

# Annual Report 2021-22

Emkay Global Financial Services Limited

*Emkay*<sup>®</sup>

Your success is our success



**360° Offerings.**  
**Customer-Service. Technology.**

# What's Inside...

## 02-30

### Corporate Overview

360° Solutions & Services	02
360° Approach to Value Creation	04
Becoming a 360° Financial Services Solutions Provider	06
Management's Message	08
Sustainable Value Creation Model	12
Catering 360° Financial Goals	14
Driving 360° Progress by Leveraging Technology	24
Credibility Backed by 360° Performance	26
Our Management Team	28
Awards and Accolades	30

## 31-88

### Statutory Reports

Corporate Information	31
Directors' Report	32-52
Management Discussion and Analysis	53-65
Corporate Governance Report	66-88

## 89-236

### Financial Statements

Standalone Financials	89-159
Consolidated Financials	160-236

Please find our online version at:

<https://www.emkayglobal.com/annual-general-meeting>



Or simply scan  
to download

### Investor Information

Market Capitalisation as at March 31, 2022	: ₹ 257 crore
CIN	: L67120MH1995PLC084899
BSE Code	: 532737
NSE Symbol	: EMKAY
Bloomberg Code	: EMKAY:IN
Dividend Declared	: ₹ 1.25
AGM Date	: August 8, 2022
AGM Mode	: Virtual

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



# 360° OFFERINGS

Customer-Service. Technology.

Over the course of more than two and a half decades, Emkay Global has created a mark, achieving a phenomenal growth – across the business offerings, customer service & technology. Our evolution from an institutional broking house, with a team of 20 members within a 300 square feet office, to the one offering a full spectrum of financial services today, has been a remarkable one.

While continuing to deliver on our commitment of providing 360° offerings, we have grown into a full-fledged, all-round financial services Company, keeping customer at the core of our offerings. While striving to provide 360° customer service, our expert-driven financial services solutions enable us to offer equity

research/broking and advisory, commodity and currency advisory and broking, equity capital market and merchant banking services, debt advisory, asset management, and wealth management amongst many others.

All along our journey, technology has been a key enabler of our business helping us improve our operational efficiencies. Through strategic investments in technology, we are thereby embracing it across our functions, for an enhanced overall delivery and performance.

At Emkay Global, our team remains motivated and confident of the future, backed by rich industry experience and proficiency.

We continue to march ahead while striving to understand our clients' needs better through our offerings, adding value through superior customer service, while using technology across the board, enabling us to deliver higher stakeholder returns. Thus, delivering on our commitments and pursuing **360° growth**, incessantly.

# 360° SOLUTIONS & Services

## Emkay Global at a Glance

Incorporated in 1995, Emkay Global Financial Services Limited ('Emkay' or 'We') has successfully transitioned the business from an institutional broking house into a 360° end-to-end financial services provider. Over the years, we have established ourselves as a leading technology-led financial services powerhouse. Backed by our digital prowess and a rich legacy of over 27 years, we continue to offer advanced experiences for our clients, propelled by technology.

Our wide array of services comprises Broking and Allied services, Wealth management, Asset Management and Currency Services, amongst others. We cater to wide range of customers, including Domestic Institutional Investors (DIIs), Foreign Institutional Investors (FIIs), banks, insurance companies, private equity firms, corporate houses, small and medium-sized enterprises, and High Net Worth Individuals (HNWIs).

Our Company is dedicated towards fulfilling the diverse investment aspirations of our burgeoning client base, using advanced technology, integrated processes and financial expertise.



## OUR MISSION

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



## OUR VISION

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





27+

Years of Experience

1,46,988

Client Base

495

Employees Pan-India

17

Branches

279

Stock Research Coverage

# 360° Approach to Value Creation



## Our Stakeholders

At Emkay Global, we work incessantly to create long-term value for our stakeholders. Our consistent focus is on providing 360° solutions and services that help fulfil our customers' goals and thus, enable higher stakeholder returns.

As we work towards achieving our business goals, we have always believed in building a conducive work environment for our employees. Besides, we have always prioritised on giving back to the society, by contributing to the well-being of local communities that we closely work with, thereby, creating value for the society, responsibly.



## Our Customers

Our efforts are directed toward serving the evolving needs of our diversified customer base – individuals, large and mid-corporates, FIIs, DIIs, insurance companies, private equity firms, corporate houses, small and medium-sized enterprises, and high-net worth individuals (HNWIs). To this end, our focus is on engaging with them on a regular basis to better understand their needs and enable them to achieve their short and long-term goals.



1,46,988

Number of clients we serve



₹19,451 crore

Total Assets



₹1,967 crore

Wealth Assets



₹770 crore

Emkay's PMS & AIF AUM



₹3,47,928 crore

Average Daily Turnover (Annual)



## Investors

Our focus has always been around ensuring adequate returns to our investors. We have always believed in value unlocking to ensure consistent shareholder returns. Through complete, transparent, and timely disclosures that encourage thoughtful decision-making, we communicate with them on a continuous basis to give them regular information on our progress.



₹13.72

Earnings per Share



₹3,380 Lac

Net Profit



18%

Return on Equity



## Employees

Our talent pool is a prudent and diversified mix of age, gender and ethnicity, that brings experience and vigour together. This has been pivotal in keeping our Company agile while also being firmly rooted in our legacy of 27 years. We strongly believe that our ensuing business excellence is a direct product of how we nurture our employees and make them future-ready, to ensure industry relevance and reliability.

495

Employees



₹10,961 Lac

Total Employee Expenses



₹13.7 Lac

Employee Training Cost

338

Number of Employees Trained



## Community

We, at Emkay Global, have always considered shared value-creation as the fundamental requirement to doing business. Since our Company's inception, we have aimed to make a positive difference in the society by means of our products and services, alongside other initiatives aimed at community well-being. This has enabled us to create long-term value for both our shareholders and the society, to fulfil our commitment of shared value-creation.

₹5 Lac

Invested towards CSR activities



## Regulatory Bodies/Government

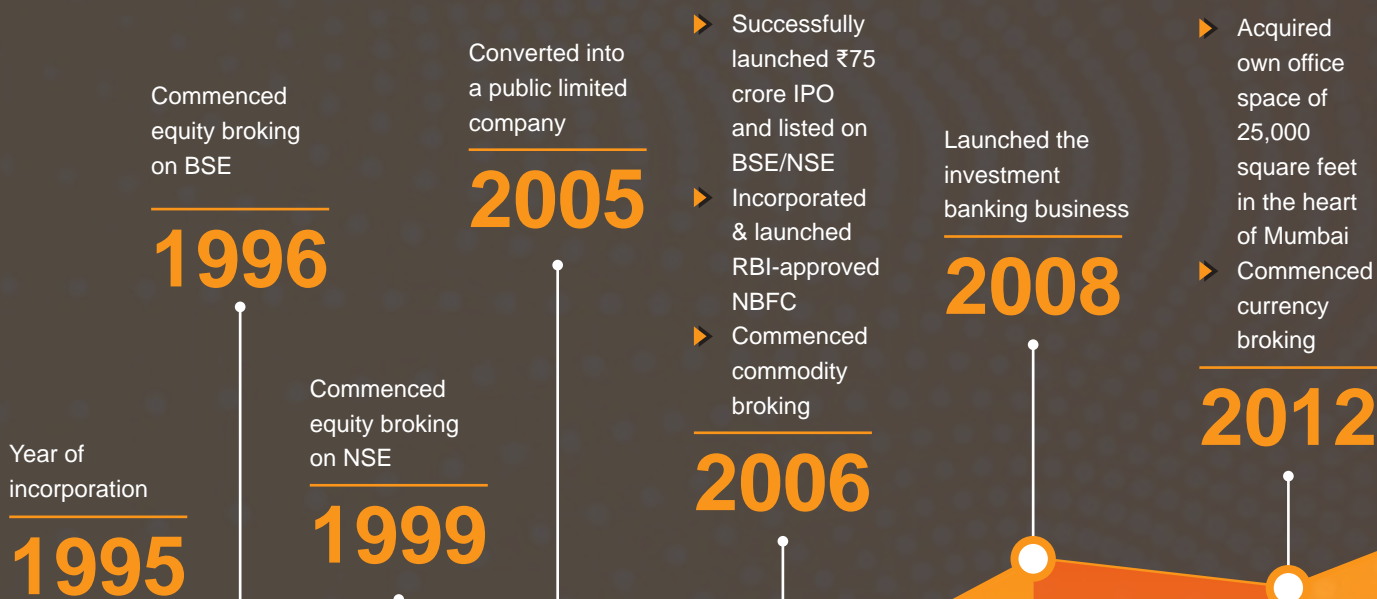
We continue to lead responsibly by partnering and collaborating with the regulatory bodies and following guidelines prescribed by the Government from time-to-time. Being a responsible Financial industry player, we comply with all the applicable regulations.

₹59,674 Lac

Contribution to Exchequer



# Becoming a 360° Financial Services Solutions Provider







# Management's Message



“

We offer a wide spectrum of financial services under one roof and have evolved to provide equity research/broking, commodity and currency advisory and broking, equity capital market and merchant banking, debt advisory, asset management, and wealth management, thereby providing 360° offerings.







### **Dear Shareholders,**

As we reflect upon the last year, we would first like to convey our heartfelt gratitude and extend warm wishes to you. We are glad our Company has completed yet another successful year of business operations and take the privilege of presenting our 28<sup>th</sup> Annual Report for the financial year FY 2022. It is a matter of pride for us that our 360° offerings across financial solutions clocked in healthy performances backed by robust customer service on the back of our advanced technological platforms.

### **Macro-economic Overview**

The macro-economic scenario around the globe and India, since the pandemic began, has been fraught with many uncertainties and upheavals. During 2021-22, many countries reimposed the mobility restrictions. Many Indian states followed suit, especially after recording an astronomical number of infections and a rising death toll caused by the second wave and omicron variant of Covid-19. Further, the geopolitical tension between Russia and Ukraine added fuel to the fire, with crude prices crossing US\$ 120/barrel at one point. This sparked the fears of recession because such high prices were unsustainable in the long-term. Central banks around the globe are tightening their monetary policies and raising interest rates to combat the rising inflationary pressures. These moves caused the bond prices to dive south as yields climbed north – indicating the grim possibility of a global recession. The global growth outlook looks cautious, with India being no exception where the Q4 recorded the slowest pace in the year, while according to the National Statistics Office (NSO), the Indian economy grew by 8.7%, which is a little lesser than the earlier projections of 8.9%.

These events have helped drive a shift in the traditional Indian mindset towards investing. They have created an ambient ground for increasing the adoption of contemporary savings which has led to growth in investment of Mutual Funds, Wealth Management, Estate Planning, Equity Broking and many other solutions.

Savings and investments have got further impetus as life has slowly begun returning to normalcy, and the shock impact of the Covid-19 pandemic has started wearing off.

## Industrial Landscape

The economic developments have brought about a significant change in the mindset of Indian investors. It has led them to lean more and more towards the investment options that give returns more closely linked to the market against the traditional, and mostly fixed returns-bearing investment instruments such as bank fixed deposits (FDs), endowment insurance plans, gold, real estate, bonds & debentures.

During the year, the Nifty and Sensex remained volatile. Although they've showcased tremendous recovery from last year, higher inflation and geo-political tensions have dented the growing market. The IPO market showcased a robust performance and 52 Indian corporates launched their IPO, where they've raised an all-time high of ₹1,11,417 crore. As the number of IPOs continuously grows, it widens the opportunity for our Company to provide lead role services. With increasing financial literacy and various initiatives of investor education, the number of Demat accounts is also increasing. The number has increased by 63% in the past 12 months to 89.7 million in FY 2022, compared to the last financial year. The increase in the number of Demat accounts opening – a proxy for individual retailers trading in the stock markets – along with the net investment figures of foreign investors, highlights the growth trend clearly. This growth was further led by easier digital on-boarding of customers and higher returns delivered by the Equity market compared to other Asset classes.

Also, the Domestic Mutual Fund Investors pumped in net investments in Equity and Debt markets to the tune of ₹95,378 crore, compared to ₹4,804 crore by Foreign Institutional Investors (FIIs) in FY 2022, showcasing the strength of domestic investors to continue building the capital markets.

## Our Journey of 360° offerings

Our journey began with a 20-member team in a 300 square feet office more than 27 years ago. We started as a standalone brokerage house. Today, we have grown into an all-round financial services company. We offer a wide spectrum of financial offerings under one roof and have evolved to provide equity research/broking, commodity and currency advisory and broking, equity capital market and merchant banking, debt advisory, asset management, and wealth management. Thereby, providing 360° offerings.

## Operational Overview

Our Company registered a robust performance in the current financial year, demonstrating our operational efficiencies. We witnessed an overall growth, with all our business strategies working simultaneously, translating into an all-encompassing 360° growth for us.

Emkay's revenue from broking and allied services grew from ₹10,764 Lac to ₹14,020 Lac, indicating a 30% growth in the segment, driven by growing average daily turnover in both cash and derivative segments.

Asset Management revenue grew by 32% and stood at ₹1,414 Lac. Wealth AUMs of Emkay Global grew to ₹1,96,666 Lac. Our PMS+AIF AUMs stood at ₹77,017 Lac – showcasing a growth of 10% as compared to the previous fiscal year.

Our Wealth Management revenue grew by 58% from ₹476 Lac to ₹752 Lac. Our Investment Banking division closed the year as a BRLM for 6 QIPs out of 28 QIPs concluded

in FY 2022, meaning that every fourth QIP in the market was managed by Emkay. Emkay Investment Managers distributed proceeds across the previous AIF offerings (Emkay Emerging Stars Fund - Series I, II & III) to the tune of 15% of outstanding units. This was well-received by investors and advisors and it also makes Emkay Emerging Stars Fund among the few pioneering funds to do so.

Revenue from others segments, including Treasury, showcased a colossal growth of 191%, from ₹3,868 Lac to ₹11,243 Lac.

## Leveraging Technology

Technology and innovation are critical components of our differentiation, and we continue to invest in technology as a strategic enabler. We have always advocated the adoption of disruptive technologies that support our innovative business model, thereby, enriching our products. This approach increases the appeal of our offerings to the technologically savvy clientele and enhances their experience.

Our Company has a robust technological infrastructure which helps scale up our business. Over the years, we have built a reliable platform for our valuable client base backed by our state-of-the-art trading technology platform which is easily accessible. We have leveraged our technological prowess and built a scalable and sustainable digital business model. Our comprehensive financial product suite and expert perspectives cater to the evolving needs of our clients. We help investors achieve their goals through innovative digital platforms while enhancing their wealth creation journey.

## For Our People and Community

Our talent pool of 495 employees is the most valuable asset for Emkay Global. Our Research team comprising nearly 40 members, has a combined experience of over 200 years. This experience and expertise is what helps our clients build a strong portfolio. We are fully committed to the development and well-being of our employees. With a strong framework of policies, we emphasise promoting human rights and countering gender bias and racial discrimination. We seek to create a balanced, and harmonious work culture where every individual gets an opportunity to thrive and contribute to achieving the organisation's goals.

Our commitment to caring for the communities is embedded deeply into our investment and functional policies. With ESG investing gaining prominence, we believe in promoting good Environment, Social & Governance (ESG) standards in the companies we invest in. In line with this thought, our Institutional Equities team also organised a Renewable Energy conference during the last quarter of FY 2022, which was attended by 65 individual participants and 45 funds. Many similar events were carried out alongside during the year.










On a concluding note, we would like to reiterate our commitment to all our stakeholders to strive to further build on our 360° financial service provider position, while becoming the most preferred employer, the most innovative wealth creator, and a socially responsible entity with the best corporate governance practices. Looking to capitalise on the momentum that we have gathered, we seek to continue honing our capabilities and conviction of consistently giving investors good returns on their investments. We are sincerely grateful for the support of our entire team and the guidance of the Board of Directors in this endeavour. We also thank all our stakeholders for their continued trust and confidence that propels us to be better every day, year-after-year.

Best wishes,

Krishna Kumar Karwa  
Prakash Kacholia  
Managing Directors



# Sustainable Value Creation Model

CAPITALS ENGAGED	INPUTS	KEY VALUE DRIVERS
 <b>Financial Capital</b> Our strong capital base, comprises of equity which helps to create higher return for investors	<ul style="list-style-type: none"> <li>▶ Capital Employed: ₹ 20,063 Lac</li> <li>▶ Equity Share Capital: ₹ 2,464 Lac</li> </ul>	 <b>Our Mission</b> To provide our clients with secure, customised and comprehensive financial solutions to achieve sustained growth.
 <b>Service Capital</b> We leverage our extensive network of physical offices, backed by digital platforms, to connect with our customers	<ul style="list-style-type: none"> <li>▶ Total offices Pan-India: 153</li> <li>▶ Research Coverage: 17 sectors and 279 companies, covering 48 out of the 50 NIFTY constituents and 30 out of the 30 SENSEX constituents</li> </ul>	
 <b>Human Capital</b> Our human capital consists of a diverse set of people with specialist skills and experience suitable for our servicing our clients' needs	<ul style="list-style-type: none"> <li>▶ Total number of employees: 495</li> <li>▶ Different skill sets and backgrounds</li> <li>▶ Training and development cost: ₹ 13.7 Lac</li> <li>▶ Covid-19 Vaccination Drive carried out during the year by Emkay Employees Welfare Trust: ₹ 5 Lac</li> </ul>	 <b>Our Vision</b> <ul style="list-style-type: none"> <li>▶ Be amongst the top 5 securities players in India</li> <li>▶ Deliver top-tier financial performance creating superior value for all stakeholders</li> <li>▶ Ensure client comes first, all else follows</li> <li>▶ Deploy cutting-edge digital solutions to positively impact the industry</li> <li>▶ Be an employer of choice – 'a job here is never just a job'</li> <li>▶ Be admired by all stakeholders</li> </ul>
 <b>Intellectual Capital</b> We have a technology backed infrastructure, knowledge management systems and well-established platforms to process transactions, manage risks and deliver effective customer service	<ul style="list-style-type: none"> <li>▶ Expenditure on technology infrastructure: ₹ 291 Lac</li> <li>▶ Trading Platforms: 3</li> </ul>	
 <b>Social and Relationship capital</b> Our social and relationship capital is built on the relationships we have with our key stakeholder groups	<ul style="list-style-type: none"> <li>▶ Amount spent for CSR activities: ₹ 5 Lac</li> <li>▶ Taxes paid: ₹ 40,745 Lac</li> <li>▶ Total Number of Franchisee Partners: 136</li> </ul>	
 <b>Natural Capital</b> Our operations' direct usage and impact on natural resources, such as energy, water, and climate, as well as our influence through our economic activities	<ul style="list-style-type: none"> <li>▶ Installation of capacitors to save power</li> <li>▶ Installation of power saving TFT monitors</li> <li>▶ Enabled automatic power off modes on idle monitors</li> <li>▶ Preventive maintenance of all electrical equipment for better efficiency and power consumption</li> <li>▶ Educating employees on ways to conserve electricity and other natural resources and a strict adherence to the same is ensured</li> <li>▶ Organised Renewable Energy conference</li> </ul>	 <b>Our Promises</b> Handing over the responsibility for one's finances involves immense trust. At Emkay, we go to great lengths to ensure we hold true to your expectations right from ensuring that every person from Emkay meets the set value proposition. And, also recall Emkay's mission to be achieved collectively without forgoing values that our Company lives by.

## OUR OFFERINGS

## Institutional Equities

- Offer brokerage service in cash and derivatives segments
- Provide high-quality investment ideas, based on in-depth research to clients and execute hassle-free trade

## Non-Institutional Equities

- Provide equity-based research advice for undervalued stocks to HNWIs, corporates, family offices and Foreign Portfolio Investors (FPIs)
- Strong presence in nearly 100 cities through branches and franchisees

## Asset Management

- Catering to wide range of clients including large corporate investors, HNWIs, NRIs and Trusts
- Strategies managed by highly experienced and qualified portfolio managers to deliver consistent long-term returns

## Wealth Management

- Offer a diverse bouquet of investment solutions like Portfolio Creation, Investment Planning, Portfolio Monitoring, Transactional Support, MIS and Information Support and Advisory for treasury management to corporate
- Provide full-fledged solution for family offices under Registered Investment Advisor (RIA) license
- Dedicated professional team to understand client's financial needs and advice accordingly to generate wealth for them

## Equity Capital Markets (ECM) &amp; Merchant Banking Services

- Undertake advisory and execution services for private equity funds, mutual funds, foreign institutional investors, hedge funds, and HNWIs to bankers
- Raising funds for mid-cap companies from both public and private space, successfully

## Other Businesses

Trading services and effective risk management strategies for derivatives market. Growing well since foraying into Currency & Commodities segment. Financial education for traders and investors through Finlearn Edutech - an Ed-Tech focused on training in financial markets

## OUTPUT

## Return to Shareholders and Investors

- Revenue: ₹ 27,429 Lac
- ROE: 18% ➤ EPS: ₹ 13.72 ➤ PAT: ₹ 3,380 Lac
- ROA: 5.10% ➤ Dividend declared: ₹ 1.25 per share

- No. of clients: 1,46,988
- Managing ₹ 1,96,666 Lac under Wealth Management
- Managing ₹ 77,017 Lac under PMS+AIIF
- Equity Market ADTO (Annual): ₹ 3,47,928 crore

- Revenue generated per employee: ₹ 55.41 Lac
- Employee retention rate: 76%
- Average training hours per employee : 40 minutes

- Corporate/expert and client calls: 270
- Roadshows: 45
- Total number of web properties across the group for sharing information and servicing: 25+
- We envisage using analytical tools and our digital-marketing platform to identify and capitalise on cross-selling and upselling opportunities
- Robust fund management strategies

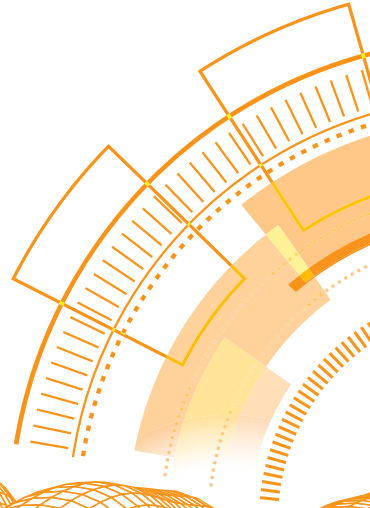
- CSR Beneficiary: Mumbai Kidney Foundation, Borivali, Mumbai
- Zero investor grievances received during the year

## Renewable Energy Conference Participants

- Companies: 9
- Funds: 45
- Individual participants: 65

# Catering 360° Financial Goals

At Emkay Global, our robust product portfolio is a result of our extensive market research, industry experience and expertise, enabling us to provide 360° financial solutions. We are committed to provide utmost customer satisfaction, by contributing to the achievement of their financial goals through requisite and bespoke advise and solutions.





The principle of value investing lies at the heart of our investment philosophy. Guided by this principle, our offerings entail:



## Broking, Advisory, & Research

Equity, commodity and currency – across cash, futures and options segments, providing service to Institutional Investors, Corporate Houses, Domestic Mutual Funds, Hedge Funds, Family Offices, and HNWI's, among others.



## Investment Banking

Merchant Banking, IPO advisory, Equity Capital Markets (ECM), and M&A advisory services.



## Wealth Management

Estate planning and customised solutions with products across all asset classes.



## Investment/Asset Management

Equity portfolio management and advisory services across all market caps – discretionary and non-discretionary, including Alternative Investment Funds (AIFs).

## Equity Broking, Advisory, & Research

Through this vertical, we provide Institutional and Non-Institutional Broking Services. This is backed by a far-sighted research team having the right skills and understanding of the changing industry macros. To enhance our research further we have tied-up with DBS Bank- Singapore to provide a pan-Asia perspective to our clients. This, because our offerings are not limited to the Indian markets, but also cater to other geographies including Europe, Singapore, the UK, Hong Kong and many others.

