity Shares of ₹ 10/- each	22,00,00,000	22,00,00,000
5,000,000 (P. Y. 5,000,000) 9% Non-convertible Redeemable Preference Shares of ₹ 10/- each	5,00,00,000	5,00,00,000
	<b>27,00,00,000</b>	<b>27,00,00,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
22,000,000 (P. Y. 22,000,000) Equity Shares of ₹10/- each fully paid up	22,00,00,000	22,00,00,000
	<b>22,00,00,000</b>	<b>22,00,00,000</b>

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
<b>Equity Shares</b>				
At the beginning of the reporting period	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000
Add: Shares issued during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000

### b. Terms/Rights attached to issued, subscribed and paid-up equity shares

The company has only one class of equity shares having par value of ₹ 10 per 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.



# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

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.

## c. Shares held by holding company

The entire 22,000,000 (previous year 22,000,000) equity shares of ₹ 10 each fully paid up are held by Holding Company Emkay Global Financial Services Limited.

## d. Details of shareholders holding more than 5% shares in the company:

Name of the Shareholder	As at 31st March, 2019		As at March 31, 2018	
	No of Shares	% held	No of Shares	% held
<b>Equity Shares of ₹10 each fully paid</b>				
Emkay Global Financial Services Limited (Holding Company) and its nominees.	2,20,00,000	100	2,20,00,000	100

## 4 : Reserves & Surplus

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
<b>Capital Redemption Reserve</b>		
Balance as at the beginning of the year	5,00,00,000	5,00,00,000
	<b>5,00,00,000</b>	<b>5,00,00,000</b>
<b>Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934</b>		
Balance as at the beginning of the year	6,11,17,737	4,27,39,855
Add: Transfer from Surplus in the Statement of Profit and Loss	47,36,995	1,83,77,882
	<b>6,58,54,732</b>	<b>6,11,17,737</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	16,23,51,738	8,88,40,209
Add: Profit for the year	2,36,84,975	9,18,89,411
Amount Available for Appropriation	18,60,36,713	18,07,29,620
<b>Less : Appropriations</b>		
- Amount transferred to Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	47,36,995	1,83,77,882
Net Surplus	18,12,99,718	16,23,51,738
	<b>29,71,54,450</b>	<b>27,34,69,475</b>



# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 5 : Provisions

Particulars	Long-term Provision		Short-term Provision	
	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
<b>Provision for Employee Benefits</b>				
- Gratuity Obligation	-	-	2,59,048	1,33,950
<b>Others</b>				
- Income Tax (Net of Taxes Paid)	-	-	5,98,249	52,65,282
- for Contingent Provision against Standard Assets	10,92,544	9,90,306	-	-
	<b>10,92,544</b>	<b>9,90,306</b>	<b>8,57,297</b>	<b>53,99,232</b>

## 6 : Short-term Borrowings

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
Unsecured		
Loan repayable on demand		
- from Body Corporates	11,45,00,000	22,80,00,000
	<b>11,45,00,000</b>	<b>22,80,00,000</b>

## 7 : Trade Payables

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
- Holding Company	-	15,141
- Others	10,93,222	15,62,466
	<b>10,93,222</b>	<b>15,77,607</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 FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 8 : Other Current Liabilities

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
Others		
Payable for Expenses		
- Holding Company	1,90,448	1,65,413
- Others	16,03,140	17,42,345
Other Liabilities	1,776	1,919
Statutory Liabilities	1,82,122	2,85,957
	<b>19,77,486</b>	<b>21,95,634</b>

## 9 (a) : Tangible Assets

	Computers (₹)	Total (₹)
<b>Gross Block (At Cost)</b>		
At 1 April 2017	9,47,543	9,47,543
Additions	-	-
Deductions	35,900	35,900
<b>At 31 March, 2018</b>	<b>9,11,643</b>	<b>9,11,643</b>
Additions	51,948	51,948
Deductions	-	-
<b>At 31st March, 2019</b>	<b>9,63,591</b>	<b>9,63,591</b>
<b>Depreciation/ Amortization</b>		
At 1 April 2017	2,47,269	2,47,269
Charge for the year	3,15,176	3,15,176
Deductions	34,941	34,941
<b>At 31 March, 2018</b>	<b>5,27,504</b>	<b>5,27,504</b>
Charge for the year	1,91,439	1,91,439
Deductions	-	-
<b>At 31st March, 2019</b>	<b>7,18,943</b>	<b>7,18,943</b>
<b>Net Block</b>		
<b>At 31st March, 2018</b>	<b>3,84,139</b>	<b>3,84,139</b>
<b>At 31st March, 2019</b>	<b>2,44,648</b>	<b>2,44,648</b>