We believe in generating long-term value through optimum asset allocation. Our research forms the pillar of our offerings and services, assisting us in identifying undervalued stocks through qualitative & quantitative analysis which is backed by our experienced team. We guide our clients in building portfolios that are reliable, and promising towards providing returns.

53%

Contribution from  
Institutional Clients

47%

Contribution from Non-  
Institutional Clients

## Institutional Equities

Our Institutional Equities are spread across the markets of Europe, Hong Kong, India, Singapore, Taiwan, the UK, and the US. The clientele includes Mutual Funds, Insurance Companies, Banks, Foreign Portfolio Investors (FPIs), Family Offices, Global Hedge Funds, and Alternative Investment Funds (AIFs).



Roadshows



Corporate/Expert and Client Calls



Institutional Clients

## Non-Institutional Equities

Our Non-Institutional Equities segment covers Indian and NRI clients across the world, including Corporates/High-HNWIs, Family Offices, Private Equity Firms, and Trusts. These clients are served through our branches spread across the country.



Number of Offices Pan-India



Non-Institutional Clients

## Equity Research

The following form the three pillars of Emkay Global's Institutional Equity Team:

- ▶ Independent Thinking & Solid Fundamental Research
- ▶ Strong & Long-Term Relationships with Customers
- ▶ Quick Execution through Robust Technology



Fundamental Equity Research  
(Active + Soft Coverage)



Sectors (IT, Pharma, Retail  
& many more are among the  
other sectors under coverage)

Our goal is to provide added value to our investors who are looking for investment opportunities in the Indian capital market. In order to meet this goal, the integrated efforts of our equities research, sales & sales trading, and corporate access teams assume a role of paramount importance.

## Commodities and Currencies

Emkay Global is a member of Multi Commodity Exchange (MCX) and National Commodity & Derivatives Exchange (NCDEX).

In the currency space, we enrolled some large Foreign Portfolio Investment (FPI) clients. With the foreign exchange facing a significant change due to inflation, we make appropriate changes in our rates – benefitting the client especially amid a fluctuation in one currency against another.

At present, we offer solutions to our clients through the 'Omnesysnest' software by Thomson Reuters. We also provide call & trade through recorded lines and real-time research advisory through WhatsApp and on-call services. With client back-office entry, electronic contract notes, SMS facility, we consistently improve our customer services to enable higher customer satisfaction.



## Investment Banking

Our Investment Banking division is well-known for its reliable, unique, and adaptable offerings. Our adept skills and proficiency drive the soundness and relevance of our advisory. Our team has been consistently delivering high-quality strategic advice and financial solutions to the clients. Our strength is our team of professional investment bankers whose experience and strong understanding of the mid-market corporate sector help us offer the best strategic and financial advisory possible. Strong relationships with regulators across the investor space allow us to take this high-quality to a higher level.



## Our offerings pan-across:



## Public Market

- ▶ Initial Public Offer (IPO)/Follow on Public Offer (FPO)
- ▶ Qualified Institutional Placement (QIP)
- ▶ Preferential Issue/PIPE



## Private Market

- ▶ Growth Capital for Private Companies
- ▶ Private Equity Exits
- ▶ Private Equity Buyouts



## ECM &amp; Corporate Advisory

- ▶ Advisory Services on Buyback, Delisting, Open Offer, Promoter OFS, Rights Issue
- ▶ Domestic as well as Cross Border M&As
- ▶ Corporate Restructuring and Structured Financing



## Key Highlights of FY 2022

- ▶ Emkay Global was the BRLM for 6 QIPs out of 28 QIPs concluded in FY 2022
- ▶ Emkay Global managed almost every fourth QIP in the market in FY 2022
- ▶ Emkay Global is one of the very rare I-Banks with first three IPOs in Left Lead role, despite being a late entrant

BRLM for 6 QIPs  
out of 28 QIPs

## Key Differentiator

We, at Emkay IB, strive to deliver bespoke solutions to client requirements. Our hand on senior management is personally involved in transaction execution ensuring robust client engagement. Over years, we have built a strong track record of successful deal closures in small and mid-sized companies. We have a long-term, relationship-oriented approach, enabling us to close multiple deals with same clients over years.




## Wealth Management

Emkay Global offers diverse wealth management solutions that are well-curated and client-centric in nature. Our Company has a strong record of building wealth for clients. We offer the entire spectrum of financial services backed by one of the strongest and highly awarded research teams in the country. We ensure reliability and soundness of our plans and advisory through our adept management skills and proficiency.

Emkay Wealth Management offers a diverse bouquet of investment solutions straddling both the traditional options and the newer avenues of progression. Led by an experienced team that designs and implements sound financial strategies, we meet our client's short-term and long-term goals, risk appetite, and market movements.

As a leader in the Financial Services space, Emkay Wealth Management has a strong record of building wealth for a wide range of clients. We offer an entire spectrum of financial services backed by one of the strongest and highly awarded research teams in the country.

 **₹1,96,666** Lac  
Wealth Assets

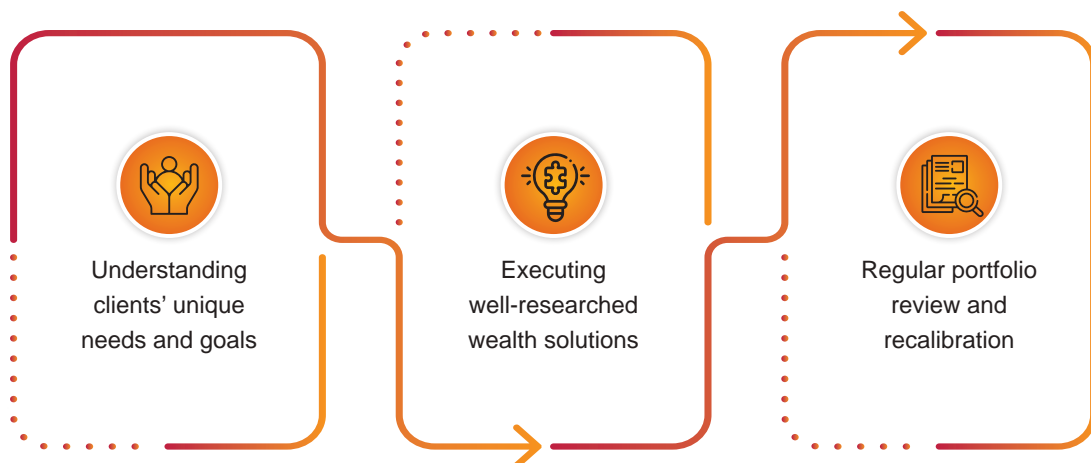
## Tailored Solutions

We strive to formulate a detail-oriented plan and pathway to leverage the most suitable ideas and strategies for achieving higher customer returns. This is led by our talented workforce's in-depth study and understanding of both the ends of the spectrum—industry as well as client requirements. We include the best of our in-house products, credit, third-party and proprietary platforms, leading creative amalgamation on an open architecture platform. Therefore, providing a wide array of solutions and effective asset management plans for our clients. This personalised plan is developed on a concrete framework basis financial diagnostic, digital integration, prompt services and our up-to-the-minute market knowledge.

## Investing, Managing and Growing Together

Recognising the uniqueness of individual financial goals, requirements and ambitions, at Emkay Global, we are accommodating of every client's distinct needs through customised plans. We adopt an approach that can cater to our diversified customers' individual, short-term and long-term goals. This renders us higher relevance in the industry alongside a competitive edge as a sound financial advisor, led by successful planning and management.

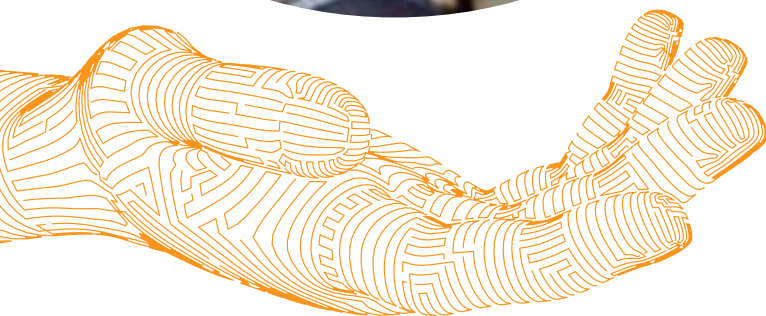
A seamless, and hassle-free process is vital for us to retain our position as one of the leading names in the industry. The three-step process followed at Emkay Global, is as follows:



## Estate & Succession Planning

We believe accumulating assets is not sufficient but preserving these accumulated assets through a well-planned succession strategy is important. Our succession planning ensures that wealth passes to our client's family as per their wish, without any legal obstacle or challenges. We consolidate assets for the knowledge of client's family to help avoid property disputes on inheritance and reduce the amount of paperwork on transfer of assets after demise.

We tailor solutions as per our customers' specific goals and assist our clients in devising a strategy to ensure that their money is passed to the stakeholder(s) at the appropriate time. This includes not just the preparation of wills, but also advice on trusts, reorganising corporate holdings, taxation, superannuation and many others.



## Investment/Asset Management

Under our Asset Management vertical, we offer comprehensive investment options for a broad range of our clientele panning across Family offices, High-Net Worth Individuals (HNIs), Corporates, Non-Resident Indians (NRIs), insurance companies, trusts, and private equity firms.

Our Asset Management division operates in the purview of Emkay Investment Managers Limited (EIML). We are a SEBI-registered portfolio management and investment advisory firm, providing a range of investment options for clients from a long-term standpoint.

  
**₹77,017** Lac  
Assets Managed

### Investment Approach

We have a team of highly experienced and certified portfolio managers, stock analysts, researchers, and investment counsellors at Emkay Investment Managers Limited (EIML). We are driven by multi-pronged investment methods, proprietary tools and frameworks to provide investors with consistent and long-term returns.

#### Key Highlights for FY 2022:

- ▶ Distributed proceeds across our previous AIF offerings (Emkay Emerging Stars Fund - Series I, II & III) to the tune of 15% of outstanding units. This makes us one of the few pioneering funds to do this and our endeavours in this direction have been received well by investors and their advisors.
- ▶ Our New Fund Offer (NFO) on the AIF platform, the Emkay Emerging Stars Fund Series - IV reported a 25% jump in the commitments in the last quarter of FY 2022.
- ▶ Emkay Investment Managers Limited (EIML) has been expanding distribution reach through various on-ground and online activations. According to Money Management India report, we are currently empanelled with two out of five Securities firm-owned/origin outfits & two out of the seven Private Equity-backed outfits with advanced discussions for empanelment.



## Our investment portfolios are built using two different strategies:

### E-Qual

E-Qual, our proprietary governance module, compares firms on a range of qualitative and quantitative factors, to assist us avoid hazardous stocks from becoming a part of our portfolios, reinforcing and distinguishing the traditional alpha strategy. The framework is used by Emkay Capital Builder Strategy (PMS Platform) and Emkay Emerging Stars Fund (AIF Platform).

### Smart Alpha

Human cognitive or psychological biases are well-known to contribute to inefficient decisions, and professional investors are no exception. Understanding these biases and where they come from, can lead to more effective risk mitigation methods and decision-making. According to research, fund managers are prone to biases such as 'selection bias' and 'allocation bias' in their quest for alpha. Smart Alpha reduces both selection and allocation bias by requiring a disciplined stock selection procedure and equi-weighted allocation, thereby ensuring that each stock receives equal attention.

## We offer the following under Asset Management:

### Emkay L.E.A.D.

Emkay L.E.A.D. primarily invests in big and mid-cap high-growth firms with a leadership trait in the industry, a strong moat, excellent management, and appropriate values in order to generate long-term capital appreciation

### Emkay Capital Builder

- Emkay Capital Builder is Based on EIML's E-Qual Module
- A multi-cap portfolio, that aims to identify companies with the potential to build wealth over an investment horizon of 3-5+ years

### Emkay Emerging Stars Fund (Category 3 AIF)

- Emkay Emerging Stars Fund seeks to provide long-term capital appreciation for investors by investing in a range of equities and equity-related securities
- Benchmark Index: BSE small-cap Index
- 'PMS - AIF World' has recognised Emkay Emerging Stars Fund for its outstanding performance

### Emkay's 12

- Concentrates on companies with a bigger economic moat and dominant position in their industry through a buy-and-hold strategy
- Focus on medium and long-term wealth creation through a combination of value and growth

### Emkay GEMS

- Twenty-stock mid-cap strategy, focusing on risk adjusted returns
- No wide diversification
- Low portfolio volatility and strong liquidity
- Low portfolio turnover

# Driving 360° Progress by Leveraging Technology

At Emkay Global, we have strategically invested in technological upgradation for better tracking, collection, and secure management of data. Our proprietary technology helps us to forecast our client's assets basis Ultralow Latency of 10G high-speed infrastructure, enabling us to navigate through market fluctuations, with greater accuracy.

## Mission

Build & develop a stable and robust platform by creating digital experience across all the touch points, by anticipating market needs and providing customised products towards digital disruption.

## Vision

Conversion from 'As-a-service' to 'Business Enabler' and going towards 'Digital Transformation', where technology helps organisation deliver value to its customers.

## Technological Edge

Digital transformation driving strong client acquisition & penetration in the markets with various digital platforms being offered and customer feedback to explore the untapped potential & roadmap to achieve the same.



At Emkay Global, our exceptional client acquisition and retention propels technological innovation.

### Through our digital platforms, we are:

- Intensifying our penetration in the financial markets
- Offering hassle-free user interface
- Enabling ease of operations across our platforms
- Pursuing consistent progress and exploring the latent business potential by investing in digital innovation, user input, and cybersecurity enhancements

## Infrastructure & Security Aspects

Our hi-tech infrastructure supports free flow of information for effective communication, aiding us in gauging precise understanding of the market and our clients' requirements. Through a scaled-up & fine-tuned hardware for reliability, we implemented a new hyper-converge platform and utilised over-clocked servers. Along with this, we also expanded our Data Centre facilities for DMA/HF trading clients, thereon, enabling a faster and smoother trading experience.

To achieve greater security, our processes were supported with XDR and Next-Gen Antivirus and technology governance across head office & various branches. Additionally, a 24X7 security monitoring, the setting up of an extended detection by our IT Department alongside a response system correlating various inputs across the landscape, ensured higher efficacy.

## Technology for Business

Our state-of-the-art trading technology is a key enabler of our core competencies. With an electronic medium for execution of business operations, we guide our clients and disseminate relevant industry information to help them make decisions. Our client testimonials speak for how we render a satisfactory and seamless customer experience.

The reliability and stability of our platforms are supporting us in the form of:

- ▶ Deploying Ultralow Latency 10G infrastructure over numerous racks
- ▶ Enabling clients to acquire data from numerous sources using NSE's Multicast Tick-by-Tick and Multi-stream broadcast
- ▶ Improving the performance of middle-office and back-office platforms technological implementations
- ▶ Improving documentation processes through collaboration and project management
- ▶ Increasing efficiency by leveraging our apps both In-house and vendor-provided

We have always striven to ensure and maintain our industry relevance by providing innovative, well-researched and long-term financial solutions to address our clients' needs. While carrying out this process, we store and secure data carefully basis our archival and retention platform, thus, meeting SEBI's regulatory retention compliance requirements.

We have upgraded the business' KYC journey, compliant systems & robotised accounting system. Moreover, through an engaging technical platform, we assist and conduct detailed research on content creation, while enabling simplified distribution & tracking of reports. This leads to faster and easier processing of backend systems, alongside accurate results and bulk processing of trades.

## Digital-First Approach

Our digital-first approach emphasises on providing a competitive product and services portfolio integrated with API initiatives to enable consistent improvement of our overall performance and customer experience.

- ▶ Maintaining higher bandwidth for trading and operations, basis improvements in our network connectivity
- ▶ Ensuring speedier exchange of broadcast to our clients
- ▶ Enabling contextual user learning for our non-institutional customers via our modern and redesigned trading platform, Emtrade Pro
- ▶ Engaging multiple options' charts platform to build a trader community
- ▶ Enhancing client journey for both the investor and trader, with further support of our app

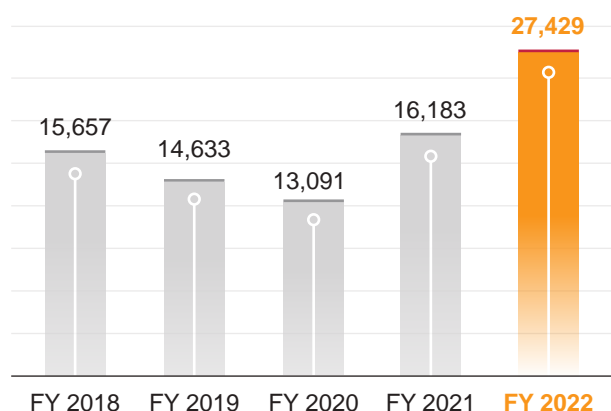
We have helped our clients to explore new and better horizons of progress through our software that provides an optimal product experience to the clients, thus, facilitating an enhanced client experience with Emkay Global.

# Credibility Backed by 360° Performance

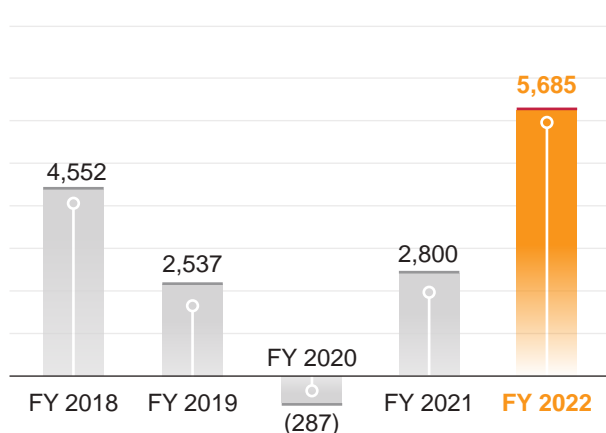
At Emkay Global, we have always fostered higher shareholder returns. In this direction, we build a resilient business model to enable profitability while enduring the unprecedented times.

We have posted good results, with sustainable growth in revenues and profitability parameters.

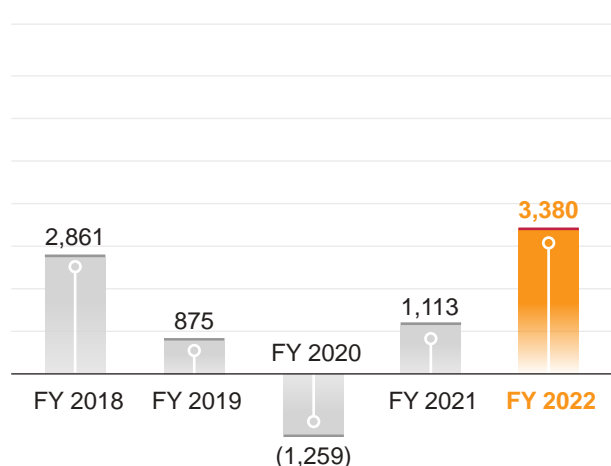
**Total Revenue** (₹ in Lac)



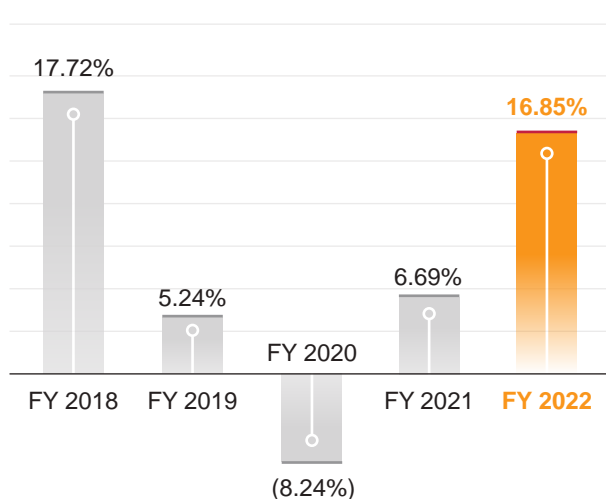
**EBITDA** (₹ in Lac)



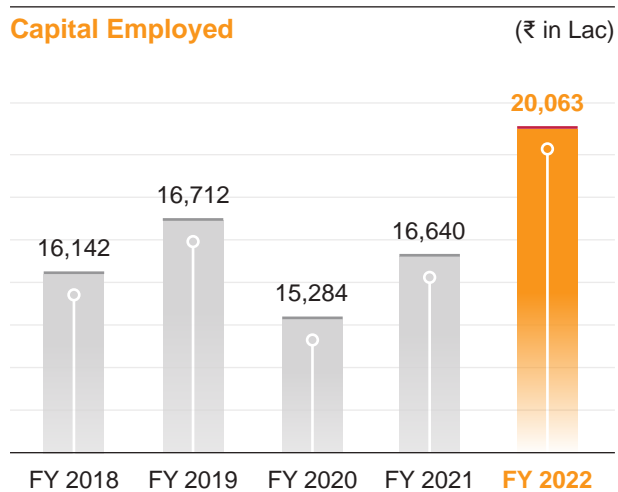
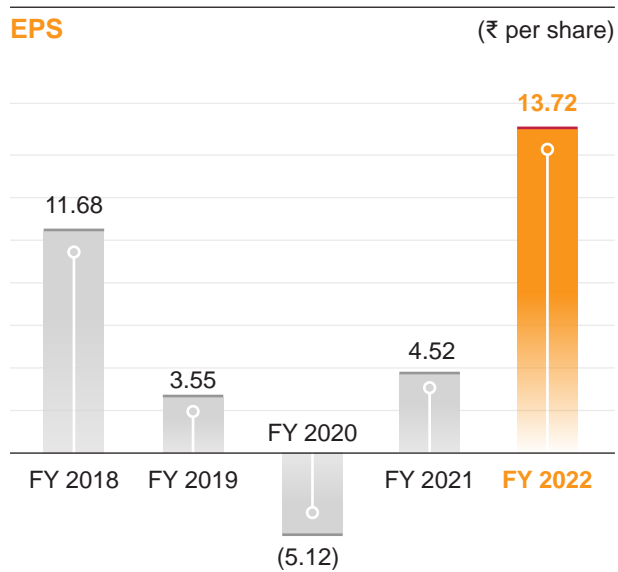
**PAT** (₹ in Lac)



**Return on Capital Employed** (%)







# Our Management Team



## Nirav Sheth

*CEO, Institutional Equities*

**Education:** MBA, Symbiosis Institute of Business Management

**Roles & Responsibilities:** Nirav spearheads Emkay's Institutional Equities vertical, as its CEO. In a career of more than 25 years, Nirav has held several leadership positions across capital markets and financial services industry. Nirav comes with a strong research background and uses his experience and capabilities for expanding the business' footprint and enhancing corporate access.



## Rahul Rege

*Business Head, Retail*

**Education:** B.Com (Accountancy & Economics)

**Roles & Responsibilities:** With more than two decades of experience in the Financial Services industry, Rahul spearheads the entire retail division with his sharp business acumen, sound understanding of the segment, leadership and people management skills.



## Vikaas M Sachdeva

*CEO, Emkay Investment Managers Limited*

**Education:** MBA from CRKIMR Mumbai, B.Com

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



## Rajesh Sharma

*Chief Operating Officer*

**Education:** Chartered Accountant

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



## Siddhesh Sardesai

*Chief Technology Officer*

**Education:** MFM - JBIMS, PGDBA-Banking, B.E - Computers.

**Roles & Responsibilities:** A seasoned professional with more than a decade of experience in Financial markets - Capital Market, Derivatives, Private Wealth, Investment Banking, Siddhesh is involved with major IT projects from initialisation to completion and has hands-on experience in all phases of SDLC, RAD, and Agile Models of project implementation.