## 9 (b) : Intangible Assets

	Software (₹)	Total (₹)
<b>Gross Block (At Cost)</b>		
At 1 April 2017	2,24,720	2,24,720
Additions	-	-
Deductions	-	-
<b>At 31 March, 2018</b>	<b>2,24,720</b>	<b>2,24,720</b>
Additions	-	-
Deductions	-	-
<b>At 31st March, 2019</b>	<b>2,24,720</b>	<b>2,24,720</b>

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

	Software (₹)	Total (₹)
<b>Depreciation/ Amortization</b>		
At 1 April 2017	2,24,720	2,24,720
Charge for the year	-	-
Deductions	-	-
<b>At 31 March, 2018</b>	<b>2,24,720</b>	<b>2,24,720</b>
Charge for the year	-	-
Deductions	-	-
<b>At 31st March, 2019</b>	<b>2,24,720</b>	<b>2,24,720</b>
<b>Net Block</b>		
<b>At 31st March, 2018</b>	-	-
<b>At 31st March, 2019</b>	-	-

## 10 : Non-Current Investments

Particulars	Face Value Per Share	No. of Shares		Amount	
		As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
<b>AT COST</b>					
<b>Investment in Equity Instruments</b>					
<b>(I) Investments in fully paid Equity Shares (Quoted)</b>					
- Action Construction Equipment Ltd	2	77,362	77,362	1,08,40,032	1,08,40,032
- Ador Welding Ltd	10	20,921	20,921	1,18,87,115	1,18,87,115
- Amber Enterprises India Ltd	10	-	9,000	-	1,04,57,767
- Bajaj Consumer Care Ltd	1	15,100	-	50,11,092	-
- Birla Corporation Ltd	10	21,350	14,500	2,01,35,207	1,51,20,401
- Birla Soft Ltd (Formerly - KPIT Technologies Ltd)	2	-	46,500	-	1,00,23,199
- Butterfly Appliances Ltd	10	-	17,000	-	98,03,224
- Capital Trust Ltd	10	96,722	1,25,000	2,09,88,674	2,71,25,000
- CMI FPE Ltd	10	-	7,139	-	73,83,547
- Dishman Carbogen Amcis Ltd	2	17,730	-	50,14,205	-
- EIH Ltd	2	-	50,000	-	77,29,012
- FIEM Industries Ltd	10	10,800	-	99,95,264	-
- GHCL Ltd	10	22,000	-	49,25,435	-
- Goodyear India Ltd	10	-	9,356	-	90,01,814
- Ipca Laboratories Ltd	2	-	16,200	-	1,00,62,651
- J B Chemicals & Pharma Ltd	2	14,880	-	50,14,343	-
- Kamath Hotels (India) Ltd	10	-	73,746	-	74,46,015
- Maharashtra Seamless Ltd	5	-	21,000	-	87,47,216
- MIRC Electronics Ltd	1	-	1,50,000	-	58,52,826
- Mphasis Ltd	10	7,050	-	70,58,409	-
- Muthoot Capital Services Ltd	10	-	13,151	-	1,00,22,892
- NOCIL Ltd	10	51,000	51,000	1,00,08,946	1,00,08,946
- NRB Bearings Ltd	2	-	42,874	-	62,40,683
- Ok Play India Ltd	10	1,42,379	1,42,379	1,99,99,978	1,99,99,978

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Particulars	Face Value Per Share	No. of Shares		Amount	
		As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
- Parag Milk Foods Ltd	10	38,405	38,405	94,65,609	94,65,609
- Ramco Systems Ltd	10	-	20,178	-	85,63,080
- Ratnamani Metals & Tubes Ltd	2	-	6,291	-	36,62,787
- S. P. Apparels Ltd	10	15,410	-	50,08,710	-
- South Indian Bank Ltd	1	-	3,00,000	-	92,97,222
- Time Technoplast Ltd	1	52,555	-	71,34,386	-
- UFO Moviez India Ltd	10	-	23,500	-	1,04,50,603
- Vaibhav Global Ltd	10	-	19,873	-	1,13,14,926
<b>Total (A)</b>				<b>15,24,87,405</b>	<b>25,05,06,545</b>
<b>II) Investments in fully paid Equity Shares (Unquoted)</b>					
- Prothom Industries India Pvt Ltd	10	14,764	14,764	50,04,996	50,04,996
Less: Diminution in Value of Non-Current Investments				50,04,996	50,04,996
<b>Total (B)</b>				-	-
<b>Total (A+B)</b>				<b>15,24,87,405</b>	<b>25,05,06,545</b>
<b>Note :</b>					
<b>Aggregate of Quoted Investments in Shares</b>					
- Cost				15,24,87,405	25,05,06,545
- Market Value				11,43,72,192	24,67,98,909
<b>Aggregate of Unquoted Investments in Shares</b>					
- Cost				50,04,996	50,04,996