## Shishir Dhulla

*Chief Information Security Officer*

**Education:** CISA, Microsoft-certified Professional

**Roles & Responsibilities:** Shishir leverages his extensive experience in setting up and managing mission-critical DMA, algorithmic trading, SOR & IOB trading platforms, middle-office, back-office, and equity research platforms to good use and looks after key information security projects which have a bearing on the next level growth of Emkay.



### Saket Agrawal

*Chief Financial Officer*

**Education:** B. Com, FCA, DISA (ICAI) and MBF (ICAI)

**Roles & Responsibilities:** With an experience of more than 10 years with Emkay, Saket brings a wealth of knowledge and expertise in accounting, finance, taxation, and auditing, which he uses to expertly manage all Emkay Group entities.



### Sanjay Chawla

*Head of Research & Strategist*

**Education:** MBA - IIM Kolkata, B.Tech - IIM Kanpur

**Roles & Responsibilities:** With over two decades of experience in the field of institutional equity research, Sanjay brings the best global practices to our research reports, making them one of the most sought after reports in the Industry. As a Strategist, he leads our coveted Nifty Emkay Alpha Portfolio to generate Alpha for our Institutional equity clients.



### Yatin Singh

*Head, Investment Banking*

**Education:** B.Tech from IIT Roorkee, MBA from IIM Ahmedabad

**Roles & Responsibilities:** With over a decade of experience in investment banking, Yatin comes with a proven track record of closing deals. Yatin has overseen the origination and implementation of Mergers & Acquisition (M&A), Private Equity (PE), and Equity Capital Markets (ECM) transactions. One of his primary priorities at Emkay, is to enhance the existing business by leveraging his skills, relationships and experience.



### Sachin Shah

*Fund Manager, Emkay Investment Managers Limited*

**Education:** Chartered Financial Analyst (ICFAI), B. Com

**Roles & Responsibilities:** With over two decades of experience in the Portfolio Management industry, Sachin brings expertise in market strategy and sector & company research. He has played a pivotal role in the establishment of a well-documented investment process and framework for Emkay PMS.



### Sharanabasappa Jade

*Head, Human Resources*

**Education:** MHRDM - NMIMS; PGDBM - Gulbarga University

**Roles & Responsibilities:** With over two decades of experience in banking and financial services, Sharan brings a wealth of knowledge and understanding to managing the crucial and complex function of Human Resources.



### Bhalchandra M. Raul

*Company Secretary*

**Education:** B.Com (Hon.), LLB, FCS, CAIIB

**Roles & Responsibilities:** As the Company Secretary of Emkay, Bhalchandra is instrumental in ensuring timely compliance with the Companies Act, the listing requirements and the SEBI guidelines.



### S. Hariharan

*Head, Sales Trading*

**Education:** Chartered Financial Analyst; PGDM from IIM-Bangalore; B. Tech in Civil engineering from IIT-BHU, Varanasi

**Roles and Responsibilities:** Hariharan leads the trading and dealing desk for Emkay's institutional equities division. He has played a key role in streamlining processes, facilitating technology upgrades, and expanding client reach.

# Awards and Accolades



Emkay Investment Managers Ltd awarded as the **'Most Innovative Company of the Year'** (BFSI), 2022 at the National Feather Awards



Emkay Emerging Stars Fund, our Category III AIF was awarded with the **Best Post-Covid AIF Performance** across all categories (basis six months Absolute Returns) by PMS AIF WORLD 2021

Asiamoney Brokers Poll is the largest Asia-focused equity services provider poll  
**Rankings 2021**



Best  
Media  
Team



Best  
Energy  
Team



Best  
Analyst –  
Energy



Best  
Analyst –  
Media



Emkay Global and Emkay Investment Managers have received a certificate of **appreciation** issued by the Central Board of Indirect taxes & Customs, Ministry of Finance, Govt. of India for **timely return filing and sizeable payment of GST in cash**



Emkay Wealth Management recognized as

**ONE OF THE TOP 10 WEALTH MANAGEMENT ADVISORS 2020**

by CEO Insights Magazine



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

S. K. Saboo	Chairman
R. K. Krishnamurthi	Director
G. C. Vasudeo	Director
Dr. Satish Ugrankar	Director
Dr. Bharat Kumar Singh	Director
Priti Kacholia	Woman Director
Krishna Kumar Karwa	Managing Director
Prakash Kacholia	Managing Director
* Mrs. Hutokshi Wadia (Appointed w.e.f. 25 <sup>th</sup> May, 2022)	Additional Director

## CHIEF FINANCIAL OFFICER

Saket Agrawal

## COMPANY SECRETARY & COMPLIANCE OFFICER

B. M. Raul

## CORPORATE IDENTIFICATION NUMBER (CIN)

L67120MH1995PLC084899

## WEBSITE

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

## STATUTORY AUDITORS

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

## SECRETARIAL AUDITORS

Parikh & Associates, Practicing Company Secretaries

## INTERNAL AUDITORS

Lovi Mehrotra & Associates, Chartered Accountants

## BANKERS

AXIS Bank Limited	IndusInd Bank Limited
Bank of India	Kotak Mahindra Bank
HDFC Bank Limited	State Bank of India
ICICI Bank Limited	RBL Bank Limited
Indian Overseas Bank	NSDL Payments Bank

## REGISTERED & CORPORATE OFFICE

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

## ADMINISTRATIVE OFFICE

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

## REGISTRAR & TRANSFER AGENTS

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

# REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors present the Twenty Eighth Annual Report of your Company and the Audited Financial Statements for the year ended 31st March, 2022.

## 1. FINANCIAL RESULTS

An overview of the financial performance of your Company along with its Subsidiaries for the year 2021-22 is as under:

(Amount in Lacs)

Particulars	Standalone for the year ended		Consolidated for the year ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Total Income</b>	<b>18,160.23</b>	<b>14,277.38</b>	<b>27,429.30</b>	<b>16,183.46</b>
EBITDA	2,622.95	2,062.27	5,684.93	2,799.66
Less : Depreciation and Amortization	734.11	748.47	757.78	762.53
Less : Finance Cost	286.70	307.77	315.69	300.28
<b>Profit before exceptional item and tax</b>	<b>1,602.14</b>	<b>1,006.03</b>	<b>4,611.46</b>	<b>1,736.85</b>
Exceptional item	252.50	135.00	-	-
<b>Profit before tax</b>	<b>1,854.64</b>	<b>1,141.03</b>	<b>4,611.46</b>	<b>1,736.85</b>
Less : Tax expenses	523.02	339.57	1,120.48	553.27
<b>Profit after tax</b>	<b>1,331.62</b>	<b>801.46</b>	<b>3,490.98</b>	<b>1,183.58</b>
(Less)/Add : Share of (loss)/profit of associate	-	-	(105.68)	(69.70)
Add : Profit/(loss) from discontinued operations	-	-	(4.93)	(0.59)
<b>(Loss)/(profit) attributable to shareholders of the Company</b>	<b>1,331.62</b>	<b>801.46</b>	<b>3,380.37</b>	<b>1,113.29</b>
<b>Opening balance in statement of profit and loss</b>	<b>1,329.88</b>	<b>528.42</b>	<b>3,633.43</b>	<b>2,586.73</b>
Other adjustments	-	-	-	-
Amount available for appropriation	2,661.50	1,329.88	7,013.80	3,700.02
<b>Appropriations</b>				
Dividend paid on equity shares	246.19	-	246.19	-
Dividend distribution tax on dividend	-	-	-	-
Transfer to special reserve u/s 45-IC of RBI Act	-	-	164.22	66.59
<b>Closing balance in statement of profit and loss</b>	<b>2,415.31</b>	<b>1,329.88</b>	<b>6,603.39</b>	<b>3,633.43</b>

## 2. DIVIDEND

The Board of Directors is pleased to recommend a final dividend at the rate of Rs 1.25 (12.50 %) per equity share of the face value of ₹ 10 each for the year ended 31st March, 2022 (Previous year Re.1/-) per equity share. This would involve a payout of ₹ 308 Lacs (previous year ₹ 246.19 Lacs) based on the number of shares as on 31st March, 2022. The dividend would be paid to all the shareholders, whose names appear in the Register of Members/Beneficial Holders list on the Book Closure date. This Dividend is subject to approval of the Members at the forthcoming 28th Annual General Meeting. As per the prevailing provisions of the Income Tax Act, 1961, the dividend, if declared, will be taxable in the hands of the shareholders at the applicable rates.

## 3. REVIEW OF OPERATIONS

The information on operations of the Company is given in

the Management Discussion & Analysis Report forming part of the Annual Report.

### Standalone

During the year under review, your Company recorded a total income of ₹18,160.23 Lacs as compared to ₹14,277.38 Lacs in the previous financial year, higher by 27.20%. The Profit for the same period stands at ₹1331.62 Lacs as compared to the profit of ₹ 801.46 Lacs in the previous financial year, marking a remarkable increase of 66.15%.

### Consolidated

During the year under review, your Company recorded a total income of ₹ 27,429.30 Lacs as compared to ₹16,183.46 Lacs in the previous financial year, higher by 69.49%. The Profit for the same period stands at ₹3,380.37 Lacs as compared to the profit of ₹ 1,113.29 Lacs in the previous financial year, a phenomenal rise of 203.64 % over previous year.

## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

**4. SHARE CAPITAL**

During the year under review, your Company issued and allotted 21,200 equity shares of Rs.10/- each to the employees of the Company on exercise of stock options under Employees Stock Option Scheme - 2007.

Consequently, the issued, subscribed and paid-up capital of the Company stood increased at 2,46,40,230 equity shares of Rs.10/- each fully paid-up.

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

There have been no material changes and commitments between the end of the financial year 2021-22 and the date of this report, adversely affecting the financial position of the Company.

**6. ANNUAL RETURN**

The Annual Return as required under Section 92(3) and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the Company's website at <http://www.emkayglobal.com/> Investor relations.

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

During the Financial Year 2021-22, 4 meetings were held on 20th May, 2021, 6th August, 2021, 28th October, 2021 and 25th January, 2022.

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

Name of the Director	Category	Board Meetings during Financial Year 2021-22	
		Held	Attended
Mr. S. K. Saboo	NED	4	4
Mr. R. K. Krishnamurthi	NED (I)	4	3
Mr. G. C. Vasudeo	NED (I)	4	4
Mr. Krishna Kumar Karwa	ED	4	4
Mr. Prakash Kacholia	ED	4	4
Mrs. Priti Kacholia	NED	4	3
Dr. Satish Ugrankar	NED (I)	4	4
Dr. Bharat Kumar Singh	NED (I)	4	4

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

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- 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; and
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**9. AUDIT COMMITTEE**

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

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

**10. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE**

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

The Committee consists of only Non-Executive Directors

## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

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

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

### 11. PERFORMANCE EVALUATION

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

The Independent Directors at their meeting held on 22nd March, 2022 have reviewed the performance evaluation of Non-Independent Directors and the Board as a whole including the Chairman.

The Nomination, Remuneration and Compensation Committee carried out evaluation of performance of each Director in its meeting held on 24th May, 2022. The Board of Directors carried out performance evaluation of the Board, each Director and the Committees for the financial year ended 31st March, 2022 in its meeting held on 24th May, 2022 based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the effectiveness of their contribution.

### 12. AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 ("the Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), S. R. Batliboi & Co. LLP, Chartered Accountants bearing Firm Registration Number 301003E/E300005 with the Institute of Chartered Accountants of India (ICAI) were appointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting (AGM) held on 11th August, 2017 for a period of Five years commencing from the conclusion of the 23rd AGM till the conclusion of the 28th AGM of the Company.

The term of five years of M/s S. R. Batliboi & Co. LLP will be coming to an end at the forthcoming 28th AGM.

The Company proposes to re-appoint M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors for second term of 5 years commencing from the conclusion of the 28th AGM till the conclusion of the 33rd AGM.

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

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

Members are requested to approve their appointment as the Statutory Auditors of the Company and to fix their remuneration as recommended by the Board, by passing an ordinary resolution under Section 139 of the Companies Act, 2013.

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

### Reporting of Fraud

The Auditors of the Company have not reported any fraud to the Audit Committee or to the Board of Directors as specified under Section 143(12) of the Companies Act, 2013 read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014.

### CHANGE IN ACCOUNTING POLICY

The Company has adopted Indian Accounting Standards (IND - AS) with effect from April 1, 2019 with effective date of such transition as April 1, 2018. There is no change in the Accounting Policy thereafter.

### 13. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Parikh & Associates, Company Secretaries, Mumbai to carry out Secretarial Audit of the Company for the financial year 2021-2022. The Secretarial Audit Report received from them is appended as "Annexure A" and forms part of this report.

The Secretarial Audit Report for the Financial year 2021-22 does not contain any qualification, reservation and adverse remarks.



## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

**14. INTERNAL AUDIT**

As per the requirement of Section 138 of the Companies Act, 2013 and rules made there under, M/s. Lovi Mehrotra & Associates, Chartered Accountants, Mumbai were appointed as Internal Auditors of the Company for the financial year 2021-2022.

The internal control systems are supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Management Information System (MIS) forms an integral part of the Company's control mechanism. The Company has regular checks and procedures through internal audit periodically. The reports are deliberated and executive summary of the same along with action taken report (ATR) for steps taken by the Management to address the issues are placed before the Audit Committee meeting/ Board meeting for their review. Reports of internal auditors are reviewed by the Audit Committee, and corrective measures, if any, are carried out towards further improvement in systems and procedures in compliance with Internal Control System. The Board also recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

**15. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS :**

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

**16. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**17. PUBLIC DEPOSITS**

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

**18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

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

The details of the related party transactions, as per requirement of Accounting Standards - 18 are disclosed in the notes to the financial statements of the Company for the financial year 2021-22. 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".

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

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

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

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

**22. LEVERAGING DIGITAL TECHNOLOGY**

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

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

**23. BUSINESS RISK MANAGEMENT**

Pursuant to section 134(3) (n) of the Companies Act, 2013 and as per provisions of the Securities and Exchange Board

## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

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

### 24. CORPORATE SOCIAL RESPONSIBILITY

The Company has evolved a Corporate Social Responsibility Policy and is actively practicing the same. The objectives of CSR Policy are to contribute to social and economic development of the communities in which the Company operates, to improve the quality of life of the communities through long term value creation for stakeholders and to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity. During FY 2021-22, as per the computation made pursuant to the provisions of section 135(5) of the Companies Act, 2013, the average net profit of last three years was not falling in the criteria determined for statutorily spending any amount on CSR activities during the financial year 2021-22. Accordingly, the Company had not spent any amount on CSR activities during the financial year 2021-22.

The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as “Annexure D” and forms an integral part of this report.

### 25. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has implemented a Vigil Mechanism Policy to deal with instances of fraud and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link <http://www.emkayglobal.com/> Investor relations. There were no complaints received during the year 2021-22.

### 26. DIRECTORS & KEY MANAGERIAL PERSONNEL

#### Appointments

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment & Qualification of Directors) Rules, 2014 and

Articles of Association of the Company, Mrs. Priti Kacholia (DIN:03481747), a Non-Executive woman Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment. Your Board recommends her re-appointment to the Shareholders.

A brief profile of Mrs. Priti Kacholia (DIN:03481747), Director of the Company as required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and justification for her re-appointment are given in the explanatory statement to Notice of the 28th Annual General Meeting.

On recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors of the Company at its meeting held on 24th May, 2022 appointed Mrs. Hutokshi Wadia (DIN: 00103357) as an Additional Director in the capacity of Independent Director of the Company not liable to retire by rotation subject to approval of the members at the forthcoming Annual General Meeting (AGM) for a period of 5 years commencing from 25th May, 2022 to 24th May, 2027. As an additional Director, she holds office upto the date of forthcoming AGM. The Company has received requisite Notice from a Member in writing proposing her appointment as Director of the Company.

Further, the Company has received declaration from Mrs. Hutokshi Wadia that she meets the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 read with the Schedule and Rules issued thereunder and Regulation 16 of SEBI (LODR) Regulations, 2015. She has made online registration with the Indian Institute of Corporate Affairs for inclusion of her name in the Independent Directors' Databank and she is eligible for appointment as an Independent Director of the Company.

Further, the Company has received declaration from all the Independent directors that they meet the criteria of independence as laid down under section 149 (6) of the Companies Act, 2013 read with the Schedule and Rules issued there under and Regulation 16 of SEBI (LODR) Regulations, 2015, as amended. The Independent Directors of the Company have confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs ('IICA') in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014. They are exempted from the requirement to undertake the online proficiency self-assessment test conducted by IICA.

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

## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

The term of appointment of Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia, Managing Directors of the Company will be expiring on 30th September, 2022. On recommendation of the Nomination, Remuneration and Compensation Committee in its meeting held on 24th May, 2022, the Board of Directors of the Company at its meeting held on 24th May, 2022 has approved and recommended the re-appointment of Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia, Managing Directors of the Company for a further term of three years on a revised remuneration with effect from 1st October, 2022, subject to approval of the Members at the forthcoming Annual General Meeting.

The above appointment/re-appointment forms part of the Notice of the forthcoming 28th Annual General Meeting and the respective resolutions are recommended for your approval.

**Code of Conduct**

All the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company.

**Key Managerial Personnel (KMP)**

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

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

**27. PARTICULARS OF REMUNERATION**

In terms of provisions of section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details of the ratio of remuneration of each Director to the median employee's remuneration is provided in "**Annexure E**" which forms part of the Board's Report.

**28. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

Pursuant to the provisions of Section 134(5)(f) of the Act, the Company has devised proper systems to ensure compliance with the provisions of all applicable laws. Each department of the organization ensured that it had complied with the applicable laws and furnished its report to the Head of department who then along with the Company Secretary discussed on the compliance status of the department. Any matter that required attention was immediately dealt with. The Company Secretary reported to the Audit Committee and the Board on the overall compliance status of the Company. In effect, such compliance system was largely found to be adequate and operating effectively. The directors in the Directors' Responsibility Statement under paragraph 8(f) hereinabove have also confirmed the same to this effect.

**29. SUBSIDIARY COMPANIES**

The Company has 6 wholly owned subsidiaries as on 31st March, 2022. Besides, there are two associate companies within the meaning of Section 2(6) of the Act.

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

During the year, Emkay Global Financial Services Pte. Ltd., the wholly owned subsidiary set up in Singapore commenced business operations after receipt of necessary regulatory approvals.

The Consolidated Financial Statements of the Company form part of this Annual Report.

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

**30. EMPLOYEE STOCK OPTION SCHEMES**

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

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

## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

Sweat Equity) Regulations, 2021, are uploaded on the website of the Company <https://www.emkayglobal.com/key-announcements>. During the year, the Company has issued stock options in excess of 1% of the issued share capital to Mr. Sanjay Chawla, Head of Research & Strategist under ESOP-2007 Scheme after passing a Special resolution at the 27th Annual General Meeting held on 6th August, 2021.

### (a) ESOP 2007

The Nomination, Remuneration and Compensation Committee of the Company had granted stock options under ESOP-2007 scheme to the eligible employees (each option carrying entitlement for one share of the face value of ₹ 10/- each). The summary of the same as on 31st March, 2022 is as under :

#### Summary of ESOP 2007 as on 31st March, 2022

Total no. of stock options approved under the Scheme		24,26,575
No. of Options	Date of Grant	Exercise Price Per Option
14,42,000	17.01.2008	₹ 63/-
2,44,000	19.06.2009	₹ 63/-
2,07,500	24.07.2009	₹ 61/-
1,00,000	04.05.2010	₹ 93/-
6,11,500	27.07.2010	₹ 77/-
2,00,000	21.01.2012	₹ 37/-
13,95,000	28.05.2018	*₹ 145.45 (Re-priced at ₹ 75.60 )
4,81,000	08.07.2019	₹ 74.65
7,02,120	14.11.2019	₹ 75.60
61,738	14.11.2019	₹ 74.65
1,66,740	24.01.2020	₹ 70.70
2,46,000	04.02.2021	₹ 74.90
61,738	09.09.2021	₹ 74.90
70,000	25.01.2022	₹ 104.25
Exercise Period		2-3 years
Re- Issued Options		35,62,761
Total no. of stock options granted under the scheme		59,89,336
Stock Options lapsed		39,75,448
Stock Options vested but not exercised		56,500
Stock Options exercised		2,62,730
Outstanding Stock Options		17,51,158

During the Financial Year 2021-22, 77,700 options were vested and 21,200 options were exercised under the ESOP- 2007 scheme.

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

The Nomination, Remuneration and Compensation Committee of the Company had granted total no. of 6,47,000 options under ESOP-2010 scheme through trust route to the eligible employees (each option carrying entitlement for one share of the face value of ₹ 10/- each) till date. Summary of the same as on 31.03.2022 is as under.

#### Summary of ESOP 2010 (through trust route) as on 31st March, 2022 :

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

### d) ESOP 2018

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

The summary of the same as on 31.03.2022 is as under :



## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

## Summary of ESOP 2018 as on 31st March, 2022

Total no. of stock options approved under the Scheme		24,53,403
No. of Options	Date of Grant	Exercise Price Per Option
4,17,760	14/08/2018	₹133.25
3,32,167	30/10/2018	₹101.80
4,12,861	08/01/2019	₹108.20
9,23,380	01/03/2019	*₹ 108.20 (Re-priced at ₹ 75.60)
1,00,000	01/03/2019	₹ 72.55
2,70,600	28.05.2019	*₹ 93.20 (Re-priced at ₹ 75.60)
24,620	08.07.2019	₹74.65
61,738	14.11.2019	*₹ 93.20 (Re-priced at ₹ 75.60)
2,46,000	28.08.2020	₹ 59.60
30,000	07.12.2020	₹ 68.20
6,15,667	04.02.2021	₹ 59.60
1,00,000	20.05.2021	₹ 72.40
Exercise Period		2 years
Re-Issued Options		10,81,390
Total no. of stock options granted under the scheme		35,34,793
Stock Options lapsed		11,94,548
Stock Options vested but not exercised		3,83,366
Stock Options exercised		0
Outstanding Stock Options		23,40,245

During the Financial Year 2021-22, 3,83,366 options were vested, however no options were exercised under the ESOP - 2018 scheme.

The disclosures required to be made in the Board' Report in respect of the aforesaid ESOP Schemes, in terms of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are contained in "Annexure F" forming part of the Directors' Report.

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

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

Further, in terms of the provisions of section 124(6) of the Companies Act, 2013 read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 3,105 equity shares in respect of which dividend had not been paid or claimed for seven consecutive years or more as provided under subsection (6) of Section 124 have been transferred to the Special Demat Account of IEPF Authority as on 31st March, 2022.

The details of the unclaimed/unpaid dividends are available on the Company's website at [www.emkayglobal.com](http://www.emkayglobal.com) and also on website of Ministry of Corporate affairs at [www.mca.gov.in](http://www.mca.gov.in).

### 32. PARTICULARS OF EMPLOYEES

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

Having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to members of your Company. The said information is available for inspection at the registered office of your Company during working hours and any member desirous of obtaining such information may write

## REPORT OF THE BOARD OF DIRECTORS (CONTD.)

to the Secretarial Department of your Company and the same will be furnished on request.

### 33. CORPORATE GOVERNANCE REPORT

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

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

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

### 35. LISTING WITH STOCK EXCHANGES

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

### 36. ACKNOWLEDGEMENT

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

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

**S. K. Saboo**  
**Chairman**  
**DIN : 00373201**

Place: Mumbai  
Date: 24th May, 2022

**ANNEXURE "A "****Forming part of the Board of Directors' Report****FORM No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

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

To,

The Members,

Emkay Global Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Emkay Global Financial Services Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, to the extent 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 and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 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 March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (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 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 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(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 specifically applicable to the Company namely
  1. Bombay Stock Exchange Rules, Bye-law & Regulation
  2. National Stock Exchange Rules, Bye-law & Regulation
  3. Depository Act, 1996
  4. Securities Transaction Tax Rules, 2004

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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.