## 11 : Deferred Tax Assets (Net)

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
<b>Deferred Tax Assets</b>		
Provisions	6,03,700	9,31,300
	<b>6,03,700</b>	<b>9,31,300</b>
<b>Deferred Tax Liabilities</b>		
Difference between Tax and Book Depreciation	4,900	16,900
	<b>4,900</b>	<b>16,900</b>
<b>Deferred Tax Assets (Net)</b>	<b>5,98,800</b>	<b>9,14,400</b>

## 12 : Long-term Loans & Advances

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
Deposits - Others	1,60,000	-
Advances		
- Income Tax Paid (Net of Provisions)	27,80,661	22,82,370

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
- MAT Credit Entitlement	6,54,000	-
- Prepaid Expenses	91,596	1,44,416
	<b>36,86,257</b>	<b>24,26,786</b>

## 13 : Current Investments

Particulars	Face Value Per Share	No. of Shares		Amount	
		As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
<b>At Lower of Cost and Fair Value</b>					
<b>Investment in Equity Instruments</b>					
<b>(I) Investments in fully paid Equity Shares (Quoted)</b>					
- Cochin Shipyard Ltd	10	-	18,500	-	95,51,592
- Jamna Auto Industries Ltd	1	-	97,500	-	63,52,081
- KEC International Ltd	2	20,000	-	58,94,852	-
- KEI Industries Ltd	2	12,565	-	50,15,230	-
- Lumax Auto Technologies Ltd	2	301	-	45,831	-
- Manpasand Beverages Ltd	10	-	10,035	-	38,23,769
- Mastek Ltd	5	11,951	-	62,37,384	-
- Minda Corporation Ltd	2	-	30,000	-	46,28,303
- Muthoot Capital Services Ltd	10	5,500	-	50,10,283	-
- Plastiblends India Ltd	5	-	34,000	-	84,67,428
- Radico Khaitan Ltd	2	16,850	20,000	60,29,334	45,41,279
- Repco Home Finance Ltd	10	346	-	2,03,951	-
- Sagar Cements Ltd	10	-	11,600	-	95,46,859
- Sanghvi Movers Ltd	2	-	75,000	-	1,10,57,040
<b>Total (A)</b>				<b>2,84,36,865</b>	<b>5,79,68,351</b>
<b>II) Investments in fully paid Equity Shares (Unquoted)</b>					
- KPIT Technologies Ltd (Formerly - KPIT Engineering Ltd)	10	27,900	-	26,07,153	-
<b>Total (B)</b>				<b>26,07,153</b>	<b>-</b>
Less: Reduction in Carrying Amount of Current Investments				10,61,595	20,05,491
<b>Total (A+B)</b>				<b>2,99,82,423</b>	<b>5,59,62,860</b>
<b>Note :</b>					
<b>Aggregate of Quoted Investments in Shares</b>					
- Cost				2,84,36,865	5,79,68,351
- Market Value				2,84,35,480	6,34,52,452
<b>Aggregate of Unquoted Investments in Shares</b>					
- Cost				26,07,153	-

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 14 : Trade Receivables

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
<b>Unsecured, Considered Good</b>		
- Outstanding for a period exceeding six months	-	-
- Others	1,202,004	12,094,165
	<b>1,202,004</b>	<b>12,094,165</b>

## 15 : Cash & Cash Equivalents

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
- In Current Accounts	6,159,367	6,951,624
Cash on Hand	27,553	47,170
Others		
- Balance in Prepaid Cards	26,135	-
	<b>6,213,055</b>	<b>6,998,794</b>
<b>Other Bank Balances</b>		
- In Deposit Accounts towards Security for Corporate Credit Card	500,000	500,000
	<b>6,713,055</b>	<b>7,498,794</b>

### Note:-

- Deposits with banks of ₹ 500,000/- (P.Y. ₹ 500,000/-) is with original maturity period of more than 12 months, but within one year from the reporting date.