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

**For Parikh & Associates**  
Company Secretaries

Place: Mumbai  
Date: May 24, 2022

Signature:  
Mitesh Dhaliwala  
Partner  
FCS No: 8331 CP No: 9511  
UDIN:F008331D000372772  
PR No.: 1129/2021

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



**‘ANNEXURE A’**

To,  
The Members,  
Emkay Global Financial Services Limited

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

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

**For Parikh & Associates**  
Company Secretaries

Signature  
Mitesh Dhaliwala  
Partner

FCS No: 8331 CP No: 9511  
UDIN: F008331D000372772  
PR No.: 1129/2021

Place: Mumbai  
Date: May 24, 2022

**ANNEXURE “B ”**  
**Forming part of the Board of Directors’ Report**

**Form No. AOC-2**

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

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

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

Particulars					
a	Name(s) of the related party and nature of relationship	Emkay Commotrade Limited - Wholly Owned Subsidiary	Emkay Fincap Limited - Wholly Owned Subsidiary	Emkay Investment Managers Limited - Wholly Owned Subsidiary	Emkay Wealth Advisory Limited - Wholly Owned Subsidiary
b	Nature of contracts / arrangements /transactions	Recovery of Rent, Electricity, Water Charges, Telephone Expenses, Building Maintenance etc. for the use of office premises of the holding company.			
c	Duration of the contracts / arrangements /transactions	From 1st April, 2021 to 31st March, 2022.			
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Reimbursement of certain common expenses such as Rent, Electricity, Water Charges, Telephone Expenses, Building Maintenance etc. by the subsidiary companies on the basis of cost incurred by the holding company and dividing the same by the total number of employees sitting in the premises to arrive at cost per employee and recovering this from the subsidiary companies on the basis of number of employees of the subsidiary companies.			
e	Justification for entering into such contracts or arrangements or transactions	The wholly owned subsidiary companies are not having their own office premises.			
f	Date(s) of approval by the Board	04.02.2021	04.02.2021	04.02.2021	04.02.2021
g	Amount paid as advances, if any	N.A	N.A	N.A	N.A
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188 ##	N.A	N.A	N.A	N.A

Note: ##

- As per 5<sup>th</sup> proviso to section 188(1) of the Companies Act, 2013 passing of shareholders resolution under 1<sup>st</sup> proviso is not applicable for transactions between holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the Annual General Meeting for approval.
- Necessary omnibus approval of the Audit Committee has been obtained prior to entering into all the related party transactions.

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

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

During the financial year ended 31st March, 2022, there are no transactions with related parties which qualify as a material transaction in terms of the applicable provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**On behalf of the Board of Directors**

**S.K.Saboo**

**Chairman**

**DIN: 00373201**

Place: Mumbai

Date: 24th May, 2022

## ANNEXURE “C”

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

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

- a) **Energy Conservation:** Since the Company is engaged in financial services, it does not consume substantial energy. However, as a responsible organization, the Company has adopted various environment friendly measures in order to conserve energy. The same are as follows:
1. Installation of capacitors to save power.
  2. Installation of power saving TFT monitors.
  3. Enabled automatic power off modes on idle monitors.
  4. Minimal air-conditioning usage.
  5. Fixed time schedules (timers enabled) for operating air-conditioners
  6. Shutting off electronic devices when not in use.
  7. Installation and replacement (wherever possible) of power saving electrical equipments like LED over CFL.
  8. Preventive maintenance of all electrical equipments for better efficiency and power consumption.
  9. Educating employees on ways to conserve electricity and other natural resources and a strict adherence to the same is ensured.
- b) **Technology Absorption:** It is the policy of your Company to keep abreast of all the technological advancements in its field of operation and particularly so in the field of Information Technology. The Management places immense importance on careful analysis and absorption of the latest technology as well as on the development of technologies that abet the achievement of business goals and improve its performance in the long run.
- c) **Details of Foreign Exchange Earnings and Outgo:**
- |  |                |
|--|----------------|
| i) The foreign exchange inflows were   | ₹ 189.22 Lacs  |
| ii) The foreign exchange outflows were | ₹ 856.79 Lacs. |

On behalf of the Board of Directors

**S. K. Saboo**  
**Chairman**  
**DIN: 00373201**

Place: Mumbai

Date: 24<sup>th</sup> May, 2022



**ANNEXURE "D "****Forming part of the Board of Directors' Report****ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2021-22****[Annexure - II]****1. Brief outline on CSR Policy of the Company**

Corporate Social Responsibility (CSR) forms an important part of the Company's philosophy of giving back to the society. The objective of the CSR Policy of the Company is to contribute to social and economic development of the communities in which the Company operates and to generate through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

The CSR policy of the Company is available at the weblink of the Company at [https://www.emkayglobal.com/Investor Relations/ Policy & Disclosures](https://www.emkayglobal.com/Investor-Relations/Policy%20&%20Disclosures).

**2. Composition of CSR Committee**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. G. C. Vasudeo	Chairman - Independent Director	1	1
2	Mr. Krishna Kumar Karwa	Member - Executive Director	1	1
3	Mr. Prakash Kacholia	Member - Executive Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

[https://www.emkayglobal.com / Investor-Relations/ Policy & Disclosures](https://www.emkayglobal.com/Investor-Relations/Policy%20&%20Disclosures).

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) - **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - **Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
<b>Not Applicable</b>			

6. Average net profit /(Loss) of the company as per section 135(5): ₹ (81,37,102)
7. (a) Two percent of average net profit /(Loss) of the company as per section 135(5) ₹ (1,62,742)
- (b) Surplus arising out of the CSR projects or programmes or activities of the Previous financial years : NIL
- (c) Amount required to be set off for the financial year, if any : NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c) : NIL
8. (a) CSR amount spent or unspent for the financial year:2021-22

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer
Not Applicable					

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State.	District.			Name	CSR registration number
Not Applicable									

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : **NIL**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	(1,62,742)
(ii)	Total amount spent for the Financial Year 2021-22	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years : **NIL**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : **Not Applicable**

**(asset-wise details)**

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : **Not Applicable**

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**G. C.Vasudeo**  
Chairman - CSR Committee  
DIN: 00021772

Place: Mumbai  
Date: 24<sup>th</sup> May, 2022

## ANNEXURE “ E ”

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

#### A) RATIO/ MEDIAN

Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Disclosure Requirement	Disclosure Details		
1.	Ratio of the remuneration of director to the median remuneration of the employees for the financial year	<b>Name</b>	<b>Title</b>	<b>Ratio</b>
		Krishna Kumar Karwa	Managing Director	13.44
		Prakash Kacholia	Managing Director	13.44
		S. K. Saboo	Chairman	0.08
		R. K. Krishnamurthi	Independent Director	0.09
		G. C. Vasudeo	Independent Director	0.12
		Dr. Satish Ugrankar	Independent Director	0.12
		Priti Kacholia	Woman Director	0
		Dr. Bharat Kumar Singh	Independent Director	0.08
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Name</b>	<b>Title</b>	<b>% increase in remuneration from FY 20-21 to FY 21-22</b>
		Krishna Kumar Karwa	Managing Director	*42.86%
		Prakash Kacholia	Managing Director	*42.86%
		Bhalchandra Raul	Company Secretary	8.97%
		Saket Agrawal	Chief Financial Officer	14.24%
3.	Percentage increase in the median remuneration of employees in the financial year	12.50%		
4.	Number of permanent employees including directors on the rolls of Company at the end of the year	454		
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than Key Managerial Personnel who were in employment in FY20-21 as well as in FY 21-22, the average increase in their remuneration was 12.78% whereas average increase in remuneration of Key Managerial Personnel (KMPs) was 27.23%* for the same period. (Please refer to ‘Note’ given hereunder)		
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company’s Directors/ Key Managerial Personnel and Employees are paid remuneration as per the Remuneration Policy		

**\*Note:** Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia, Managing Directors of the Company had voluntarily accepted reduction of 30% in their monthly basic salary of ₹ 10,00,000 (Rupees Ten Lacs only) with effect from 1st April, 2020 due to the depressed economic conditions caused on account of the outbreak of COVID-19 all over the World and especially, its impact on the business of the Company. After improved financial performance of the Company during Financial Year 2020-21, salary of both the Managing Directors was restored to the original salary level with effect from 1st April, 2021. Hence, though there is no actual increase, the percentage increase in remuneration of the Managing Directors and remuneration of the KMPs for the financial year 2021-22 compared to the financial year 2020-21 appears relatively higher.

On behalf of the Board of Directors

S, K, Saboo  
Chairman  
DIN: 00373201

Place: Mumbai  
Date: 24th May, 2022



**ANNEXURE “F”****Forming part of the Board of Directors’ report****Disclosures with respect to Employees Stock Option Scheme of the Company**

Disclosures in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended, are set below.

<b>Sr. No.</b>	<b>Particulars</b>	<b>ESOP Scheme-2007</b>	<b>ESOP Scheme-2010 (Through Trust Route)</b>	<b>ESOP Scheme 2018</b>
1	Total Number of Options under the plan	24,26,575	24,41,995	24,53,403
2	Options Granted during the year	1,31,738	---	1,00,000
3	Exercise Price & the Pricing formula	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company's shares.	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company's shares.	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company's shares.
4	Options vested (during the year)	77,700	0	3,83,366
5	Options exercised (during the year)	21,200	0	0
6	The total number of shares arising as a result of exercise of options during the year.	21,200	0	0
7	Options lapsed (during the year)	1,17,500	0	80,000
8	Money realized by exercise of options (during the year)	16,02,720	0	0
9	Total number of options in force at the end of the year	17,51,158	0	23,40,245
10	Employee wise details of options granted during FY 2021-22	-	-	-
i.	Key Managerial Personnel	Nil	Nil	Nil
ii.	Employees holding 5% or more of the total number of options granted during the year	Nil	Nil	Nil
iii.	Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	1. Mr. Sanjay Chawla, Head of Research And Strategist (3,07,738 Employee Stock Options)	Nil	Nil

Sr. No.	Particulars	ESOP Scheme-2007	ESOP Scheme-2010 (Through Trust Route)	ESOP Scheme 2018
11	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with ("Indian Accounting Standards (Ind AS) 33" Earnings per share)	5.11 Standalone	-	5.11 Standalone
		12.97 Consolidated	-	12.97 Consolidated
12	Weighted-average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 76.28 (weighted average exercise price)	-	₹ 69.50 (weighted average exercise price)
		₹ 38.42 (weighted average fair value)	-	₹ 35.76 (weighted average fair value)
13	A description of the method and significant assumptions used during the year to estimate the fair values of options including the following weighted average information: 1. Risk free interest rate 2. Expected life 3. Expected volatility 4. Expected dividend yield 5. The price of the underlying shares in market at the time of option grant	<ul style="list-style-type: none"> <li>• Stock Price-Closing price on recognized stock exchanges where Company's shares are listed on date immediately prior to date of Grant</li> <li>• Volatility</li> <li>• Risk free rate of return</li> <li>• Exercise price</li> <li>• Time of Maturity</li> <li>• Expected dividend yield</li> </ul>	-	<ul style="list-style-type: none"> <li>• Stock Price-Closing price on recognized stock exchanges where Company's shares are listed on date immediately prior to date of Grant</li> <li>• Volatility</li> <li>• Risk free rate of return</li> <li>• Exercise price</li> <li>• Time of Maturity</li> <li>• Expected dividend yield</li> </ul>

## On behalf of the Board of Directors

**S. K. Saboo**

**Chairman**

**DIN: 00373201**

Place: Mumbai

Date: 24<sup>th</sup> May, 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY

The year 2021-22 was a mixed bag. The first half of the year witnessed mass vaccination drives, easing of restrictions and opening of economies to reverse economic losses. It was further underpinned by quantitative easing methods adopted by the Governments, follow-up support packages, and initiatives towards the revival of economies to bounce back to pre-Covid levels. On the other hand, the second half was marred by the third and fourth waves of the Covid-19 variants which had a domino impact on the outputs of nations. It was further highlighted by the Russia-Ukraine conflict, which began in the end of February 2022, which brought in supply chain disruptions, soaring energy prices and even rising inflationary trends across the globe. Fuel and food prices increased significantly, disproportionately affecting the vulnerable populace across low-income countries.

As a result, the conflict's economic consequences have already caused a considerable slowdown in global economy in CY 2022. This has reflected in the revised projections released by the International Monetary Fund (IMF)'s World Economic Outlook (WEO) Report, published in April 2022. In line with the same, the global economy is expected to slow down from 6.1% in CY 2021 to 3.6% for both the years, CY 2022 and CY 2023. These are 0.8% and 0.2%, respectively, lower than the estimations in January 2022 forecast.

Over the medium-run, global growth is expected to slow to around 3.3% post 2023. With the looming concerns on the world economy, the inflation predictions for CY 2022 are 5.7% in Advanced Economies and 8.7% in Emerging Market and Developing Economies (EMDEs), respectively, which is 1.8 and 2.8% points higher than projected in January 2022. Multilateral measures are critical in responding to the humanitarian crisis, preventing further economic fragmentation, maintaining global liquidity, managing financial distress, combating climate change, and ending the pandemic.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>)

## INDIAN ECONOMY

The last two years have been difficult for the Indian economy too, on account of the Covid-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times for policy-making. Faced with these challenges, the Government of India's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector.

Overall, economic activity remained stable in FY 2021-22, despite the third wave of Covid-19, demonstrating that India has learned to cope with virus-related restrictions. This is seen in a number of high-frequency indicators, including electricity consumption, PMI manufacturing, exports, and e-way bill production. The high speed of inoculation has boosted the economy's confidence even further.

Furthermore, the Government of India's commitment to asset creation (public infrastructure development), through the Union Budget 2022-23, is expected to re-energise the virtuous cycle of investment and crowd in private investment, enhancing equitable and sustainable growth with large multiplier effects. Once the uncertainty and fear generated by the Covid-19 virus has passed, and the economy stabilises post the after-effects of the Russia-Ukraine war, the consumption shall rise, allowing the private sector to step in with investments to raise production to meet the increased demand. Barring geopolitical and economic surprises, this scenario should play out well for the Indian economy in FY 2022-23.

As per the estimates provided by the IMF, the country's GDP is expected to grow by 8.2% in FY 2022-23, owing to broad vaccine coverage, gains from supply-side reforms and regulatory ease, healthy export growth, and the availability of fiscal space to ramp up capital spending. The trajectory set for India's economy by the previous year's budget has been reinforced in the Union Budget.

After accounting for grants-in-aid to states for capital works, the capex budget increased by 35.4% over the current year's budget predictions, amounting to 4.1% of GDP, which will fuel GatiShakti's seven engines, bridging the infrastructure gap and making life easier. There is a lot of private investment taking place and consumption levels are rising as a result of increased employment. Capex generated by the Government will also encourage further private investment.

The Production-Linked Incentive (PLI) schemes in 14 sectors will further encourage private investment in order to boost export growth and allow for feasible import substitution in the country.

(Source: <https://www.ibef.org/economy/monthly-economic-report>)

When looking at the inflationary trends, the Consumer Price Inflation (CPI) climbed to 6.95% in March 2022 (a 17-month high) and subsequently to 7.79% in April 2022 (an 8-year high), well above the 2-6% range as aspired by the Reserve Bank of India (RBI). In order to pull down the inflationary pressures, the RBI resorted to an off-cycle 40 bps increase in the Repo Rate in May 2022. This, while maintaining an

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

accommodative stance, yet, choosing to moderate and ensure gradual withdrawal of the stimulus to bring back the inflation in control. The global persistence of price shocks is rising, posing bigger inflation risks than predicted in the April 2022 Monetary Policy Committee (MPC) resolution. The measure was also intended at bolstering the economy's growth chances and consolidating its medium-term prospects.

### INDIAN EQUITY MARKET

The Indian Equity market gave good returns in FY 2021-22, despite the geopolitical turmoil causing disruption in the last quarter of the fiscal.

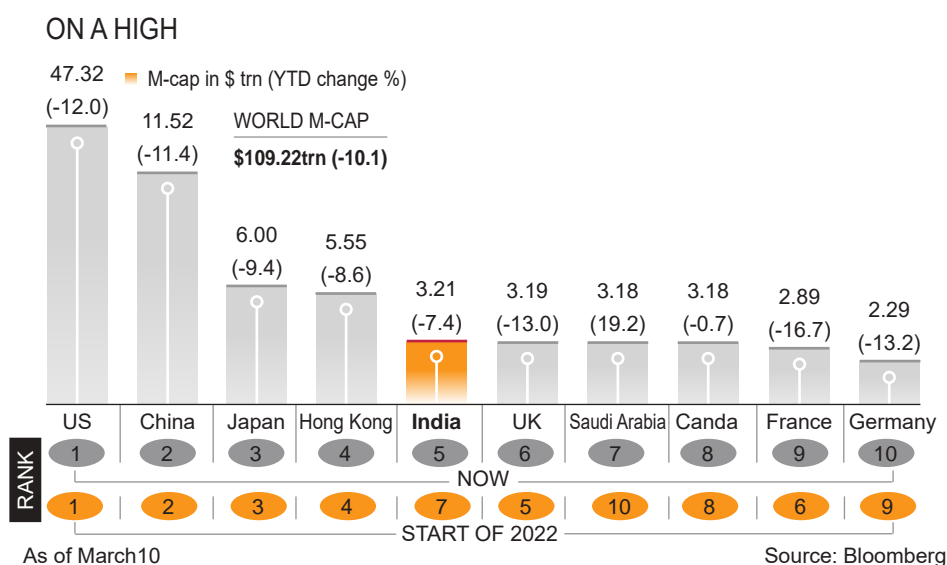
Following the escalation of the Russia-Ukraine conflict, Foreign Institutional Investors (FIIs) ditched Indian equities as crude oil-led macro and micro impact made Indian stocks less attractive. Nonetheless, Domestic Institutional Investors (DIIs) came to the rescue. DII flows into equities in FY 2021-22 were the highest ever at US\$ 26.8 billion compared to outflows of US\$ 18.4 billion in FY 2020-21. These, while the FIIs witnessed equity outflows of US\$ 17.1 billion after five consecutive years of inflows.

Sectoral indices also posted decent performance during this period. The top gainers in the sectoral space were - Utilities (+63%), Metals (+62%), Media (+54%), Oil & Gas (+42%), Telecom (+42%), and Technology (+40%) (Note: All the percentages reflect an increase over the

previous fiscal). Despite the majority of sectors being in green, the Private Banks, Consumer, Autos, and Healthcare segments underperformed. While the Nifty Infra Index marginally outperformed the Nifty50 benchmark owing to the Government thrust on infra capex; the Nifty FMCG Index has been providing significant returns over the past years. While the Nifty Mid-cap and Nifty Small-cap indices significantly outperformed the broader benchmark index in H1 FY 2021-22, the margin of outperformance significantly eroded in the second half, owing to the commodity inflation, expected rate hikes by the US Fed and the War. (Source: <https://www.equitymaster.com/indian-share-markets/05/10/2022/Sensex-Nifty-Trade-Flat-UltraTech-Cement-HUL--Bharti-Airtel-Top-Gainers>) (Source: <https://www.franklintempletonindia.com/downloadsServlet/pdf/equity-market-analysis--outlook-february-28-2022-j1yo7bys>). However, the overall market breadth was positive in FY 2021-22, with 37 of the Nifty50 constituents closing higher.

As per a report by the Business Standard, for the first time, in terms of market capitalisation, India's Equity market leapfrogged into the world's top five. The market cap stood at US\$ 3.21 trillion on March 10, 2022, surpassing the United Kingdom, Saudi Arabia, and Canada's markets too. The rise was partially fuelled by the economic resilience, and partly owing to the European countries suffering the losses in market capitalisation, owing to the war conflict.

### Indian markets vis-à-vis the world markets



(Source: [https://www.business-standard.com/article/markets/india-breaks-into-world-s-top-five-club-in-terms-of-market-capitalisation-122031200004\\_1.html#:~:text=India's%20equity%20market%20has%20broken,and%20Canada%20\(%243.18%20trillion\).](https://www.business-standard.com/article/markets/india-breaks-into-world-s-top-five-club-in-terms-of-market-capitalisation-122031200004_1.html#:~:text=India's%20equity%20market%20has%20broken,and%20Canada%20(%243.18%20trillion).))

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The FY 2021-22 also witnessed 52 main-line Initial Public Offerings (IPOs), raising capital to the tune of ₹ 1.11 lac crore (Source: <https://timesofindia.indiatimes.com/business/markets/ipo/ipo-fundraising-at-highest-ever-in-2021-22/articleshow/90473862.cms>). This also included the biggest-ever IPO, until then for the Indian markets. These IPOs were underpinned by a buoyant liquidity support, retail participation and positive market sentiments.

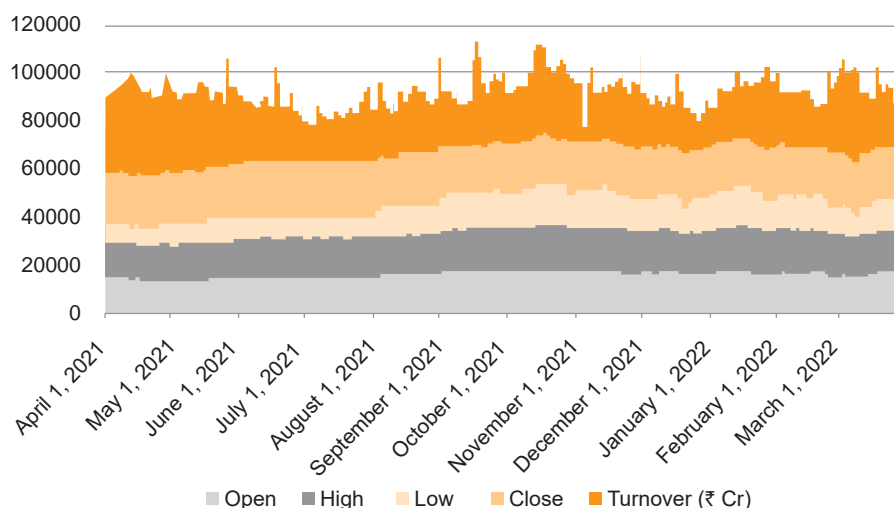
Considering the indices' performance over the fiscal 2021-22, the Nifty50 rallied about 2,774.05 points, growing by 18.88% across the year, while the BSE Sensex rallied by about 9,059.36 points i.e. 18.29% over the previous year, which were amongst the best across the globe. The year also witnessed both the indices touching their lifetime highs in October 2021. The rise of BSE created an additional wealth of ₹ 59.75 lac crore for the entire fiscal, which for much part of the year reflected the optimism around this class of investment.

NIFTY50 performance in FY 2021-22



(Source: National Stock Exchange)

Nifty 50 (1st April 2021 to March 31st 2022)



(Source: [https://www1.nseindia.com/products/content/equities/indices/historical\\_index\\_data.htm](https://www1.nseindia.com/products/content/equities/indices/historical_index_data.htm))



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

**BSE Sensex performance in FY 2021-22**



(Source: BSE)

Considering the current scenario, the external risks to the local capital markets have increased with geopolitical developments adding to concerns about global central banks limiting liquidity in response to growing inflation. The Russia-Ukraine crisis increased market volatility across asset classes and intensified potential downside emotion. Industrial and Consumption indices have slowed during the last few months as a result, despite the fact that at the same time last year, the Nifty50 was the second-most expensive index among significant established and emerging markets. At the time of writing this Report in May 2022, the Asian stock markets are down following another Wall Street sell-off fuelled by concerns about increasing US interest rates and inflation, as well as earnings reports.

### OUTLOOK

Although the projections for growth of the economy have been lowered across the board owing to the prevailing geo-political concerns, the long-term story of the country is still intact. Private consumption and high-touch services are still much below pre-pandemic levels, indicating headroom for growth. Besides, as per the IMF WEO Report, India is expected to continue to remain the fastest-growing economy over the next decade or so.

In the short-term, the geo-political tensions are likely to keep the markets choppy and highly volatile, however, in the long-run they should be propelled by a slew of factors that are over-riding these short-term implications.

On the plus side, Government measures focusing on infrastructure development may be able to assist growth

in the medium-run. Improved public spending, greater capacity utilisation, exports, and healthy bank balance sheets, and Government incentives are likely to boost private capital expenditure.

### BUSINESS OVERVIEW

Emkay Global Financial Services Limited (EGFSL) was founded by two first-generation entrepreneurs on January 24, 1995, as Emkay Share and Stock Brokers Private Limited. In 2006, our Company was listed on the stock exchanges, and in 2008 was given its current name.

Our Company provides a variety of transactional and advisory services in the areas of equity, debt, currency, and commodities. Foreign institutional investors, domestic mutual funds, banks, insurance companies, private equity firms, corporate houses, small and medium-sized businesses, and high-net-worth individuals are among our many clients. A staff of research professionals, a solid infrastructure, and well-managed processes support the breadth of our services.

### BUSINESS SEGMENTS

#### 1. Equity

We, at Emkay believe in long-term value generation and investment. Our research team is a critical pillar that assists in the identification of undervalued stocks through qualitative and quantitative analysis, with the first focus on capital preservation. We work with both institutional and non-institutional clients,

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

assisting them in constructing portfolios that are well-researched, reliable, and promising.

During the FY 2021-2022, the institutional equities segment contributed 53% of the total equity broking business, while the non-institutional segment accounted for the remaining.

#### **Institutional Equities:**

Our Institutional Equities cover the markets in Europe, Hong Kong, India, Singapore, Taiwan, the UK, and the United States.

Our clients for Institutional Equities include - Mutual Funds, Insurance Companies, Banks, Foreign Portfolio Investors (FPI), Family Offices, Global Hedge Funds, and Alternative Investment Funds (AIF).

The solutions we provide in Institutional Equities have further advanced through our research tie-up with DBS Vickers Securities, Singapore. This research tie-up will further help benefit our clients through pan-Asian market perspective.

#### **Non-Institutional Equities:**

Our Non-Institutional Equities covers the markets for India and NRIs clients across the world. Our clients for Non-Institutional Equities include Corporates/HNIs, Family Offices, NRIs, trusts and PE firms. These clients are served through our offices across the country.

The total number of institutional and non-institutional clients stood at 307 and 1,46,681 respectively, as at the end of March 31, 2022.

## **2. Research**

Our Company's research strength is in providing unrivalled, distinctive, comprehensive, and exhaustive real-time insights. Emkay is known in the financial business for producing high-quality, unique research. Through our proprietary research methodology, we analyse and plan the capital allocation strategies for our clients, by conducting a due diligence using institutional-quality analytics, while understanding the macro and micro economic trends and outlook for capital markets.

We have a competent team of analysts and research associates with rich experience and sound domain knowledge in their respective industries. Our coverage of stocks currently stands at 279 as on March 31, 2022, comprising 48 of Nifty50 and all 30 of the BSE Sensex companies.

During the year, our research team bagged top honours at the Asiamoney Brokers Poll (the largest Asia-focused equity services provider poll) 2021.

## **3. Asset Management**

FY 2021-22 was a watershed moment for Emkay Investment Managers Limited (EIML). Ever since the Covid-19 impact has started waning off, we have improved our overall value proposition to our investors and advisers in asset management.

Family offices, HNIs, corporations, NRIs, and trusts are among EIML's clients. We offer Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs) under this vertical. Our services entail research-backed investments in sectors and companies having a secular growth outlook. Another crucial part of our offerings includes carving products based on the client requirements.

To provide consistent long-term returns, a team of highly experienced and certified portfolio managers and analysts employ proprietary frameworks throughout their investment strategies.

We believe that asset management should prioritise capital preservation and client comfort. As a result, we make certain that the investors are aware of what they are investing in. At EIML, our stock evaluation modules are significantly different from traditional investing strategies. Our investment portfolios are based on two distinct approaches - **E-Qual** and **Smart Alpha**.

Our greatest achievement has been in developing a simple narrative that explains why both our '**E-Qual**' and '**Smart Alpha**' frameworks have consistently outperformed the competition:

- **E-Qual**

EIML's patented governance system, 'E-QUAL,' has been able to assess managements based on criteria such as management capability, management integrity, and wealth distribution ability, among others.

- **Smart Alpha**

Stocks and themes like value migration and consumption are identified using Smart Alpha. The 'Smart Alpha' framework is likely the country's only one-of-its-kind. It generates consistent returns by eliminating selection and allocation biases in a portfolio through its robust risk management mechanisms.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

We have the following offerings under this segment:

### Emkay L.E.A.D.

- Emkay L.E.A.D. seeks to achieve long-term capital appreciation by predominantly investing in large and mid-cap high-growth companies with a leadership trait in the sector along with strong moat, quality management and reasonable valuations.

### Emkay Emerging Stars Fund

- A Category III AIF
- Emkay Emerging Stars Fund aims at generating long-term capital appreciation for investors from a portfolio of equity and equity related securities
- Benchmark Index: BSE Small cap Index
- Emkay Emerging Stars Fund has won an award by PMS - AIF World for its performance

### Emkay Capital Builder

- Based on EIML's E-Qual Module
- Is a multi-cap portfolio, that aims to identify companies with the potential to build wealth over an investment horizon of 3-5+ years

### Emkay's 12

- An equal-weighted twelve-stock large cap-oriented strategy
- A buy and hold strategy focusing on companies with wider economic moat and dominant position in the sector
- Combination of value + growth to deliver medium and long-term wealth creation

### Emkay GEMS

- An equal-weighted twenty-stock mid cap-oriented strategy
- Focuses on risk adjusted returns
- No wide diversification
- Lower portfolio volatility and high liquidity
- Low portfolio turnover

### Key Highlights:

- Distributed proceeds across our previous AIF offerings (Emkay Emerging Stars Fund - Series I, II & III) to the tune of 15% of outstanding units, making us among the few pioneering funds to do this and the initiative has been received well by investors and their advisors. Going forward, as a

prudent practice we plan to distribute at periodic intervals the funds generated from the portfolio holdings that we will be exiting during the year

- Our NFO on the AIF platform, the Emkay Emerging Stars Fund Series - IV reported a 25% jump in the commitments raised over the last quarter. The offering was closed on April 30, 2022
- Expansion of our distribution reach through various on-ground and online initiatives. As per the list of the top wealth management firms released by Money Management India report, we are currently empaneled with 2 out of the 5 Securities firm-owned/origin outfits & 2 out of the 7 Private Equity Backed outfits with advanced discussions for empanelment on with several of them
- Season 2 of the highly successful digital series 'Emkay Alpha Mavens' is now being conducted on the PMS Bazaar platform wherein the visibility and engagement is already 3x that of Season 1
- EIML was conferred with an award for the 'Most Innovative Company of the year (BFSI)' at the National Feather Awards, held on April 28, 2022 in Mumbai

## 4. Wealth Management

Our Company offers the following services under Wealth Management segment - Portfolio building, investment planning, portfolio monitoring and rebalancing, transactional support, MIS and information support, and advisory to corporate treasury management.

Emkay Wealth Advisory Private Limited, our subsidiary, also provides estate and succession planning services through Emkay Wealth. The research vertical of Emkay Wealth publishes articles on the economy, markets, and various asset classes on a regular basis to educate and keep our clients updated on the changing market scenario. What makes Emkay Wealth significantly effective is a systematic approach to distribution, product development, client selection, asset allocation, and technology.

In less than 4 years since inception, at Emkay Wealth, we have scaled operations through our 9 branches across India and with the strength of top quality private bankers/ wealth managers across these locations. As at the end of FY 2021-22 the number of clients increased to 1,529 from 1,350 compared to the previous year, and Assets Under Management (AUMs) increased to ₹ 1,967 crore.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

To help our Wealth Management business to flourish, we have maintained an entirely open architecture. Our client acquisition plan includes a variety of options, and we are enthusiastic about the future of this segment.

## 5. Investment Banking

FY 2021-22, was a pivotal year for our Investment Banking Division. Our entry into the IPO space, in the previous year, gained further momentum. Despite being a late entrant, we are one of the rare I-Banks with the first three IPOs in the Left Lead role. Out of the 28 QIPs concluded in FY 2021-22, we have been the Book Running Lead Manager for six of them, which means that every fourth QIP in the market was managed by us.

For Aicon Castalloy, we were the sole BRLM for their QIP, having raised ₹ 80 crore. Besides, for Action Construction Equipment, we helped the Company with their first QIP, to raise ₹ 136 crore. For the Indian Bank (Allahabad), we were a part of the six-bank syndicate for a mega QIP of ₹ 1,650 crore, while for the Bank of Maharashtra, we concluded a QIP of ₹ 404 crore, as part of the four-bank syndicate. Another successful transaction was in the form of a the QIP of ₹ 867 crore, having been part of the seven-bank syndicate. For Mold-Tek Packaging, we helped them with their third consecutive capital raise, of ₹ 104 crore.

Besides, we filed the DRHP for a ₹ 500 crore IPO as a Left Lead BRLM and also filed the DRHP for a ₹ 600 crore IPO as a sole BRLM.

The tremendous success and responses to these transactions have helped build our reputation further, as we continue to take leaps through the growth momentum we have gathered in the previous years.

### Currency and Commodity

Under Commodities, we offer memberships to Multi Commodity Exchange (MCX) and National Commodity & Derivatives Exchange (NCDEX).

The client services provided under Commodities are mainly through:

- Software: Omnesys Nest by Thomson Reuters
- Call & Trade through recorded lines
- Real time Research Advisory through WhatsApp Messages & Phone
- Online Client Back Office access
- Electronic Contract Notes, SMS Facility

**Research Reports** such as **Daily** - Technical Report, **Monthly** - Fundamental Review, and **Periodic** - Special

Report also help keep our customers aware of the Commodity market direction.

### Key Service Offerings provided in Currency:

Services are provided through technical reports that provide analysis along with strategies for hedging. The **FX Connaissance** captures the movement and trend in INR and provides the monthly outlook. **RBI MPC Meeting Preview** special report analyses macro-economic indicators and estimates its impact on market movement. **Daily FX Insight** provides pulse in different segments of Foreign Exchange (Forex) markets along with technical, fundamental analysis. Regular updates about Forex Markets are provided through WhatsApp. **Exchange v/s OTC Spread** helps forward premiums between Exchange and OTC market are compared. **USDINR Weekly Insight** helps capture the movement and trend in INR weekly and also provides hedging Matrix for Importers and Exporters along with weekly calendar. **Option Max Pain – USDINR** is a special report that analyses major derivative concepts on USDINR. It also helps determine the possible levels at expiry. **USDINR Technical Report** provides analysis along with strategies for hedging.

### The Year in Retrospect

The ban on exports and imports for the FY 2020-21 had caused us to lose some market share. As a result, our YoY volumes had declined across the currency and commodity segments during that fiscal. Leaving such a tough year behind, the volumes in the Commodity market increased in FY 2021-22, as institutional participants such as Mutual Funds became more active. Our Company had been able to get on board all of the commodity mutual funds. Furthermore, with the assistance of corporate jewellers, we were able to enhance our market share in the commodity business further. Overall, our market share, thus climbed by 33% YoY in fiscal 2021-22.

Our currency business has also seen an improvement, with volumes for the corresponding year increasing by 21% on a YoY basis. Furthermore, in this space, we were able to enrol some large Foreign Portfolio Investment (FPI) clients who contributed considerably to the increase in volumes. We further expect a strong growth in the Commodity and Currency segment this year as well, driven by both people and technology.

Despite the repercussions of the pandemic and even through this current inflationary state, our Company continues to invest in technological platforms, which

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

are backed by our extremely skilled and dedicated manpower to help leverage the normalisation of commercial activities.

### OPPORTUNITIES

#### 1. Large Potential IPO and M&A Pipeline

With the Government's ongoing support for entrepreneurship (e.g., Ease of Doing Business, Start-up India, PLI schemes and many more), India is seeing an increase in the number of start-ups and small enterprises. The introduction of the SME exchange has made it easier for SMEs to become listed. Furthermore, increased M&A deals, owing to sectoral consolidation and IPOs are projected as the penetration of private equity and venture capital in Indian companies grows. Once the current high inflationary environment settles down, and the geopolitical environment eases out, the companies that had lined up to raise capital through the primary markets, are expected to join the bandwagon. Along with the moderation in volatility and robust earnings support, the backlog of such IPOs could lead to a strong volume upswing. As per an EY Report, about 20 companies have filed their DRHPs to raise funds in the current fiscal and many more are expected to follow suit.

(Source: <https://www.livemint.com/market/stock-market-news/indian-ipo-market-sees-significant-slowdown-in-january-march-ey-11652678416551.html>)

#### 2. Financialisation of Household Savings

The household sector contributes around 60% of gross savings in the Indian economy, and thus, remains the major supplier of financial resources for gross investment. One of the key trends being witnessed in the previous few years, is the growing commitment of the India households to invest higher amounts in financial assets — a shift from the conventional physical assets like gold and real estate. The shift is further supported by the gradual economic growth, and diminishing attractiveness of the physical assets, owing to their lower returns compared to the financial assets. As a result, the investment options are expected to find their way into mutual funds, equities, ULIPs,

amongst many other options, which are expected to grow at a fair clip. As per a report published by CARE, in October 2021, the financial assets are projected to grow to ₹ 5,12,157 billion by FY 2024-25, accounting for 63% of the overall wealth, compared to ₹ 2,62,912 billion in FY 2019-20.

Going forward, optimism on account of mass vaccination is expected to further boost consumption demand and work further towards restoration of the pre-pandemic spending and saving patterns, which will be further guided towards 'financialisation of savings'.

#### 3. Digital Penetration

India's overall number of internet users has witnessed a multi-fold increase. The penetration rate stood at 47% of the total population at the start of 2022. Kepios analysis indicates that internet users in India increased by 34 million (+5.4%) between CY 2021 and CY 2022. (Source: [https://datareportal.com/reports/digital-2022-india#:~:text=There%20were%20658.0%20million%20internet,percent\)%20between%202021%20and%202022](https://datareportal.com/reports/digital-2022-india#:~:text=There%20were%20658.0%20million%20internet,percent)%20between%202021%20and%202022))

The enormous untapped digital market for rural India has also increased YoY. The Government's 'Digital India' plan is helping boost internet connectivity, making it easier for financial services companies to reach the vast untapped and underserved rural markets as well, in addition to the existing improving infrastructure for the urban markets.

### THREATS

The impending threats arising out of geopolitical tensions, stock market volatility, growing concerns about a rise in the commodity and energy prices, the inflationary impact, potential interest rate hikes to reduce liquidity within the system, the Covid-19 pandemic risk are continuing to hold back the economic recovery. While these factors are likely to pose threats going forward, let's look at some more threats that could hamper the Company's progress.



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Risk	Impact	Mitigation
<b>Technology Risk</b>	A huge number of users may cause the server to crash temporarily, causing inconvenience to clients. Besides, the IT systems are crucial from the business standpoint, which could also post risks in the form of failures of systems, any breach of security amongst others.	To avoid any disruption to clients, we have launched a cloud-based CRM for commodity PCG Desk and built Web API Services (for data exchange) for Wealth CRM. Besides, at Emkay, we are constantly investing in technology to build a formidable platform for our users.
<b>Cyber Security Risk</b>	Cyber-attacks and platform hacking can occur if sufficient essential security systems are not in place.	Our effective IT security system and trained software team assist in the prevention, detection, and response to any cyber security attacks.
<b>Competition</b>	A growing number of new entrants into the industry could put our market share at risk.	We distinguish ourselves from competition by providing high-quality research, advice services, and alpha-generating capabilities.
<b>Inflation Risk</b>	The strengthening global persistence of price shocks pose higher inflation risks. In April 2022, the Consumer Price Index (CPI) increased by 7.79 percent over March 2022 (an 8-year high). The Reserve Bank of India (RBI) had to raise the repo rate to 4.4% in May 2022 sparked by these inflationary concerns. The Cash Reserve Ratio (CRR) was also increased by 50 bps.	The best way to manage financial growth in an inflationary market is to make sure that we build portfolios that adopt a balanced approach to beat the market vagaries, while giving inflation-beating returns.

## FINANCIAL PERFORMANCE

## Consolidated:

(₹ in lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>		
<b>Financial Assets</b>		
(a) Cash and cash equivalents	9,473	4,630
(b) Bank Balance other than (a) above	31,812	28,950
(c) Derivative financial instruments	4	-
(d) Stock in trade (Securities held for trading)	147	-
(e) Trade receivables	8,876	6,690
(f) Loans	4,018	2,767
(g) Investments	3,424	2,883
(h) Other financial assets	14,338	5,633
<b>Sub-total - Financial Assets</b>	<b>72,092</b>	<b>51,553</b>
<b>Non-financial Assets</b>		
(a) Current tax assets (net)	150	189
(b) Deferred tax assets (net)	139	399
(c) Property, plant and equipment	2,772	2,898
(d) Right of use assets	412	508

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Particulars	(₹ in lacs)	
	As at March 31, 2022	As at March 31, 2021
(e) Capital work-in-progress	166	12
(f) Intangible assets under development	12	17
(g) Other intangible assets	25	40
(h) Other non-financial assets	680	868
<b>Sub-total – Non-financial Assets</b>	<b>4,356</b>	<b>4,931</b>
<b>TOTAL – ASSETS</b>	<b>76,448</b>	<b>56,484</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Financial Liabilities</b>		
(a) Payables	13,666	11,693
(b) Borrowings (other than debt securities)	1,099	1,000
(c) Deposits	2,878	169
(d) Lease liabilities	435	533
(e) Other Financial liabilities	34,190	24,241
<b>Sub-total – Financial Liabilities</b>	<b>52,268</b>	<b>37,636</b>
<b>Non-financial Liabilities</b>		
(a) Current tax liabilities	99	70
(b) Provisions	2,277	1,184
(c) Other non-financial liabilities	1,741	954
<b>Sub-total – Non-financial Liabilities</b>	<b>4,117</b>	<b>2,208</b>
<b>Equity</b>		
(a) Equity share capital	2,464	2,462
(b) Other equity	17,599	14,178
<b>Sub-total – Equity</b>	<b>20,063</b>	<b>16,640</b>
<b>TOTAL – LIABILITIES</b>	<b>76,448</b>	<b>56,484</b>

	2021-22	2020-21	2019-20	2018-19
Revenue	27,429	16,183	13,091	14,633
Earnings before interest, tax and depreciation & amortization	5,685	2,800	(287)	2,537
Profit/(Loss) before tax	4,611	1,737	(1,657)	1,222
Profit/(Loss) for the year	3,380	1,113	(1,259)	875
Total assets	76,448	56,484	38,066	32,622
EPS (In ₹)	13.72	4.52	(5.12)	3.55

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Metrics	Standalone			Consolidated		
	March 31, 2022	March 31, 2021	% Change increase (decrease)	March 31, 2022	March 31, 2021	% Change increase (decrease)
Current ratio	1.12	1.06	5.66%	1.24	1.16	6.90%
Debt equity ratio	NA	NA	NA	0.05	0.06	(16.67%)
Net profit margin	7.33%	5.61%	30.66%	12.32%	6.88%	79.07%
Return on net worth	9.22%	6.13%	50.41%	16.85%	6.69%	151.87%
Interest coverage ratio	7.47	4.71	58.60%	16.61	7.78	113.50%

**Information Technology**

Digital transformation drives Emkay's strong client acquisition. The penetration in the finance markets is a key focus for Emkay through the digital platforms. With a better user interface and optimised ease of operations on our platforms, we can serve our customers much better. Furthermore, digital innovation, customer feedback and cybersecurity improvements are essential for our continued growth to explore the untapped business potential of our platforms.

Emkay's IT department strives for a reliable, resilient platform by building a digital experience across all touch points, predicting market needs, and supplying bespoke goods in response to digital disruption.

**Faster Trading Experience through Digital Innovation**

Trading experience for our clients is crucial, to ensure that faster, accurate, and secured data is made available to them to make financial decisions. Our competitive product and service offerings across the platforms with API initiatives help in our endeavour to provide for a better performance and experience to our clientele.

This was ensured by the following key initiatives:

- For a scaled up & fine-tuned hardware for reliability, Emkay has increased capacity and performance enhancements to the Hyperconverge infrastructure.
- Our over-clocked servers and expansion of our data centre facilities for DMA/HF trading clients.
- Increased bandwidth for trading and operations are also maintained thanks to improvements to our network connectivity. As a result, a speedier exchange broadcast is possible to our clients.
- Contextual user learning for our retail customers via our modern and redesigned trading platform – Emtrade Pro.
- An engaging multiple options charts platform to help build a trader community.

- Improved client journey for both the investor and trader with our app.
- GIFT City's new order management system is being set up.
- Digital Properties built in-house for diverse and growing client base - Emboss, EM API. EM API is our custom API trading platform for algorithmic traders.
- Open-architecture to seamlessly integrate Third-party Products.
- Digital acquisition of direct clients with orders executed online by direct clients.
- Orders placed through Mobile App, Client Terminals, REST API & FIX. Integration with various FIX aggregators such as Bloomberg, Fidessa, Autex, Line data, Charles River, ITG, Eze Castle, NYFIX.
- Improving the performance of middle-office and back-office platforms.
- Improved collaboration, project management, and documentation tools.
- Better error handling on apps both In-house and Vendor-provided.
- Compliance archival and retention platforms to aid in the storage of our communication data in order to comply with SEBI regulatory retention requirements.

To ensure reliable platforms for our clients, we provided exchange connectivity from the exchanges. Our platforms are supported by technology that has ultralow latency 10G infrastructure at Colocation, spread across multiple racks in various phases. Multicast Tick by Tick and Multi-stream broadcast from NSE helped our clients get data through multiple sources.

**Cyber Security**

We have secured our infrastructure and security with initiatives like **XDR** and **Next-Gen Antivirus** in information security and technology governance across head office & various branches. Hence, our platforms are safer with the

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

24X7 security monitoring through the security operations centre. IT Department has also worked towards setting up an extended detection and response system correlating various inputs across the landscape.

### IT Talent and Growth

Additionally, at Emkay, we have added new talent to the IT team and improved execution and information security procedures. We anticipate additional technology efforts concentrating on the following topics in the future year:

- Adding faster and more accurate processing capabilities to our Institution Operations Software
- A brand-new FIX-enabled Algorithmic Execution Platform for the institutional trading desk will be launched
- Upgrades to our trading platform for retail customers, including mobile and APIs
- Improved visibility of the landscape through information security initiatives such as EDR is under testing and Next-Gen DLP under evaluation
- For improved redundancy, a new disaster recovery system will be set up at a data-centre in a different geographical zone
- Trading APIs for customers who want to build their own trading platform

### Managing IT During and Post-pandemic

Emkay's objective during and post-pandemic was to focus on long-term sustainability and flexible work-from-home and work-from-office policies for our staff.

We quickly increased internet and remote working capabilities to accommodate all employees. As a result, we have used numerous collaboration technologies to guide the business to be more productive and effective.

While some initiatives were required to be paused during the pandemic-induced lockdowns, we were back on track in the following weeks in terms of building our infrastructure to meet the growing business demands in Trading, Operations, Sales, and Research.

### HUMAN RESOURCES

Our Company's HR department has a focused approach to attract the best talent in the market and nurture that talent while ensuring their overall well-being.

We have launched a long-term journey of hiring across functions and roles through prominent institutes such as the Institute of Chartered Accountants, Symbiosis Institute of Management, XIMB Bhubaneswar, and IMT Ghaziabad. Some of them are full-time employees, while others are

interns. The goal is to be at the forefront of attracting and grooming the best talent at the entry level. We've also improved our online Talent Acquisition strategies this year, ensuring that the right talent gets tapped from the right sources and that the Group has a steady supply of talent.