## 16 : Short-term Loans & Advances

Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
<b>Secured, Considered Good</b>		
- Loans relating to Financing Activities	436,867,546	395,694,923
<b>Secured, Considered Sub-Standard</b>		
- Loans relating to Financing Activities	156,351	2,021,346
Less: Provision for Sub-Standard Assets	15,635	202,135
	<b>140,716</b>	<b>1,819,211</b>
<b>Unsecured, Considered Good</b>		
Loan relating to Financing Activities	150,000	445,265
	<b>437,158,262</b>	<b>397,959,399</b>
<b>Advances recoverable in cash or kind for value to be received</b>		
- Other Loans and Advances	98,545	3,474
- Prepaid Expenses	123,179	58,187
	<b>437,379,986</b>	<b>398,021,060</b>

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 17 : Other Current Assets

Particulars	As at	As at
	31st March, 2019 (₹)	31st March, 2018 (₹)
- Interest Accrued on Financing Activities	4,373,749	3,755,862
- Interest Accrued on Deposits with Bank	3,576	3,353
- Dividend Receivable	-	60,024
- Income Receivable	3,096	4,266
	<b>4,380,421</b>	<b>3,823,505</b>

## 18 : Revenue from Operations

Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	(₹)	(₹)	(₹)	(₹)
<b>Interest on</b>				
- Loans relating to Financing Activities		6,20,30,776		3,76,09,226
<b>Gain on Sale of</b>				
- Current Investments		48,64,533		6,80,77,265
- Non-Current Investments		3,72,058		4,34,31,616
<b>Dividend on</b>				
- Current Investments		1,58,270		-
- Non-Current Investments		10,26,069		19,93,376
<b>Trading in Bonds</b>				
Sales	27,54,05,306		6,43,51,391	
Add: Closing Stock	-	27,54,05,306	-	6,43,51,391
Less: Purchases	27,43,82,773		6,37,91,820	
Opening Stock	-	27,43,82,773	-	6,37,91,820
		<b>10,22,533</b>		<b>5,59,571</b>
<b>Other Operating Revenue</b>				
- Referral Fees		45,11,011		68,266
- Provision for Sub-Standard Assets Written back		2,02,135		1,30,252
- Reduction in Carrying Amount of Current Investment Written back		9,43,896		-
- Liabilities No Longer Payable		-		1,91,655
- Profit in share trading		-		2,05,211
		<b>7,51,31,281</b>		<b>15,22,66,438</b>

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## 19 : Other Income

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
<b>Interest on</b>		
- Deposit with Banks	35,382	35,352
- Income Tax Refund	-	1,08,535
Other Miscellaneous Income	519	19,709
	<b>35,901</b>	<b>1,63,596</b>

## 20 : Employee Benefits Expense

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Salaries and Other Benefits	99,75,430	72,36,578
Gratuity	2,59,048	1,33,950
Staff Welfare Expenses	34,175	7,079
	<b>1,02,68,653</b>	<b>73,77,607</b>

## 21 : Finance Costs

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Interest Expense	2,83,46,420	1,50,30,740
	<b>2,83,46,420</b>	<b>1,50,30,740</b>

## 22 : Depreciation and Amortization Expense

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Depreciation on Tangible Assets	1,91,439	3,15,176
Amortization on Intangible Assets	-	-
	<b>1,91,439</b>	<b>3,15,176</b>

## 23 : Other Expenses

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Communication, Postage and Courier Charges	34,294	37,516
Fees and Stamp (Net)	46,250	63,100
Membership and Subscription	43,597	10,448
Depository Charges	3,49,846	3,04,069
Electricity Charges	1,66,733	2,25,812



# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Repairs and Maintenance - Others	5,41,427	5,01,783
Advertisement and Business Promotion	2,59,576	1,54,406
Printing and Stationery	14,927	25,938
Travelling, Conveyance and Vehicle Expenses	14,76,899	11,50,807
Provision for Standard Assets	1,02,238	1,92,292
Provision for Sub-Standard Assets	15,635	2,02,135
Provision for diminution in Value of Non-Current Investments	-	50,04,996
Legal and Professional Fees	6,17,405	3,40,919
Loss on Disposal/Discard of Property, Plant and Equipment	-	463
Brokerage and Commission	15,00,000	-
Payment to Auditors		
As Auditors		
- Audit Fees	1,62,250	1,62,250
- Tax Audit Fees	53,100	54,000
In Other Capacity		
- Taxation Matters	81,420	44,700
- Other Matters	60,180	43,450
Rent	6,14,376	6,88,866
Reduction in Carrying Amount of Current Investments	-	20,05,491
Miscellaneous Expenses	1,77,105	52,650
Donation	-	75,000
Loss in Share Trading	3	-
	<b>63,17,261</b>	<b>1,13,41,091</b>