Because we work in the knowledge economy, we concentrated on improving our employees' functional and behavioural skills. A variety of online and offline programmes were held. We further added customised programmes to Learning Management Systems (LMS) so that employees could learn on the go and at their own speed. Potential employees' roles have been expanded, and a clear professional growth path and development have been established.

The overall well-being of our employees and their families is paramount for us, whether through mediation sessions, expert-led diet programmes, ergonomically built seats, among others. We've also experimented with the Work from Anywhere concept in a few cases, and our preliminary findings are promising. This opens up a great opportunity for drawing a large pool of talent from around the country, which might be cost effective and efficient.

HRMS advancement takes centre stage to ensure that we deliver effortlessly, and that data is integrated at a central level, ensuring that all of our People Processes are environment-friendly from hiring to retirement.

At Emkay, we continue to stand by our employees, promote gender equality, focus on building skills and improving efficiency. Our policy initiatives help in nurturing future leaders who will take our legacy forward.

### INTERNAL CONTROL SYSTEMS AND ADEQUACIES

The Internal Control Systems in place at our Company are adequate, effective and commensurate with the size of our business. Internal control systems are available in a variety of forms. A professional management team is in place, along with the adoption of established policies and procedures. Maintaining an appropriate audit programme with an internal control environment, as well as effective risk monitoring and management information systems, also help with this goal.

Our Company refreshes these systems on a regular basis, in accordance with industry-best practises. Internal audits are used to augment the internal control systems. Management conducts regular evaluations, and there are standard policies and norms in place. These policies and procedures ensure that financial and other records used to compile financial statements and other data are accurate. The Management Information System (MIS) is an important component of our Company's control system.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Regular checks and processes are carried out by our Company. Internal audits are undertaken on a regular basis by an independent audit company. The reports are deliberated, and an executive summary, as well as Action Taken Reports (ATR) and management actions to address the issues, are presented to the Audit Committee/Board meeting for evaluation. Internal auditor reports are reviewed by the Audit Committee. If necessary, corrective actions are taken to improve future systems and procedures in accordance with Internal Control Systems. The auditors' work is also recognised by the Board as an independent check on the information obtained from management on our Company's operations and performance.

### CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis about the Company's objectives, plans, estimates, and expectations may be considered 'forward-looking statements' under applicable securities laws and regulations. Actual outcomes may differ significantly from those stated or suggested. Economic developments in the country, industry demand and supply circumstances, input pricing, changes in government regulations, tax laws, and issues such as litigation and labour relations are all important elements that could affect the Company's operations.



## ANNEXURE - G

### CORPORATE GOVERNANCE REPORT

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

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

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

#### 2. BOARD OF DIRECTORS (BOARD)

##### 2.1 Composition of Board

The Company has an optimum combination of Executive and Non-Executive Directors in its Board and comprises of Eight Directors, each having expertise in their field of operation including one Woman Director. The total number of Non-Executive Directors are more than 50% of the total number of Directors which is in conformity with the requirement of Regulation 17 (1) (a) of SEBI (LODR) Regulations, 2015. The Chairman of the Board is a Non-Executive Director, and there is optimum combination of half of the Board of Directors as independent directors as per Regulation 17 (1) (b) of the SEBI (LODR) Regulations, 2015. As on 31st March 2022 the Company's Board consist of eight Directors.

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

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

Mr. Sushil Kumar Saboo has more than 54 years of corporate management experience. Presently he is the Group Advisor (Chairman's Office) for Aditya Birla Group, one of the premier business groups of India.

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

Mr. R. K. Krishnamurthi, a Solicitor in the Mumbai High Court and the Supreme Court of England, has a rich and wide experience of over 49 years in the field of Law. He is a retired Partner of Mulla & Mulla Craigie Blunt & Caroe, a reputed firm of Advocates, Solicitors and Notaries. He has worked and practiced as a lawyer & legal advisor to several companies in the matters related to corporate affairs and Corporate Law. He is on the Board of Madhav Marbles and Granites Limited.

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

Mr. G. C. Vasudeo is a fellow member of the Institute of Chartered Accountants of India, The Institute of Company Secretaries of India, an Associate member of The Institute of Cost and Works Accountants of India and a Law Graduate from the University of Mumbai. He is having wide and rich industrial experience of over 42 years. He retired as Managing Director & Country Manager of SI Group-India Private Limited. He held various positions including Head of Corporate Finance, Accounts, Information Technology and Company Secretarial matters. He also headed the Marketing and Purchase function during his tenure. He was instrumental in restructuring of the Group and also in mergers and acquisitions for the Group.

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

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

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

Mr. Krishna Kumar Karwa, a rank holder Member of the Institute of Chartered Accountants of India, is the Promoter & Managing Director of the Company. Mr. Krishna Kumar Karwa has a rich and varied experience of 34 years in all aspects of the Equity Capital Markets. He was a Director of Titagarh Agrico Private Limited. He was also on the Board of West Coast Paper Mills Limited as an Independent Director.

**CORPORATE GOVERNANCE REPORT (CONTD.)**

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

Mr. Prakash Kacholia, a Member of the Institute of Chartered Accountants of India, is the Promoter and Managing Director of the Company. Mr. Prakash Kacholia has a rich experience of 33 years in the capital markets with a focus on the derivative segment. He was associated as Director with various prominent Companies like Central Depository Services (India) Limited and BOI Shareholding Limited.

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

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

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

Dr. Bharat Kumar Singh is B.E (Mech), MBA (IIM-C), Ph.D (Mumbai Univ. (JBIMS)). Dr. Bharat Kumar Singh comes with a well-rounded experience of 46 years out of which 14 years were spent in two large MNCs (ITC & Sandoz Group) and 32 years in Indian Houses (RPG & Aditya Birla Group) in senior capacity. He has a wide experience in acquiring knowledge of business space, Restructuring, Reorganising and building relationships with the relevant Institutions. Presently he is on the Board of Aadhyathma Management Pvt. Limited and Emkay Wealth Advisory Ltd.

**2.3 The Composition of the Board, Directorship/ Committee positions in other companies as on 31st March, 2022 and number of Meetings held and attended during the year are as follows:**

The names and category of the Directors on the Board, their attendance at Board Meeting held during the year under review and at the last Annual General Meeting (AGM), name of the other Public Companies in which the Director is a Director and the number of the Directorship and Committee Chairmanship/Membership held by them in other public limited companies as on 31st March, 2022 are as under -

Name of the Director*	Category	No. of Board Meetings held during his/ her tenure and attended in 2021-22		Whether attended last AGM held on 06.08.2021	Number of Directorships in other public companies*	Number of Committee positions held in other public companies #		List of Directorship held in other listed companies and category of Directorship
		Held	Attended			Chairman	Member	
Mr. S. K. Saboo	NED	4	4	Y	2	-	-	-
Mr. R. K. Krishnamurthi	NED (I)	4	3	Y	3	1	-	1.Madhav Marbles and Granites Limited NED (I)
Mr. G. C. Vasudeo	NED (I)	4	4	Y	2	-	1	-
Dr. Satish Ugrankar	NED (I)	4	4	Y	-	-	-	-
Mr. Krishna Kumar Karwa	ED	4	4	Y	1	-	-	-
Mr. Prakash Kacholia	ED	4	4	Y	1	-	1	-
Mrs. Priti Kacholia	NED	4	3	Y	-	-	-	-
Dr. Bharat Kumar Singh	NED (I)	4	4	Y	1	-	-	-

**Note 1:**

1. Category: NED: Non-Executive Director, NED (I) : Non-Executive Director and Independent, ED - Executive Director & Promoter
2. None of the above Directors are related inter-se to any other Director on the Board, except for Mr. Krishna Kumar Karwa and Mr. S. K. Saboo who are related to each other and Mr. Prakash Kacholia and Mrs. Priti Kacholia who are related to each other.
3. None of the Non-Executive Directors except Mrs. Priti Kacholia hold any shares or convertible instruments in the Company.
4. None of the Directors hold the office of a Director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 25 and 26 of the SEBI (LODR) Regulations, 2015

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

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

**\*Note 2:** Subject to approval of the shareholders of the Company, Mrs. Hutokshi Wadia is appointed as Additional Director in the capacity of an Independent Director on the Board of the Company w.e.f. 25th May, 2022. Mrs. Wadia is B.Com, ACA, ACS and has a well-rounded rich experience of 31 years as a Company Secretary in reputed companies. Besides, she has a rich experience in the field of Financial Regulatory/ Legal & Risk Management, Corporate Governance and Strategic Planning. More details about Mrs.

## CORPORATE GOVERNANCE REPORT (CONTD.)

Wadia are given in the Annexure to the AGM notice.

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

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

## INDEPENDENT DIRECTORS

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

The Company has issued letters of appointment to Independent Directors which cover the Code for Independent Directors as per schedule IV as provided in the Companies Act, 2013 and the Company has disclosed the terms and conditions of appointment of an Independent Director on the website of the Company. The Company has also received a declaration from them in the manner as provided in the Companies Act, 2013 and as per amended Listing Regulations.

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

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

### Independent director databank registration

Pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 all directors have completed the registration/renewal with the Independent Directors Databank. Requisite disclosures have been received from the directors in this regard.

### Familiarization Programme

Your Company has put in place a structured induction and familiarization programme for all its Directors including the Independent Directors. The Company through such programmes familiarizes not only the Independent Directors but also

**CORPORATE GOVERNANCE REPORT (CONTD.)**

any new appointee on the Board, with a brief background of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model, operations of the Company, etc. They are also informed of the important policies of the Company including the Code of Conduct for Board Members and Senior Management Personnel and the Code of Conduct to Regulate, Monitor and Report, Trading by Insiders, etc.

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

**Evaluation of Board Effectiveness**

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

Accordingly, the Board of Directors, on recommendation of the Nomination, Remuneration and Compensation Committee, has evaluated the effectiveness of the Board. Further, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31st March, 2022. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the effectiveness of their contribution. In the evaluation, the Directors who are subject to evaluation, do not participate.

**Meetings of Independent Directors**

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and regulation 25 of the SEBI (LODR) Regulations, 2015 and as per Clause VII of Schedule IV of the Companies Act, 2013, Regulation 25(3) and (4) of the SEBI (LODR) Regulations, 2015 and as per guidance note on Board Evaluation, a separate meeting of the Independent Directors of the Company was held on 22nd March, 2022 without the attendance of non-independent directors and members of management to inter alia:

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

**Board Meetings**

During the Financial Year 2021-22, 4 Board Meetings were held on 20th May, 2021, 06th August, 2021, 28th October, 2021 and 25th January, 2022.

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

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

- The minutes of the Board meeting of unlisted Subsidiary Companies.
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- Declaration of Independent Directors at the time of appointment/annually and every year.
- Annual operating plans of various businesses, budgets and any updates on the same.
- Statement of all significant transactions, related party transactions and arrangements with the Subsidiary Companies

## CORPORATE GOVERNANCE REPORT (CONTD.)

- Quarterly Results of the Company on Standalone & Consolidated basis.
- Annual Financial Results of the Company, Auditor's Report and the Report of the Board of Directors.
- Dividend/Interim Dividend declaration, if any.
- Compliance Certificate certifying compliance with all the laws as applicable to the Company.
- Consideration and review of investments and exposure limits.
- Action taken report on the decisions taken at the previous meeting of the Board and other Committees.

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

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

### Board Committees

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

### 3. AUDIT COMMITTEE

#### A. Qualified and Independent Committee.

The present composition of the Audit Committee is as follows:

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

The Audit Committee comprises of four Non-Executive Independent Directors and one Executive Director. The Chairman of the Audit Committee, Mr. G. C. Vasudeo is a Non-Executive Independent Director having expertise in the field of accounting and related financial management. All the members of the Committee are financially literate.

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

### Meetings

During the Financial Year 2021-22, Four Meetings of the Committee were held on 20th May, 2021, 06th August, 2021, 28th October, 2021 and 25th January, 2022. The attendance of each Committee member was as under:

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

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

### Terms of Reference

The role and terms of reference of the Audit Committee are set out in Regulation 18(3) read with Part C of Schedule II of the



**CORPORATE GOVERNANCE REPORT (CONTD.)**

SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors of the Company. The terms of reference of the Audit Committee broadly are:

1. Approval of annual internal audit plan;
2. Review and approval of related party transactions;
3. Review of financial reporting systems;
4. Ensuring compliance with regulatory guidelines;
5. Reviewing the quarterly, half yearly and annual financial results;
6. Discussing the annual financial statements and auditors report before submission to the Board with particular reference to the (i) Director's Responsibility Statement; (ii) major accounting entries; (iii) significant adjustments in financial statements arising out of audit findings; (iv) compliance with SEBI (LODR) Regulations, 2015 etc.;
7. Interaction with statutory, internal and cost auditors;
8. Recommendation for appointment and remuneration of auditors;
9. Reviewing and monitoring the auditor's independence and performance etc;
10. Reviewing the functioning of the whistle blower mechanism/ vigil Mechanism;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments.

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

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

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

**4. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE**

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

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

Mr. G. C. Vasudeo	Chairman
Mr. S. K. Saboo	Member
Mr. R. K. Krishnamurthi	Member
Dr. Satish Ugrankar	Member

The Committee comprises of only Non-Executive Directors as its members. All the members of the Committee are Independent except Mr. S. K. Saboo. As per Regulation 19 of SEBI (LODR) Regulations, 2015, Chairman of the Board shall not chair the

## CORPORATE GOVERNANCE REPORT (CONTD.)

Nomination, Remuneration and Compensation Committee. Mr. G. C. Vasudeo, an Independent Director, has been appointed as a Chairman of the Committee.

### Meetings

During the Financial Year 2021-22, Four Meeting were held on 20th May, 2021, 09th September, 2021, 28th October, 2021 and 25th January, 2022. The attendance of each Committee member was as under:

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

### Terms of Reference

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, key managerial personnel and other employees;
2. For every appointment of an independent director, the Nomination, Remuneration and Compensation Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee ,may:
  - a. use the services of external agencies, if required;
  - b. considered candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
4. Devising a policy on Board diversity;
5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
6. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of the performance evaluation of Independent Directors.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.

### Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination, Remuneration and Compensation Committee and indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise and independent judgment in the interest of the company.

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

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

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

- a) The quantum of options to be granted under an ESOP Scheme per employee and in aggregate.

**CORPORATE GOVERNANCE REPORT (CONTD.)**

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

**Remuneration Policy**

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

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

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

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

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

The Non-Executive Independent Director may receive remuneration by way of fees for attending meetings of the Board or the Committee thereof. Provided that the amount of such fees shall not exceed one lakh rupees per meeting of the Board or Committee as may be prescribed in the Companies Act, 2013 and also subject to approval of the Board of Directors.

Sitting fees for Board / Committees paid to all Non-Executive Directors including Independent Directors fixed by the Board of Directors were within the limit as prescribed in the Companies Act, 2013. An Independent Director is not entitled to any stock option of the Company.

**Details of Remuneration paid to Managing Director(s) for the Financial Year 2021-22**

On the basis of the recommendation of the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company, the members of the company at the 25th Annual General Meeting held on 12th August, 2019 had approved re-appointment of Mr. Krishna Kumar karwa and Mr. Prakash Kacholia as Managing Directors (MDs) of the Company for a period of three years with effect from October 1, 2019 to September 30, 2022 at monthly salary of ₹10,00,000

## CORPORATE GOVERNANCE REPORT (CONTD.)

(Rupees Ten Lac only) with such annual increments as may be decided by the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company from time to time plus perquisites.

### 5. REMUNERATION OF DIRECTORS

The following table gives details of remuneration paid to Directors. During 2021-22, the company did not advance any loan to any of its Directors. Further, no Director has been granted any stock options of the Company during the year.

Name of the Director	Relationship with other Directors	Sitting fees	Salary and Perquisites	Provident Fund	Commission to Non-executive Directors/ performance incentive to Executive Directors	Total	No. of Stock options, if any
S. K. Saboo	Related to Krishna Kumar Karwa	80,000	0	0	0	80,000	None
R. K. Krishnamurthi	None	90,000	0	0	0	90,000	None
G. C. Vasudeo	None	1,20,000	0	0	0	1,20,000	None
Dr. Satish Ugrankar	None	1,20,000	0	0	0	1,20,000	None
Krishna Kumar Karwa (Managing Director)	Related to S. K. Saboo	0	1,20,00,000	14,40,000	0	1,34,40,000	None
Prakash Kacholia (Managing Director)	Related to Priti Kacholia	0	1,20,00,000	14,40,000	0	1,34,40,000	None
Priti Kacholia	Related to Prakash Kacholia	0	0	0	0	0	None
Dr. Bharat Kumar Singh	None	80,000	0	0	0	80,000	None

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

### 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

During the financial year 2021-22, 4 meetings of the Committee were held. These meeting were held on 19th May, 2021, 05th August, 2021, 28th October, 2021 and 25th January, 2022.

**CORPORATE GOVERNANCE REPORT (CONTD.)**

The attendance of each Committee member was as under:

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

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

(b) Mr. B. M. Raul, the Company Secretary designated as the Compliance Officer under SEBI (LODR) Regulations, 2015 has been complying with the requirements of the Securities Law and the SEBI (LODR) Regulations.

(c) Details of Shareholders/ Investors Complaints for the financial year 2021-22 :

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

## 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

The members of the CSR Committee are as under :

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

**Meetings:**

During the Financial Year 2021-22, 1 Meeting of the Committee was held on 19th May, 2021. The attendance of each Committee member was as under:

Name	No. of Meetings attended
Mr. G. C. Vasudeo	1
Mr. Krishna Kumar Karwa	1
Mr. Prakash Kacholia	1

## Terms of Reference

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

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



## CORPORATE GOVERNANCE REPORT (CONTD.)

### 8. GENERAL BODY MEETINGS

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

Financial Year	AGM No.	Venue	Date	Time
2020-2021	27th	Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	06th August, 2021	03.00 p.m.
2019-2020	26th	Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	28th August, 2020	11.00 a.m
2018-2019	25th	M. C. Ghia Hall, Fort, Mumbai	12th August, 2019	12.00 Noon

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

- At the 27th AGM held on 06th August, 2021 through Video Conferencing (VC) / Other Audio Visual Means (OAVM)**
  - Appointment of Mr. S. K. Saboo (DIN-00373201), aged 78 years, who retired by rotation and being eligible, had offered himself for re-appointment
  - Payment of Commission to Non-Executive Directors.
  - Re-appointment of Dr. Satish Ugrankar (DIN- 00043783) as an Independent Director
  - Grant of Stock options to Mr Sanjay Chawla, Head of Research and Strategist in excess of one per cent of issued equity capital under Employee Stock Option Plan-2007 (ESOP-2007)
- At the 26th AGM held on 28th August 2020 through Video Conferencing (VC) / Other Audio Visual Means (OAVM)**
  - Continuation of Directorship of Dr. Satish Ugrankar (DIN - 00043783) as an Independent Director
  - Continuation of Directorship of Mr. R. K. Krishnamurthi (DIN-00464622) as an Independent Director
  - Continuation of Directorship of Dr. Bharat Kumar Singh (DIN-00274435) as an Independent Director
- At the 25th AGM held on 12th August 2019**
  - Appointment of Mr. S. K. Saboo (DIN-00373201), aged 76 years, who retired by rotation and being eligible, had offered himself for re-appointment
  - Re-appointment of Mr. G. C. Vasudeo as an Independent Director for second term of 5 years.
  - Re-appointment of Mr. R. K. Krishnamurthi as an Independent Director for second term of 5 years.
  - Re-appointment of Mr. Krishna Kumar Karwa as Managing Director for a period of 3 years with effect from October 1, 2019 and Payment of remuneration to him.
  - Re-appointment of Mr. Prakash Kacholia as Managing Director for a period of 3 years with effect from October 1, 2019 and Payment of remuneration to him.
  - Grant of stock options to Mr. Yatin Kumar Singh, Head of Investment Banking in excess of one per cent of issued equity capital under Employee Stock Option Plan-2018 (ESOP-2018).
  - Grant of stock options to Mr. Sunil Tirumalai, Head of Research and Strategist in excess of one per cent of issued equity capital under Employee Stock Option Plan-2007 (ESOP-2007).

#### Postal Ballot:

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

**CORPORATE GOVERNANCE REPORT (CONTD.)****1. Special Resolution passed on 18.12.2021**

Particulars	Total No. of Valid Votes	Votes Assenting the Resolution	% of Votes Cast	Votes Dissenting the Resolution	% of Votes cast
Alteration of Main Object clause of the Memorandum of Association of the Company by inserting New Object.	1,87,44,893	1,87,44,779	100 (Rounded off)	114	0.00
Alteration of Articles of Association of the Company.	1,87,44,893	1,87,44,779	100 (Rounded off)	114	0.00
Enhancement of the existing limit of Borrowing under section 180 (1) (c) of the Companies Act, 2013	1,87,44,893	1,86,36,014	99.42	1,08,879	0.58
Enhancement of the existing limit of creation of charge on the movable and immovable properties of the Company under section 180 (1) (a) of the Companies Act, 2013	1,87,44,893	1,86,36,014	99.42	1,08,879	0.58

- a. Person who conducted the Postal Ballot Exercise: Mr. P. N. Parikh (Membership No. FCS 327) failing him Mr. Mitesh Dhaliwala (Membership No. FCS 8331) failing him Ms. Sarvari Shah (Membership No. FCS 9697) of M/s. Parikh & Associates, Company Secretaries in whole time practice was appointed as Scrutinizer for conducting Postal Ballot and E-voting.
- b. Procedure for Postal Ballot:
  - i. The Board of Directors, by resolution passed at the Board Meeting held on 28th October, 2021 had appointed Mr. P. N. Parikh failing him Mr. Mitesh Dhaliwala failing him Ms. Sarvari Shah of M/s Parikh & Associates, Practicing Company Secretaries.
  - ii. Due to difficulty in dispatch of the Postal Ballot Notice along with the Explanatory Statement and Postal Ballot form by post or courier, on account of continuing COVID-19 pandemic situation and as permitted under the MCA Circulars, the Company had completed dispatch of the Postal Ballot Notice on 19th November, 2021, in electronic mode only to all its members who had registered their email id with the Depository Participants and with the company's Registrar and Transfer Agent i.e Link Intime India Private Limited as on the cut-off date of 12th November, 2021.
  - iii. The voting under the Postal Ballot was kept open from 9.00 am on 19th November, 2021 to 5.00 pm on 18th December, 2021 (remote e-voting).
  - iv. On 20th December, 2021, the Managing Director announced the results of the Postal Ballot as per the Scrutinizer's Report.

**2. Proposal for Postal Ballot:**

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

**9. MEANS OF COMMUNICATION**

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

## CORPORATE GOVERNANCE REPORT (CONTD.)

### 10. GENERAL SHAREHOLDER INFORMATION

Sr. No.	AGM: Date, Time and Venue	Monday, 8 <sup>th</sup> August, 2022 at 4.30 p.m. through the mode of Video Conferencing (VC) and Other Audio Visual Means (OAVM)
(a)	Financial Year	1st April, 2021 to 31st March, 2022.
(b)	Date of Book Closure	Tuesday, 2 <sup>nd</sup> August, 2022 to Monday, 8 <sup>th</sup> August, 2022 (Both days inclusive)
(c)	Dividend Payment Date	Dividend if declared at the Annual General Meeting shall be paid to all eligible shareholders from 12th August, 2022 onwards.
(d)	Listing on Stock Exchanges	BSE Limited, P. J. Tower, Dalal Street, Mumbai 400001 National Stock Exchange of India Limited, Exchange Plaza, BKC, Bandra (East), Mumbai 400051
(e)	Stock Code / Symbol	BSE-532737 National Stock Exchange of India Limited-EMKAY
(f)	Listing Fees	The Company has paid listing fees to BSE Limited and National Stock Exchange of India Limited for the Financial Year 2021-22
(g)	ISIN Number	INE296H01011
(h)	Registrar and Transfer Agents	Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060
(i)	Share Transfer System	The Company has a Stakeholder Relationship Committee comprising of its Directors. In case there is a request for transfer of shares, demat-remat of shares during a fortnight, the Committee meeting is held fortnightly else the committee meets once in every quarter. The List of valid transfers / transmission / remat etc. prepared by the Registrar & Transfer Agent in respect of transfer cases received by them, if any, is placed before the Stakeholders Relationship Committee for its approval/confirmation
(j)	Dematerialization of Shares and liquidity	As on 31.03.2022 99.98% of the Equity Share Capital comprising 2,46,36,216 equity shares out of total 2,46,40,230 equity shares were dematerialized.
(k)	Outstanding GDR /ADR /Warrants or any Convertible Instruments, Conversion Date and likely impact on equity.	The Company has not issued any GDR /ADR /Warrants.
(l)	Commodity price risk or foreign exchange risk and hedging activities	The Company is not exposed to commodity price risk since it is engaged in business of providing financial services. The Company's foreign exchange risk is negligible and hence it has not undertaken any hedging activities.
(m)	Plant Locations	The Company is into financial services business and does not have any plant locations
(n)	Address for correspondence	<b>Registered Office:</b> The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028 <b>Administrative Office:</b> Paragon Center, C-06, Ground Floor, Pandurang Budhkar Marg, Worli, Mumbai - 400 013. <b>Registrar and Transfer Agent:</b> Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083
(o)	List of Credit Rating along with any revision thereto during the relevant financial year for all debt instrument.	N.A. The Company does not have any debt instrument

**CORPORATE GOVERNANCE REPORT (CONTD.)****Market Price Data**

The Market Price of the Company's Shares traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) during each month of the last Financial Year from 1st April, 2021 to 31st March, 2022 is as follows:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	73.00	59.60	72.50	60.00
May, 2021	86.10	61.15	88.40	61.25
June, 2021	94.45	72.00	94.55	72.00
July, 2021	138.80	84.95	137.00	86.00
August, 2021	139.80	107.75	139.80	107.45
September, 2021	124.90	111.00	125.00	111.00
October, 2021	134.75	112.10	135.00	112.00
November, 2021	126.10	95.40	126.65	95.65
December, 2021	117.90	93.85	118.00	94.20
January, 2022	147.50	100.05	155.00	101.00
February, 2022	136.05	89.25	136.00	88.10
March, 2022	118.95	91.90	118.00	92.20

**Categories of Share Holding as on 31st March, 2022**

The Shareholding of different categories of the shareholders as on 31st March, 2022 is given below:

Category	No. of Shareholders	No. of Shares	% of total
<b>(A) Promoters and Promoter Group Shareholding</b>			
Individual / Hindu Undivided family	6	1,35,02,500	54.80
Bodies Corporate	1	48,51,484	19.69
<b>Total (A)</b>	<b>7</b>	<b>1,83,53,984</b>	<b>74.49</b>
<b>(B) Public Shareholding</b>			
Other Bodies Corporate	59	1,42,481	0.58
NRI (including Non Repatriable)	225	2,52,477	1.02
Clearing Members	32	88,920	0.36
Indian Public	14,723	49,26,559	19.99
IEPF	1	3,105	0.01
HUF	269	4,27,422	1.73
Foreign Portfolio investors	2	2,03,504	0.83
LLP	2	701	0.00
Office bearers	30	2,41,077	0.98
<b>Total (B)</b>	<b>15,343</b>	<b>62,86,246</b>	<b>25.51</b>
<b>(C) Non Promoter-Non Public Shareholding</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (A+B+C)</b>	<b>15,350</b>	<b>2,46,40,230</b>	<b>100.00</b>

## CORPORATE GOVERNANCE REPORT (CONTD.)

Distribution of Shareholding according to size class as on 31st March, 2022

The Shareholding distribution of the equity shares as on 31st March, 2022 is given below:

Number of Shares held (Face value of ₹10 each)	Shareholders		Shares	
	Number	% of total	Number	% of total
1-500	14,117	90.6505	13,49,495	5.4768
501-1,000	746	4.7903	6,03,690	2.4500
1,001-2,000	334	2.1447	5,21,422	2.1161
2,001-3,000	131	0.8412	3,31,448	1.3451
3,001-4,000	65	0.4174	2,33,636	0.9482
4,001-5,000	47	0.3018	2,26,634	0.9198
5,001-10,000	72	0.4623	5,24,779	2.1298
10,001 & above	61	0.3917	2,08,49,126	84.6142
<b>Total</b>	<b>15,573</b>	<b>100.0000</b>	<b>2,46,40,230</b>	<b>100.0000</b>

## 11. OTHER DISCLOSURES

### A. Related Party Transactions (RPT)

- The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs and a Policy on materiality of RPTs, is uploaded on the website of the Company and can be accessed through the following link: [www.emkayglobal.com/investor relations](http://www.emkayglobal.com/investor%20relations). SEBI had amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 on 9th November, 2021. Accordingly, the policy was revised to bring in line with various amendments made to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dealing with Related Party transactions by the Audit Committee and Board of Directors of the company in its meeting held on 25.01.2022.
- Your Company enters into various transactions with related parties as per the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015.
- During the financial year ended 31st March 2022, there are no transactions with related parties which qualify as materially significant transaction in terms of the provisions of Regulation 23 of the SEBI (LODR) Regulations, 2015.
- There are no materially significant related party transactions of the Company which conflict with the interests of the Company at large.
- A statement in summary form of all the transactions with related parties is placed periodically before the audit committee.
- Transactions with related parties, as per requirements of Indian Accounting Standard (Ind AS) 24, are disclosed in this annual report.

- B.** There was no non-compliance and no penalties or strictures were imposed by the stock exchanges or by the SEBI or any other statutory authority on the Company in any matter related to capital market in connection with its equity share capital from the date of listing.

### C. Whistleblower Policy/ Vigil Mechanism

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



**CORPORATE GOVERNANCE REPORT (CONTD.)**

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

- D. Details of compliance with mandatory and non-mandatory requirements of SEBI (LODR) Regulations, 2015 :**  
Your Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015.
- E. Disclosure of commodity price risks and commodity hedging activities**  
The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore there is no disclosure to offer in term of SEBI circular No. SEBI/HO/ CFD/CMD1/ CIR/P/2018/0000000141 dated November 15, 2018.
- F. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable
- G. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority:** The Certificate of Company Secretary in practice is annexed herewith as a part of the report.
- H. Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:** Not Applicable
- I. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.:**  
Details relating to fee paid to the Statutory Auditor are given in note to the Standalone Financial Statement and note to the Consolidated Financial Statement.
- J. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** During the year, no complaint was filed under the said act.

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

**a) Audit qualifications:**

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

**b) Reporting of Internal Auditor:**

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

**c) Code of Conduct:**

Your Company has adopted a Code of Conduct for all the employees including Board Members and Senior Management Personnel of the Company in accordance with the requirement under SEBI (LODR) Regulations, 2015. The Code of Conduct has been posted on the website of the Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2022. A certificate signed by the Managing Directors/ CEO is annexed to this report as 'Annexure 1.'

**d) Code of Conduct for Prevention of Insider Trading :**

Pursuant to Regulation 9(1) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board has laid down Internal Code of Conduct for Prevention of Insider Trading in dealing with Securities of Emkay Global Financial Services Limited and the same can be accessed through the following link: [www.emkayglobal.com/investor-relations](http://www.emkayglobal.com/investor-relations).

## CORPORATE GOVERNANCE REPORT (CONTD.)

### e) CEO / CFO Certification :

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

### f) IPO Unclaimed Shares Demat Suspense Account

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

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

In accordance with provisions of section 124 and 125 of the Companies Act, 2013, during the financial year 2017- 18, the Company has transferred 391 no. of shares lying in Unclaimed Securities Suspense Account to the Demat Account opened by IEPF Authority. As on 31st March, 2022 there are no shares lying in the said Depository Account.

Further, in compliance with the aforesaid SEBI Circular, the Company had opened an account with HDFC Bank Ltd in the name and style of "EGFSL – IPO Unclaimed Shares Unpaid Dividend Account" and credited the said bank account with the dividends declared on Unclaimed IPO Shares. As on 31 March 2022, an amount of ₹ 780.50 was lying in the said bank account.

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

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

Since no dividend was declared for the FY 2013-14, there had not been unpaid or unclaimed dividend for seven consecutive years or more hence the Company has not transferred any dividend to the IEPF during FY 2021-22 .

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

In accordance with the provisions of section 124 and 125 of the Companies Act, 2013, during the financial year 2021-22 there were no share in respect of which dividend had not been paid or claimed for seven consecutive years or more hence the Company has not transferred any Shares to the Demat Account of IEPF Authority.

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

### h) Subsidiary Companies

The Company has six wholly owned unlisted subsidiaries as under:

1. Emkay Fincap Limited
2. Emkay Commotrade Limited
3. Emkay Wealth Advisory Limited (Formerly Known as Emkay Insurance Brokers Limited)
4. Emkay Investment Managers Limited
5. Emkayglobal Financial Services IFSC Private Limited
6. Emkay Global Financial Services Pte. Ltd., Singapore

Out of the above six subsidiaries, Emkay Fincap Limited, and Emkay Investment Managers Limited are material non-listed Indian subsidiaries as per SEBI (LODR) Regulations, 2015 whose turnover or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended 31st March, 2021. As required under regulation 24 (1) SEBI (LODR) Regulations, 2015, an Independent Director of the Company has been appointed on the Board of Emkay Fincap Limited and Emkay Investment Managers Limited.

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

**CORPORATE GOVERNANCE REPORT (CONTD.)**

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

Policy on determining 'Material Subsidiaries' is uploaded on the website of the Company <https://www.emkayglobal.com/investor-relations>

**i) Risk Management Framework**

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

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

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

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

**k) Listing Fees**

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

**l) Reclassification of Public shareholding**

SEBI vide its letter No. CFD/CMD/RV/OW/25811/2016 dated 14.09.2016, had informed to be guided by the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. As per the proviso to Regulation 3(12) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SBEB Regulations) any ESOP Trust, which at the commencement of the regulations holds secondary shares, is required to appropriate these shares on the stock exchange to the extent that these shares remained un-appropriated by granting Stock Options within one year from the notification of the regulations i.e by 27.10.2015 or sell in the secondary market within 5 years from the date of notification of the regulations i.e by 27.10.2019. In compliance with the requirement, ESOP trust has sold the remaining shares in the secondary market in June 2019.

The Company has made all disclosures regarding compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR), 2015 in the section on Corporate Governance of the annual report.

There is no non-compliance of any requirement under para (1) to (10) of schedule V of SEBI (LODR) Regulations, 2015 in Corporate Governance Report.

**On behalf of the Board of Directors****For Emkay Global Financial Services Limited****S.K.Saboo****Chairman****DIN: 00373201**

Place: Mumbai

Date: 24.05.2022

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Emkay Global Financial Services Limited** having **CIN L67120MH1995PLC084899** and having registered office at 7th Floor, The Ruby, Senapati Bapat Marg, Dadar (West) Mumbai - 400028 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company
1	Prakash Kacholia	00002626	24/01/1995
2	Girindrachandra Vasudeo Chandrakant	00021772	20/01/2006
3	Satish Ugrankar Shripad	00043783	12/08/2015
4	Krishna Karwa Kumar	00181055	24/01/1995
5	Bharat Kumar Singh	00274435	29/01/2018
6	Sushil Kumar Saboo Madan Lal	00373201	15/10/1995
7	Ravikumar Krishnamurthi	00464622	10/11/2005
8	Priti Prakash Kacholia	03481747	30/03/2015

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

**For Parikh & Associates**  
Practising Company Secretaries

**Mitesh Dhabliwala**  
**FCS: 8331 CP: 9511**

Mumbai, May 24, 2022

UDIN: F008331D000372827

# CERTIFICATE OF CORPORATE GOVERNANCE

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

The Members of Emkay Global Financial Services Limited

1. The Corporate Governance Report prepared by Emkay Global Financial Services Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2022 as required by the Company for annual submission to the Stock exchange.

### MANAGEMENT'S RESPONSIBILITY

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

### AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2022 and verified that atleast one woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2021 to March 31, 2022:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);
    - (d) Nomination and Remuneration Committee;
    - (e) Stakeholders Relationship Committee;
  - v. Obtained necessary declarations from the directors of the Company.



- vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### **OPINION**

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2022, referred to in paragraph 4 above.

#### **OTHER MATTERS**

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### **RESTRICTION ON USE**

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

Chartered Accountants

**ICAI Firm Registration Number:** 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 22048749AJNBQQ3494

Place of Signature : Mumbai

Date : May 24, 2022

## Annexure 1

## CODE OF CONDUCT

In accordance with Regulation 26 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Krishna Kumar Karwa - Managing Director of the Company confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2022.

**For EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

**Krishna Kumar Karwa**  
Managing Director

Place: Mumbai  
Date: 24.05.2022

## CEO/ CFO CERTIFICATE

We hereby Certify that

- A. We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2022 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) Significant changes in internal control over financial reporting during the year ended on 31.03.2022;
  - (2) Significant changes in accounting policies during the year ended on 31.03.2022 and that the same have been disclosed in the notes to the financial statements; and
  - (3) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**Krishna Kumar Karwa**  
Managing Director

**Saket Agrawal**  
Chief Financial Officer

Place: Mumbai

Date: 24.05.2022

This page intentionally left blank.

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Standalone Financial Statements

### OPINION

We have audited the accompanying standalone financial statements of Emkay Global Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone 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 principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

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

the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>IT systems and controls</b> <p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</li> <li>• Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</li> <li>• Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization.</li> <li>• In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (Contd.)

### OTHER INFORMATION

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

Our opinion on the standalone 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 identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### RESPONSIBILITIES OF MANAGEMENT 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a

statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 45 to the standalone financial statements;

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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 during the year ended March 31, 2022.
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;\
- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared/paid during the year and subsequent to the year-end by the Company is in compliance with section 123 of the Act.

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

ICAI Firm Registration Number: 301003E/ E300005

per **Viren H. Mehta**

Partner

Membership Number	: 048749
UDIN	: 22048749AJNBGL8089
Place of Signature	: Mumbai
Date	: May 24, 2022

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

Re: Emkay Global Financial Services Limited

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) As disclosed in note 66(ii) to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of account of the Company.
- (iii) (a) During the year the Company has provided loans to companies, firms, Limited Liability Partnerships or any other parties as follows:

Particulars	Loans (Amount in ₹)
Aggregate amount granted/ provided during the year	17,01,87,854
- Others	7,91,87,854
- Subsidiaries	9,10,00,000
Balance outstanding as at balance sheet date in respect of above cases	
- Others	91,41,740
- Subsidiaries	Nil

During the year the Company has not provided advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on these is not applicable to the Company.

- (b) During the year the Company has made the investments made and terms and conditions of the grant of all loans to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

During the year the Company has not provided guarantees, given security and granted advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on these is not applicable to the Company\

- (c) The Company has granted loans during the year to companies, firms, Limited Liability Partnerships or any other parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

The Company has not granted advances in the nature of loans during the year to companies, firms, Limited Liability Partnerships or any other parties where the schedule of repayment of principal and payment of interest has been stipulated. Accordingly, the requirement to report on this is not applicable to the Company.

- (d) There are no amounts of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

The Company has not granted advances in the nature of loans during the year to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on this is not applicable to the Company.

- (e) There were no loans granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

The Company has not granted advances in the nature of loans during the year to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on this is not applicable to the Company.

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

- (f) During the year, the Company has granted loans either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties as stated below and none of these are granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013.

Particulars	All Parties (Amount in ₹)	Related Parties (Amount in ₹)
Aggregate amount of loans - Repayable on demand	9,10,00,000	9,10,00,000
Percentage of loans to the total loans	53.47 %	53.47 %

The Company has not granted advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on these is not applicable to the Company.

- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, service tax, income-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were

outstanding, at the year end, for a period of more than six months from the date they became payable.

As informed, the provisions of sales Tax, duty of customs, duty of excise and value added tax are currently not applicable to the Company.

- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, service tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax on broking income earned from FII & other foreign client	₹ 8,47,80,563 (Net of ₹ 38,43,538 paid)	FY 2012-13 & FY 2013-14	Commissioner of CGST and Central Excise
Finance Act, 1994	Service Tax on Delayed Payment Charges	₹ 89,42,999	October 2014 to June 2017	Commissioner of GST

As informed, the provisions of sales Tax, duty of customs, duty of excise and value added tax are currently not applicable to the Company.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority during the year.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial



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

- statements of the Company, no funds raised on short-term basis have been used for long-term purposes during the year by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clauses 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year or the previous financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet



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

as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 44 to the financial statements.

- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 44 to the financial statements.

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

ICAI Firm Registration Number: 301003E/ E300005

per **Viren H. Mehta**

Partner

Membership Number : 048749

UDIN : 22048749AJNBGL8089

Place of Signature : Mumbai

Date : May 24, 2022

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

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

We have audited the internal financial controls with reference to standalone financial statements of Emkay Global Financial Services Limited ("the Company") as of March 31, 2022 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**

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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone

financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS**

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

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED (CONTD.)**

financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

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

**Chartered Accountants**

ICAI Firm Registration Number: 301003E/ E300005

per **Viren H. Mehta**

Partner

Membership Number : 048749

UDIN : 22048749AJNBGL8089

Place of Signature : Mumbai

Date : May 24, 2022

## STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2022

		(₹) in Lacs	
Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>1 Financial assets</b>			
Cash and cash equivalents	7	5,745.05	3,230.14
Bank balance other than cash and cash equivalents	8	28,985.09	26,214.97
Derivative financial instruments	9	3.51	-
Securities held for trading	10	147.05	-
Trade receivables	11	8,599.61	6,441.92
Loans	12	91.42	12.48
Investments	13	7,346.04	6,219.41
Other financial assets	14	14,196.96	5,522.10
<b>Total financial assets</b>		<b>65,114.72</b>	<b>47,641.02</b>
<b>2 Non-financial assets</b>			
Current tax assets (net)	15	95.89	159.01
Deferred tax assets (net)	16	62.61	313.52
Property, plant and equipment	17	2,722.26	2,878.17
Right-of-use-assets	49	382.90	473.97
Capital work-in-progress	18	165.91	12.25
Intangible assets under development	19	12.00	17.00
Other intangible assets	17	20.05	37.68
Other non financial assets	20	307.49	267.64
<b>Total non-financial assets</b>		<b>3,769.12</b>	<b>4,159.24</b>
<b>TOTAL ASSETS ( 1 + 2 )</b>		<b>68,883.84</b>	<b>51,800.26</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1 Financial liabilities</b>			
Trade payables	21	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		13,586.44	11,658.82
Deposits	22	2,878.10	169.17
Lease liabilities	49	400.91	497.27
Other financial liabilities	23	34,119.97	24,346.44
<b>Total financial liabilities</b>		<b>50,985.42</b>	<b>36,671.70</b>
<b>2 Non-financial liabilities</b>			
Current tax liabilities (net)	24	54.84	23.91
Provisions	25	2,130.45	1,137.45
Other non-financial liabilities	26	1,263.05	893.84
<b>Total non-financial liabilities</b>		<b>3,448.33</b>	<b>2,055.20</b>
<b>3 EQUITY</b>			
Equity share capital	27	2,464.02	2,461.90
Other equity	28	11,986.06	10,611.46
<b>Total equity</b>		<b>14,450.08</b>	<b>13,073.36</b>
<b>TOTAL LIABILITIES AND EQUITY ( 1 + 2 + 3 )</b>		<b>68,883.84</b>	<b>51,800.26</b>

The accompanying notes are an integral part of financial statements

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
**Company Secretary**  
Membership No.FCS1800

**STANDALONE STATEMENT OF PROFIT & LOSS**

FOR THE YEAR ENDED 31ST MARCH, 2022

(₹) in Lacs

Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March, 2021
<b>Revenue from operations</b>			
(i) Interest income	29	455.50	587.44
(ii) Fees and commission income	30	15,893.36	12,409.30
(iii) Net gain on fair value changes	31	910.62	720.74
(iv) Others	32	247.41	102.02
<b>Total revenue from operations ( I )</b>		<b>17,506.89</b>	<b>13,819.50</b>
<b>Other income ( II )</b>	33	653.34	457.88
<b>Total income ( I + II = III )</b>		<b>18,160.23</b>	<b>14,277.38</b>
<b>Expenses</b>			
(i) Finance costs	34	286.70	307.77
(ii) Fees and commission expenses	35	1,974.73	1,490.23
(iii) Impairment on financial instruments	36	14.11	14.57
(iv) Employee benefits expenses	37	10,275.05	8,136.85
(v) Depreciation and amortization expenses	38	734.11	748.47
(vi) Other expenses	39	3,273.39	2,573.46
<b>Total expenses ( IV )</b>		<b>16,558.09</b>	<b>13,271.35</b>
<b>Profit before exceptional items and tax ( III - IV = V )</b>		<b>1,602.14</b>	<b>1,006.03</b>
<b>Exceptional items ( VI )</b>	60	252.50	135.00
<b>Profit before tax ( V+VI = VII )</b>		<b>1,854.64</b>	<b>1,141.03</b>
<b>Tax expense:</b>			
(i) Current tax		285.29	175.55
(ii) Deferred tax		250.91	164.02
(iii) Taxes for earlier years		(13.18)	-
<b>Total tax expenses ( VIII )</b>	55	<b>523.02</b>	<b>339.57</b>
<b>Profit for the year ( VII - VIII = IX )</b>		<b>1,331.62</b>	<b>801.46</b>
<b>Other comprehensive income/(loss)</b>			
Items that will not be reclassified to profit or loss			
(i) Actuarial gain / (loss) on defined benefit plans		(58.89)	48.29
(ii) Income tax relating to above item		10.29	(8.45)
<b>Other comprehensive income / (loss) for the year ( X )</b>		<b>(48.60)</b>	<b>39.84</b>
<b>Total comprehensive income for the year ( IX + X = XI )</b>		<b>1,283.02</b>	<b>841.30</b>
<b>Earnings per equity share ( face value ₹ 10 per share )</b>			
Basic EPS ( ₹ )	40	5.41	3.26
Diluted EPS ( ₹ )		5.11	3.25

The accompanying notes are an integral part of financial statements

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
**Company Secretary**  
Membership No.FCS1800

# STANDALONE STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH, 2022

## 1. Equity share capital

Equity shares of ₹10/- each issued, subscribed and fully paid up

Particulars	Equity Share Capital	
	No of Shares	₹ in Lacs
Balance as at 1 April 2020	24,619,030	2,461.90
Changes in equity share capital due to prior year errors	-	-
Restated balance at the beginning of the previous reporting year	-	-
Changes in equity share capital during the year	-	-
Balance as at 31 March 2021	24,619,030	2,461.90
Changes in equity share capital due to prior year errors	-	-
Restated balance at the beginning of the previous reporting year	-	-
Changes in equity share capital during the year	21,200.00	2.12
Balance as at 31 March 2022	24,640,230	2,464.02