**24 : Disclosure on retirement benefits as required in Accounting Standard 15 (AS – 15) on “Employee Benefits” are given below**

## (i) Defined Benefit

The details of the Company's post retirement benefit plan for gratuity for its employees in conformity with the principles set out in AS – 15 which has been determined by an Actuary appointed for the purpose and relied upon by the Auditors are given below :

Sr. No	Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
I	<b>Changes in Present Value of Obligations</b>		
	Present Value of Obligations at the beginning of the year	522,314	369,016
	Interest Cost	37,579	25,075
	Past Service Cost (Vested Employees)	-	583
	Current Service Cost	136,667	94,273
	Benefits Paid	(46,829)	-
	Actuarial (Gain)/Loss on obligations	171,750	33,367
	Present Value of Obligations at the end of the year	821,481	522,314

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Sr. No	Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
<b>II</b>	<b>Changes in Fair Value of Plan Assets</b>		
	Faire Value of Plan Assets at the beginning of the year	388,364	316,609
	Expected Return on Plan Assets	29,106	22,146
	Contributions by employer	133,950	52,407
	Benefits Paid	(46,829)	-
	Actuarial Gain/(Loss) on plan assets	57,842	(2,798)
	Faire Value of Plan Assets at the end of the year	562,433	388,364
<b>III</b>	<b>Fair Value of Plan Assets</b>		
	Faire Value of Plan Assets at the beginning of the year	388,364	316,609
	Actual Return on Plan Assets	86,948	19,348
	Contributions	133,950	52,407
	Benefits Paid	(46,829)	-
	Faire Value of Plan Assets at the end of the year	562,433	388,364
	Funded Status	(259,048)	(133,950)
	Excess of actual over estimated return on Plan Assets	57,842	(2,798)
<b>IV</b>	<b>Actuarial Gain/(Loss) Recognized</b>		
	Actuarial Gain/(Loss) for the year (Obligation)	(171,750)	(33,367)
	Actuarial Gain/(Loss) for the year (Plan Assets)	57,842	(2,798)
	Total Gain/(Loss) for the year	(113,908)	(36,165)
	Actuarial Gain/(Loss) recognized for the year	(113,908)	(36,165)
	Unrecognized Actuarial Gain/(loss) at the end of the year	-	-
<b>V</b>	<b>Amounts to be recognized in Balance Sheet</b>		
	Present Value of Obligation at the end of the year	821,481	522,314
	Fair Value of Plan Assets at the end of the year	562,433	388,364
	Funded Status	(259,048)	(133,950)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net (Liability)/Asset recognized in Balance Sheet under "Provisions – Gratuity"/ (Advances recoverable in Cash or kind or for value to be received)	(259,048)	(133,950)
<b>VI</b>	<b>Expenses recognized in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	136,667	94,273
	Past Service Cost (Vested Employees)	-	583
	Interest Cost	37,579	25,075
	Expected Return on Plan Assets	(29,106)	(22,146)
	Net Actuarial (Gain)/Loss recognized for the year	113,908	36,165
	Expense recognized in the Statement of Profit & Loss under "Employee Benefits Expense"	259,048	133,950
<b>VII</b>	<b>Movement in the Liability recognized in Balance Sheet</b>		
	Opening Net Liability / (Asset)	133,950	52,407
	Expenses as above	259,048	133,950
	Contributions Paid	133,950	52,407

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Sr. No	Particulars	As at 31st March, 2019 (₹)	As at 31st March, 2018(₹)
	Closing Net Liability / (Asset)	259,048	133,950
<b>VIII</b>	<b>Experience Analysis – Liabilities</b>		
	Actuarial (Gain)/Loss due to change in basis	(3,092)	13,719
	Experience (Gain)/Loss due to change in Experience	117,000	22,446
	Total	113,908	36,165
	Experience Analysis – Plan Assets		
	Experience (Gain)/Loss due to change in Plan Assets	(57,842)	2798
<b>IX</b>	<b>Investment Pattern</b>		
	Insurer Managed Funds	100.00%	100.00%
<b>X</b>	<b>Principal Assumptions</b>		
	Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
	Discount Rate	6.90%	7.20%
	Rate of Increase in Compensation	9.00%	8.00%
	Rate of Return (expected) on plan assets	7.50%	7.50%
	Withdrawal rates	Up to Age 45: 25% Above 45: 15%	Up to Age 45: 30% Above 45: 15%

## 25 : Segment Information

### a) Primary Segment

The Company's operations falls under one reportable business segment namely "Financing and Investment Activities" therefore primary business segment reporting as required by Accounting Standard 17 "Segment Reporting" is not applicable.

### b) Secondary Segment

The Company operates in India and hence there are no reportable Geographical Segments.

## 26 : Related Party Disclosures

### A. List of related parties (Where transactions have taken place)

Sr. No.	Name of Related Party	Nature of Relationship
1.	Key Management Personnel/Individuals having control or significant influence	
	a. Krishna Kumar Karwa	Whole Time Director
	b. Prakash Kacholia	Director & Chief Financial Officer
2.	Holding Company	
	a. Emkay Global Financial Services Limited	Holding Company

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

## B. Transactions with related parties:

Sr. No	Particulars	Holding Company	
		2018-19 (₹)	2017-18 (₹)
<b>I</b>	<b>Income</b>		
	Interest Received -Emkay Global Financial Services Ltd	100,960	269,727
<b>II</b>	<b>Expenditure</b>		
	Depository Charges -Emkay Global Financial Services Ltd	311,207	282,557
	Rent Paid -Emkay Global Financial Services Ltd	405,585	449,525
<b>III</b>	<b>Others</b>		
a)	Expenses Reimbursed -Emkay Global Financial Services Ltd	442,551	541,604
b)	Loans Granted -Emkay Global Financial Services Ltd	335,000,000	445,000,000
c)	Loans Granted - Received Back -Emkay Global Financial Services Ltd	335,000,000	445,000,000
d)	Brokerage Paid -Emkay Global Financial Services Ltd	761,708	1,609,644
e)	Payment made on their behalf -Emkay Global Financial Services Ltd	-	19,116
f)	Securities provided and released -Emkay Global Financial Services Ltd	564,979,788	1,401,695,901
<b>IV</b>	<b>Outstanding as on 31.03.2019</b>		
	Trade Receivables -Emkay Global Financial Services Ltd	1,202,004	12,079,024
	Payable for Expenses -Emkay Global Financial Services Ltd	190,448	165,413

C. Related Parties are identified by the management and relied upon by the Auditors.

D. No balances in respect of related parties have been written off.

**27 :** There are no Operating Lease arrangements entered into by the company. The company is occupying part of a premises owned by its holding company for which rent of ₹ 405,585/- (P.Y. ₹ 449,525/-) has been paid to it and is also occupying part of a premises taken on operating lease by its holding company for which ₹ 208,791/- (P.Y. ₹ 239,340/-) has been reimbursed to it.

## 28 : Earnings per Share

Particulars		For the year ended 31st March, 2019	For the year ended 31st March, 2018
a)	Net Profit after tax available for Equity Shareholders (₹)	23,684,975	91,889,411
b)	Weighted average number of Equity Shares of ₹ 10/- each outstanding during the year for Basic Earning (No. of Shares)	22,000,000	22,000,000
c)	Basic Earning per Equity Share (₹)	1.08	4.18

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
d) Weighted average number of Equity Shares of ₹ 10/- each outstanding during the year for Diluted Earning (No. of Shares)	22,000,000	22,000,000
e) Diluted Earning per Equity Share (₹)	1.08	4.18

**29 : Provisions made as per the RBI NBFC Directions in respect of Investments and Loans & Advances are as below:**

Particulars	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Provision for diminution in Value of Non-Current Investments	Nil	5,004,996
Provision for Sub-Standard Assets	15,635	202,135

**30 : Disclosure under section 135 of the Companies Act, 2013 pertaining to expenditure on Corporate Social Responsibility:**

- Gross amount required to be spent by the company during the year ₹ 1,373,000/-.
- Amount spent during the year : Nil

**31 : Disclosure regarding loans given, investments made and guarantee given pursuant to section 186(4) of the Companies Act, 2013:**

Loans Given	-	Refer note no.16
Investments made	-	Refer note no.10 & 13
Guarantee given	-	NIL
Security Provided	-	Refer note no. 26(B)(III)(f)

**32 :** Other Current Liabilities includes ₹ 1,400/- (P.Y. ₹ 1,919/-) being amount of deposit in company's bank accounts made directly by clients whose details are awaited. The liabilities are properly adjusted subsequently on receipt of information from them.

**33 :** Gain on sale of current investments for the year ended 31.03.2019 includes ₹ 71,01,721/- which pertains to prior period i.e., financial year ended 31.03.2018, since the same has arisen due to non-accounting of Investment in shares of Talwalkars Lifestyles Ltd which came into existence at the end of the previous financial year 2017-18 due to demerger of Talwalkars Better Value Fitness Ltd held by the company.

**34 :** Payment to auditors includes ₹ 24,750/- (P.Y. ₹ 24,750/-) in audit fees, ₹ 8,100/- (P.Y. ₹ 9,000/-) in tax audit fees, ₹ 12,420/- (P.Y. ₹ 7,200/-) in fees for taxation matters and ₹ 9,180/- (P.Y. ₹ 6,450/-) in other matters towards Goods & Services Tax as applicable.

**35 :** The particulars as required in terms of paragraph 18 of Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016 are given in the note appended hereto.

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

Schedule to the Balance Sheet of a Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company as required in terms of paragraph 18 of Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016

(₹ In Lacs)

Particulars	Amount outstanding As on 31.03.2019	Amount overdue As on 31.03.2019
<b>Liabilities Side :</b>		
<b>(1) Loans and Advances Availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures :Secured	0	0
:Unsecured	0	0
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	0	0
(c) Term Loans	0	0
(d) Intercompany Loans and Borrowings	1155.93	0
(e) Commercial paper	0	0
(f) Other loans (specify nature)	0	0
*Please see Note 1 below		
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
(a) In the form of Unsecured debentures	0	0
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0	0
(c) Other public deposits	0	0

(₹ In Lacs)

Particulars	Amount outstanding as on 31.03.2019
<b>Assets side:</b>	
<b>(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)</b>	
(a) Secured	4370.24
(b) Unsecured	1.50
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards Asset Financing activities</b>	
(I) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	0
(b) Operating lease	0
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	0
(b) Repossessed Assets	0
(iii) Other loans counting towards Asset Financing activities	
(a) Loans where assets have been repossessed	0
(b) Loans other than (a) above	0

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

(₹ In Lacs)

	Particulars	Amount outstanding as on 31.03.2019
(5)	<b>Break up of Investments:</b>	
	Current Investments:	
	1. Quoted :	
	(I) Shares : (a) Equity	284.37
	(b) Preference	0
	(II) Debentures and Bonds	0
	(III) Units of mutual funds	0
	(IV) Government Securities	0
	(V) Others (please specify)	0
	2. Unquoted :	
	(I) Shares : (a) Equity	26.07
	(b) Preference	0
	(II) Debentures and Bonds	0
	(III) Units of mutual funds	0
	(IV) Government Securities	0
	(V) Others (please specify)	0
	Long term Investments:	
	1.Quoted	
	(I) Shares : (a) Equity	1524.87
	(b) Preference	0
	(II) Debentures and Bonds	0
	(III) Units of mutual funds	0
	(IV) Government Securities	0
	(V) Others (please specify)	0
	2. Unquoted :	
	(I) Shares : (a) Equity	50.05
	(b) Preference	0
	(II) Debentures and Bonds	0
	(III) Units of mutual funds	0
	(IV) Government Securities	0
	(V) Others (please specify)	0

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

(₹ In Lacs)

<b>(6) Borrower Group-wise Classification of Assets Financed as in (3) and (4) above</b>				
<b>Category</b>		<b>Amount Net of Provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1. Related Parties**				
(a) Subsidiaries		0	0	0
(b) Companies in the same group		0	0	0
(c) Other related parties		0	0	0
2. Other than related parties		4370.24	1.50	4371.74
<b>Total</b>		<b>4370.24</b>	<b>1.50</b>	<b>4371.74</b>

<b>(7) Investor group-wise classification of all investment (current and long term) in shares and securities (both quoted and unquoted)</b>			
<b>Category</b>		<b>Market value/Break-up or Fair Value or NAV</b>	<b>Book Value (Net of Provisions)</b>
1. Related Parties**			
(a) Subsidiaries		0	0
(b) Companies in the same group		0	0
(c) Other related parties		0	0
2. Other than related parties		1454.15	1885.36
<b>Total</b>		<b>1454.15</b>	<b>1885.36</b>

\*\* As per Accounting Standard of ICAI (please see Note 3)

(₹ In Lacs)

<b>(8) Other information</b>		
<b>Particulars</b>		<b>Amount</b>
(I) Gross Non-performing Assets		
(a) Related Parties		0
(b) Other than related parties		1.56
(II) Net Non-Performing Assets		
(a) Related Parties		0
(b) Other than related parties		1.41
(III) Assets acquired in satisfaction of debt		0

## Notes:

- As defined in point xix of Paragraph 3 of Chapter - 2 of the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and



# NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March, 2019

break-up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in column(5) above.

**36 :** Figures of the previous year have been regrouped, recasted and rearranged wherever necessary to make them comparable with the figures of the current year

**37 :** Other Additional Information required pursuant to Part II of Schedule III of the Companies Act, 2013 are not applicable to the Company.

**38 :** Figures have been rounded off to the nearest rupees.

**39 :** Figures in brackets indicates previous year figures.

As per our Report of even date  
For **B. L. SARDA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**(CA B. L. Sarda)**  
**Partner**  
Membership No: 014568

Place: Mumbai  
Dated: 28th May, 2019

For and on behalf of the Board of  
**EMKAY FINCAP LIMITED**

**Krishna Kumar Karwa**  
**Whole Time Director**

**Prakash Kacholia**  
**Director and Chief Financial Officer**

**Trupti Bolke**  
**Company Secretary**

Place: Mumbai  
Dated: 28th May, 2019



Your success is our success

**EMKAY FINCAP LIMITED**

Registered Office: The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028

**CIN- U65990MH2005PLC153310**

**ATTENDANCE SLIP**

I hereby record my presence at the 14th Annual General Meeting of the Company held on Monday, 12th August, 2019 at 3.00 p.m. at Registered Office of the Company situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028.

Folio No. .... DP ID No. .... Client ID No. ....

Name of Member.....

Name of Proxyholder.....

No. of Share(s) Held:.....

\_\_\_\_\_  
Signature of Member/Proxy

Notes:

- (1) Members/Proxyholders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
- (2) Members are requested to bring their copy of Annual Report for reference at the Meeting

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## EMKAY FINCAP LIMITED

CIN No. U65990MH2005PLC153310

**Registered office:** The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028

**Website:** www.emkayglobal.com **T:** 022-66299299 **Email:** compliance@emkayglobal.com

### PROXY FORM

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014].

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_

Folio No./ Client ID: \_\_\_\_\_

DP ID: \_\_\_\_\_

I/We, being the member (s) of Emkay Fincap Limited holding \_\_\_\_\_ equity shares of the above named company, hereby appoint.

1. Name:  
Address:  
E-mail ID:

Signature: \_\_\_\_\_

or failing him

2. Name:  
Address:  
E-mail ID:

Signature: \_\_\_\_\_

or failing him

3. Name:  
Address:  
E-mail ID:

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, 12<sup>th</sup> day of August, 2019 at 3.00 p.m. at the Registered Office of the Company situated at The Ruby, 7<sup>th</sup> Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions
1	To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon.
2	To appoint a director in place of Mr. Prakash Kacholia, (DIN: 00002626) who retires by rotation and being eligible, offers himself for re-appointment.
3	To appoint M/s. A.G.Mundra & Co., Chartered Accountants as the Statutory Auditors of the Company.
4	To re-appoint Mr. G. C. Vasudeo as an Independent Director for the second term of five years w.e.f. August 13, 2019.
5	To re-appoint Mr. R. K. Krishnamurthi as an Independent Director for the second term of five years w.e.f. August 13, 2019.
6	To re-appoint Mr. Krishna Kumar Karwa as the Whole-time Director of the Company for a period of five years w.e.f. July 24, 2019.
7	To increase the Borrowing limits of the Company from Rs. 100 crores to Rs. 200 crores.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Signature of the Shareholder: \_\_\_\_\_

Signature of the Proxy Holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp of  
₹1

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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Your success is our success

**Emkay Fincap Limited**

CIN: U65990MH2005PLC153310

Registered Office:

The Ruby, 7th Floor, Senapati Bapat Marg,  
Dadar (West), Mumbai 400 028.

Tel: +91 22 66121212