## 2. Other equity

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Securities premium	Retained earnings	General reserve	Equity settled share based payment reserve	Items that will not be reclassified to profit or loss - actuarial gains/(losses) on defined benefit plans	
Balance as at 1 April 2020	6,994.94	528.42	1,761.51	370.98	(90.94)	9,564.91
Changes in accounting policy or prior year errors	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting year	6,994.94	528.42	1,761.51	370.98	(90.94)	9,564.91
Fair value of stock options - charge for the year	-	-	-	205.25	-	205.25
Profit for the year	-	801.46	-	-	-	801.46
Other comprehensive income/(loss) (net)	-	-	-	-	39.84	39.84
Total	6,994.94	1,329.88	1,761.51	576.23	(51.10)	10,611.46
Dividend paid	-	-	-	-	-	-
Balance as at 31 March 2021	6,994.94	1,329.88	1,761.51	576.23	(51.10)	10,611.46
Balance as at 1 April 2021	6,994.94	1,329.88	1,761.51	576.23	(51.10)	10,611.46
Changes in accounting policy or prior year errors	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting year	6,994.94	1,329.88	1,761.51	576.23	(51.10)	10,611.46
Addition during the year on account of share issue	13.91	-	-	-	-	13.91
Transfer from/to Equity settled share based premium reserve	16.71	-	-	(16.71)	-	-
Fair value of stock options - charge for the year	-	-	-	323.86	-	323.86
Profit for the year	-	1,331.62	-	-	-	1,331.62
Other comprehensive income/(loss) (net)	-	-	-	-	(48.60)	(48.60)
Total	7,025.56	2,661.50	1,761.51	883.38	(99.70)	12,232.25
Dividend paid	-	(246.19)	-	-	-	(246.19)
Balance as at 31 March 2022	7,025.56	2,415.31	1,761.51	883.38	(99.70)	11,986.06

The accompanying notes are an integral part of financial statements

As per our report of even date

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

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

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

**Saket Agrawal**  
Chief Financial Officer

**Bhalchandra Raul**  
**Company Secretary**  
Membership No.FCS1800

Place : Mumbai  
Date : May 24, 2022

Place : Mumbai  
Date : May 24, 2022



# STANDALONE CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2022

(₹) in Lacs

PARTICULARS	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from operating activities</b>		
Profit before tax	1,602.14	1,006.03
Add / (less) : adjustment for :		
Interest income	(38.82)	(35.60)
Fair value (gain) / loss on investments, stock held in derivative trades	(577.30)	(1,161.93)
Net (gain) / loss on sale Investments	(118.62)	-
Net loss / (gain) on disposal of property, plant and equipment	4.96	(0.50)
Fair valuation of security deposit	(15.17)	(17.15)
Unrealised foreign exchange loss / (gain) (Net)	10.68	(3.12)
Income on lease closure and rent waiver	(17.32)	(45.25)
Dividend income	(390.31)	(220.75)
Finance costs	238.24	250.44
Finance cost pertaining to lease liability	48.46	57.33
Impairment on financial instrument (Gross)	6.23	0.95
Share based payment to employees	301.35	191.03
Depreciation and amortisation expenses	734.11	748.47
	186.49	(236.08)
<b>Operating profit before working capital changes</b>	<b>1,788.63</b>	<b>769.95</b>
<b>Add: (less) : Adjustment for changes in working capital:</b>		
(Increase) / decrease in deposits with banks and other items	(2,770.12)	(14,691.62)
(Increase) / decrease in derivative financial instruments	(3.27)	-
(Increase) / decrease in securities held for trading	(140.00)	163.00
(Increase) / decrease in trade receivables	(2,164.23)	(1,222.47)
(Increase) / decrease in loans	(78.94)	109.33
(Increase) / decrease in other financial assets	(8,669.56)	(3,665.17)
(Increase) / decrease in other non financial assets	2.57	(16.77)
Increase / (decrease) in trade payables	1,927.62	(549.51)
Increase / (decrease) in deposits	2,708.92	(7.57)
Increase / (decrease) in other financial liabilities	9,762.33	16,890.77
Increase / (decrease) in provisions	934.11	882.87
Increase / (decrease) in other non financial liabilities	369.21	(38.00)
	1,878.63	(2,145.14)
<b>Cash generated from / (used in) operations</b>	<b>3,667.26</b>	<b>(1,375.20)</b>
Income tax paid (net)	(199.70)	(205.42)
<b>Cash flow before exceptional / extraordinary items</b>	<b>3,467.56</b>	<b>(1,580.62)</b>
Exceptional / extraordinary items	-	-
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>3,467.56</b>	<b>(1,580.62)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of investments measured at FVTPL	(551.25)	-
Proceeds from sale investments measured at FVTPL	438.62	-
Investment in subsidiary companies	(55.53)	-
Purchase of property, plant, equipment and intangibles	(430.04)	(266.75)
Proceeds from sale of property, plant and equipment	8.19	1.78
Interest received	38.82	35.60
Dividend received	390.31	220.75
	(160.88)	(8.62)
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(160.88)</b>	<b>(8.62)</b>
<b>C. Cash flow from financing activities</b>		
Issue of equity share capital (including securities premium)	16.03	-
Share application money pending allotment	-	-
Share based payment recovered from subsidiary	5.18	-
Cash payment of lease liability and interest	(329.26)	(298.65)
Repayment of short-term borrowings	-	(800.00)
Loan given to /repayment of loan by related party	-	-
Finance costs paid	(238.24)	(250.44)
Dividend paid	(246.19)	-
Increase / (decrease) in unpaid dividend	0.58	1.16
	(791.90)	(1,347.93)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>(791.90)</b>	<b>(1,347.93)</b>
<b>D. Net Change due to foreign exchange translation differences</b>	<b>0.13</b>	<b>(0.99)</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>2,514.90</b>	<b>(2,938.16)</b>

## STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

PARTICULARS	(₹) in Lacs	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Net increase in cash and cash equivalents (A+B+C+D)	2,514.91	(2,938.16)
Cash and cash equivalents at the beginning of the year	3,230.14	6,168.30
Cash and cash equivalents at the end of the year	5,745.05	3,230.14
<b>Notes :</b>		
<b>1. Components of cash and cash equivalents</b>		
Balance with a Scheduled Banks		
- In Current Accounts	5,743.45	3,226.95
Cash on hand	1.60	3.13
Others	-	0.07
<b>Total cash and cash equivalents</b>	<b>5,745.05</b>	<b>3,230.14</b>

- The above cash flow statement has been prepared under the "Indirect method" as set out on the Indian Accounting Standard (Ind AS-7) Statement of Cash Flow.
- Also refer note 58 for change on liabilities arising from financing activities.
- Cash and cash equivalent excludes borrowings and other commitments and balance in Unclaimed Dividend accounts.
- Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
**Company Secretary**  
Membership No.FCS1800

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH, 2022

### 1. CORPORATE INFORMATION

Emkay Global Financial Services Limited ('the Company') is a public limited company domiciled in India and was incorporated in 1995 and got listed in 2006. The Company is a member of National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), National Commodities and Derivatives Exchange Limited (NCDEX), Multi Commodity Exchange of India Limited (MCX), Metropolitan Stock Exchange of India Limited (MSEI) and depository participant with Central Depository Services (India) Limited (CDSL). The Company is engaged in the business of providing Equity, Currency and Commodity Broking Services, Investment Banking, Depository Participant Services and Wealth Management Services including distribution of third party financial products. The Company's registered office is at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028.

### 2. BASIS OF PREPARATION

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

#### Historical cost convention

The financial statements have been prepared on a historical cost convention on accrual basis of accounting except for the following:

- certain financial instruments which are measured at fair value
- defined benefit plan assets measured at fair value
- share-based payment obligations

#### Use of estimates and judgments

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

#### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

### 3. PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in all material aspects in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting standards) Rule 2013 as amended and other relevant provisions of the Act.

The financial statements of the Company are presented in order of liquidity and in accordance with Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA).

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 56.

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

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

### 4. STATEMENT OF COMPLIANCE

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

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Revenue from operations

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

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

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

**Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

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

Revenue includes the following:

### **(i) Brokerage fee income**

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

### **(ii) Fees & commission income**

This includes:

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

Income from investment banking activities and other fees is recognized as and when such services are completed / performed and as per terms of agreement with the client (i.e. when the performance obligation is completed). Research fees income is recognised when the entity satisfies the performance obligation by providing the service to the client.

b) Income from depository operations.

Revenue from depository services on account of annual maintenance charges have been accounted for over the period of the performance obligation. Revenue from depository services on account of transaction charges is recognised at a point in time when the performance obligation is completed.

c) Income from wealth management services

Commission income (net of taxes and other statutory charges) from distribution of financial products is recognized

based on mobilization and intimation received from clients/ intermediaries or over the period of service after deducting claw back as per the agreed terms.

### **(iii) Interest income**

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial assets through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial assets after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

### **(iv) Dividend income**

Dividend income is recognized when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

This is generally when the shareholders approves the dividend.

### **(v) Net gain on fair value changes**

Any realised gain or loss on sale of financial assets (including investments, derivatives and stock in trade) being classified as fair value through profit or loss ("FVTPL") is recognised as "Net gain or loss on fair value changes" under "Revenue from operations" or "Expenses" respectively in the statement of profit and loss.

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### (vi) Delayed payment charges

The same are accounted at a point in time of default.

### (vii) Other income

In respect of other heads of Income it is accounted to the extent it is probable that the economic benefits will flow and the revenue can be reliably measured, regardless of when the payment is being made. An entity shall recognise a refund liability if the entity receives consideration from a customer and expects to refund some or all of that consideration to the customer.

## 5.2 FINANCIAL INSTRUMENTS

### (i) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 6.1. Financial instruments are initially measured at their fair value (as defined in Note 6.3), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the company accounts for the Day 1 profit or loss, as described below.

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

### (ii) Classification of financial instruments

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

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income (FVOCI)
3. Financial assets to be measured at fair value through statement of profit and loss (FVTPL)

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

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

- Reports reviewed by the entity's key management

personnel on the performance of the financial assets

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

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

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

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

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

### iii) Financial Assets and Liabilities

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

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

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

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



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

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

#### **Debt instruments**

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

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

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) (a separate component of equity). Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in statement of profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Company does not have any financial instruments measured at fair value through other comprehensive income.

#### **Equity instruments**

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

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

### **(c) Financial assets measured through statement of profit and loss**

The financial assets are classified as FVTPL if these do not meet the criteria for classifying at amortized cost or FVOCI. Items at fair value through statement of profit and loss comprise:

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

#### **• Derivative transactions**

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

#### *Financial instruments held for trading*

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

The profit/(loss) earned on sale of investments and securities held for trading are recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of the weighted average cost method and securities held for trading on FIFO method. On disposal of an investment, the difference between carrying amount and net disposal proceeds is charged to or credited to statement of profit and loss.

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

### **d) Financial liabilities**

The Company classifies its financial liabilities at amortized costs unless it has designated liabilities at fair value through the statement of profit and loss such as derivative liabilities.

#### *Debt securities and other borrowed funds*

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

### **(e) Undrawn loan commitments**

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

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 12.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### (f) Derivatives

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

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

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

The Company derecognises its financial assets when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. A financial liabilities are derecognised from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

### (h) Impairment of financial assets

#### *Overview of the ECL principles*

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

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

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

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

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

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has classified its loan portfolio into Corporates / Firms, Individuals (HNIs) and Individuals (Retail).

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

#### **Stage 1**

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

#### **Stage 2**

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

#### **Stage 3**

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

### *Credit-impaired financial assets:*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) The disappearance of an active market for a security because of financial difficulties.

### *Loan Commitments*

When estimating lifetime ECL, for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

For margin funding facilities that include both a loan and an undrawn commitment, ECL are calculated and presented together with the loan. For loan commitments, the ECL is recognised within Provisions. Margin trading facilities are secured by collaterals. As per policy of the Company, margin trading facilities to the extent covered by collateral and servicing interest on a regular basis is not considered as due/default.

### *Financial guarantee contracts*

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

The mechanics of ECL:

The Company calculates ECLs based on probability-

weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**Probability of default (PD)** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**Exposure at default (EAD)**- The Exposure at Default is an estimate of the exposure at a future default date.

**Loss given default (LGD)** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### *Trade Receivables*

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Company also writes off balances that are due generally for more than one year and are not likely to be recovered.

### Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays,

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

### Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as equity shares, fixed deposits, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

#### **(i) Write-offs**

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the client or borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

#### **(j) Determination of fair value**

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments as explained in note 57 at fair value on each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

**Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole.

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

Difference between transaction price and fair value at initial recognition:

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

### 5.3 Expenses

#### (i) Borrowing / finance costs

##### *Borrowing costs*

Expenses related to borrowing cost are accounted using effective interest rate. Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

##### *Finance costs*

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

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

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

Interest expense includes issue costs that are initially

recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability

#### (ii) Retirement and other employee benefits

##### *Short term employee benefit*

All employee benefits including 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.

##### *Post-employment employee benefits*

##### a) Defined contribution schemes

Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance Scheme and Labour Welfare Fund are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the statement of profit and loss of the year when the contribution to the respective funds are due

##### b) Defined benefit schemes

Retirement benefits in the form of gratuity is considered as defined benefit obligation. The scheme is formed by the Company and fund is managed by insurers to which the Company makes periodic contributions. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### *Other Long Term Benefits*

As per present policy of the Company, there are no other long term benefits to which its employees are entitled.

### **(iii) Share-based payments**

Equity-settled share-based payments to employees that are granted are measured by reference to the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the vesting conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

In respect of options granted to the employees of the subsidiary companies, the amount equal to the expense for the grant date fair value of the award is recognized as a debit to investment in subsidiary as a capital contribution and a credit to equity.

### **(iv) Other expenses**

All other expenses are recognized in the period they accrue/ occur.

### **(v) Impairment of non financial asset**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in - use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

The carrying amount of assets is reviewed at each balance sheet date whether there is any indication that an asset may be impaired. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have

been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

### **(vi) Taxes**

#### *Current Tax*

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Deferred tax*

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

### *Minimum Alternate Tax (MAT)*

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## 5.4 Foreign currency translation

### *Initial recognition:*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

### *Conversion:*

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

## 5.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents are as defined above.

## 5.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the



NOTES TO STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

#### Depreciation

Depreciation is calculated using the WDV method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold Improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 36 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits.

The estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company
Office premises	60 years	60 years
Furniture and fixture	10 years	10 years
Air conditioner	15 years	15 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years
Computer end user	3 years	3 years
Computer data centre and networking	6 years	6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from

its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

#### 5.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years from the start of the year of acquisition irrespective of the date of acquisition, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with finite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 5.8 Leases (As a lessee)

#### (i) Identifying a lease

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

#### (ii) Recognition of right of use asset

The Company recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

#### (iii) Subsequent measurement of right of use asset

The right of use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

#### (iv) Recognition of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

#### (v) Subsequent measurement of lease liability

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change

in rate. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the RTU asset, or is recorded in profit or loss if the carrying amount of the RTU asset has been reduced to zero.

The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

#### (vi) Short-term leases and leases of low-value assets:

The company has elected by class of underlying asset to not recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

### 5.9 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

### 5.10 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share,

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 5.11 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to its equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 5.12 Contingencies and events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

### 5.13 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

## 6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

### 6.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI (Solely Payments of Principal and Interest) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the standalone statement of profit and loss in the period in which they arise.

### 6.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### 6.3 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 6.4 Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more details in Note 5.2 (iii)(h) overview of ECL principles.

### 6.5 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the

instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

### 6.6 Contingent liabilities and provisions other than impairment on loan portfolio

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

### 6.7 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2022

## 7. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Cash on hand	1.60	3.13
Balances with banks		
- in current accounts	5,743.45	3,226.95
Others		
- balance in prepaid cards	-	0.06
<b>Total</b>	<b>5,745.05</b>	<b>3,230.14</b>

## 8. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Earmarked balances with banks towards unclaimed dividend	5.80	5.22
Fixed deposits with banks (with original maturity of upto 12 months)	21,683.00	22,071.00
Fixed deposits with banks (with original maturity of more than 12 months)	6,920.00	3,944.00
Accrued interest on fixed deposits with banks	376.29	194.75
<b>Total</b>	<b>28,985.09</b>	<b>26,214.97</b>
<b>Breakup of deposits</b>		
Fixed deposits under lien with stock exchanges and clearing corporations	19,984.00	17,318.00
Fixed deposits for bank guarantees	8,100.00	8,050.00
Fixed deposits for credit facilities	519.00	320.00
Fixed deposits - free from charges	-	327.00
<b>Total</b>	<b>28,603.00</b>	<b>26,015.00</b>

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Equity index / stock options premium	3.51	-
<b>Total</b>	<b>3.51</b>	<b>-</b>
Notional amounts - assets	262.50	-
Notional amounts - liabilities	-	-
Fair value - assets	3.51	-
Fair value - liabilities	-	-

Derivatives are used for the purpose of trading.  
Refer note 54 for management of risks arising from derivatives.

## 10. SECURITIES HELD FOR TRADING

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>At fair value through profit or loss</b>		
Equity Shares : Unquoted, fully paid	147.05	-
<b>Total</b>	<b>147.05</b>	<b>-</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**11. TRADE RECEIVABLES**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Receivables considered good - secured *	4,416.74	1,676.59
Receivables considered good - unsecured **	4,182.87	4,765.33
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	21.35	14.99
	<b>8,620.96</b>	<b>6,456.91</b>
Less: Impairment loss allowance	(21.35)	(14.99)
<b>Total</b>	<b>8,599.61</b>	<b>6,441.92</b>

\* Secured against securities given as collateral by the clients

\*\* Above includes due from a managing director

\*\* Above includes due from subsidiaries, associates and other related parties

\*\* Net of margin

The Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Company considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the statement of profit and loss. Subsequent recoveries of amounts previously written off are credited to the statement of profit and loss.

**Trade receivables ageing schedule as at 31 March 2022** (₹ in Lacs)

Particulars	Outstanding for following period from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	8,615.22	3.51	2.22	0.01	0.00	8,620.96

**Trade receivables ageing schedule as at 31 March 2021** (₹ in Lacs)

Particulars	Outstanding for following period from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	6,454.72	1.38	0.28	0.22	0.31	6,456.91

**12. Loans**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>(A) At amortised cost</b>		
Margin trading facility (MTF)	91.42	12.48
Less: Impairment loss allowance	-	-
<b>Total</b>	<b>91.42</b>	<b>12.48</b>
<b>(B) Secured / Unsecured</b>		
Secured by tangible assets (Securities)	91.42	12.48
Unsecured	-	-
	91.42	12.48
Less: Impairment loss allowance	-	-
<b>Total</b>	<b>91.42</b>	<b>12.48</b>
<b>(C) Loans in India</b>		
Public Sector	-	-
Others	91.42	12.48
Less: Impairment loss allowance	-	-
<b>Total</b>	<b>91.42</b>	<b>12.48</b>
<b>(D) Stage wise break up of loans</b>		
(i) Low credit risk (Stage 1)	91.42	12.48
(ii) Significant increase in credit risk (Stage 2)	-	-
(ii) Credit impaired (Stage 3)	-	-
<b>Total</b>	<b>91.42</b>	<b>12.48</b>



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**13. INVESTMENTS**

		(₹ in Lacs)	
Particulars	As at 31 March 2022	As at 31 March 2021	
<b>I Unquoted investments at cost</b>			
1 <b>In equity instruments of subsidiary companies*</b>			
Emkay Fincap Limited	2,200.00	2,200.00	
Emkay Commotrade Limited	850.00	850.00	
Emkay Investment Managers Limited	900.00	900.00	
Emkayglobal Financial Services IFSC Pvt. Ltd.	200.00	150.00	
Emkay Wealth Advisory Limited	410.00	410.00	
Emkay Global Financial Services Pte. Ltd.	5.53	-	
	<b>4,565.53</b>	<b>4,510.00</b>	
Less: Impairment loss allowance	<b>(210.00)</b>	<b>(462.50)</b>	
<b>Total investments in equity instruments (I)</b>	<b>4,355.53</b>	<b>4,047.50</b>	
2 <b>Capital contribution in associate*</b>			
- Azalea Capital Partners LLP	4.50	4.50	
<b>II At fair value through profit or loss</b>			
1 <b>In alternative investment funds (Category III)</b>			
- Emkay Emerging Stars Fund	1,504.38	1,376.64	
- Emkay Emerging Stars Fund-II	336.74	307.24	
- Emkay Emerging Stars Fund-III	511.80	449.44	
- Emkay Emerging Stars Fund-IV	581.67	-	
<b>Total</b>	<b>2,934.59</b>	<b>2,133.32</b>	
2 <b>Value of stock options granted to employees of subsidiaries**</b>			
Emkay Fincap Limited	-	5.18	
Emkay Investment Managers Limited	46.32	25.72	
Emkay Wealth Advisory Limited	5.10	3.19	
<b>Total</b>	<b>51.42</b>	<b>34.09</b>	
<b>Total</b>	<b>7,346.04</b>	<b>6,219.41</b>	
Investments in India	7,340.51	6,219.41	
Investments outside India	5.53	-	

\*The Company has elected to measure investment in subsidiaries and associate at deemed cost as per Ind AS 27/ Ind AS 101

\*\* The Company has granted stock options to the employees of wholly-owned subsidiary companies where the fair value of the said options are recognized over the vesting period as deemed investment as per Ind AS 102

**14. OTHER FINANCIAL ASSETS**

		(₹ in Lacs)	
Particulars	As at 31 March 2022	As at 31 March 2021	
<b>At amortised cost</b>			
Deposits with stock exchanges / clearing corporations	13,931.29	5,216.29	
Deposits for leased premises	169.11	182.13	
Less: Impairment loss allowance	(1.69)	(1.82)	
	167.42	180.31	
Deposits others	17.30	22.10	
Other recoverable	74.90	102.20	
Recoverable from related parties	6.05	1.20	
<b>Total</b>	<b>14,196.96</b>	<b>5,522.10</b>	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**15. CURRENT TAX ASSETS (NET)**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Income tax paid (net of provision for taxation of ₹1,180.85 Lacs (Previous year ₹ 919.00 Lacs )	95.89	159.01
<b>Total</b>	<b>95.89</b>	<b>159.01</b>

**16. DEFERRED TAX ASSETS (NET)**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax assets:</b>		
Financial assets at fair value through profit or loss	4.96	6.47
Lease liabilities	116.74	144.80
Provisions	6.71	4.90
Disallowances u/s. 43B	25.46	-
Carried forward tax losses	126.76	396.55
<b>Total</b>	<b>280.63</b>	<b>552.72</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment and other intangible assets	106.52	101.18
Right of use assets	111.50	138.02
<b>Total</b>	<b>218.02</b>	<b>239.20</b>
<b>Total</b>	<b>62.61</b>	<b>313.52</b>

**17. PROPERTY, PLANT AND EQUIPMENT**

Current year										(₹ in Lacs)
Particulars	Gross block				Accumulated depreciation / amortization				Net block	
	Balance as at 01 April 2021	Additions	Disposals	Balance as at 31 March 2022	Balance as at 01 April 2021	Additions	Disposals	Balance as at 31 March 2022	Balance as at 01 April 2021	Balance as at 31 March 2022
<b>Property, plant and equipment</b>										
Office premises	2,736.19	-	-	2,736.19	379.84	114.51	-	494.35	2,356.35	2,241.84
Furniture & fixtures	88.35	8.85	0.32	96.88	51.90	9.00	0.03	60.87	36.45	36.01
Vehicles	98.33	-	-	98.33	29.19	21.59	-	50.78	69.14	47.55
Office equipment	85.45	17.57	10.70	92.32	55.04	13.35	7.44	60.95	30.41	31.37
Computers	745.98	215.93	15.64	946.27	436.95	180.56	7.33	610.18	309.03	336.09
Air conditioners	27.70	4.74	1.18	31.26	13.38	2.92	0.63	15.67	14.32	15.59
Leasehold improvement	217.91	-	1.78	216.13	155.44	47.93	1.05	202.32	62.47	13.81
<b>Total (A)</b>	<b>3,999.91</b>	<b>247.09</b>	<b>29.62</b>	<b>4,217.38</b>	<b>1,121.74</b>	<b>389.86</b>	<b>16.48</b>	<b>1,495.12</b>	<b>2,878.17</b>	<b>2,722.26</b>
<b>Intangible assets</b>										
Computer software	225.74	23.80	-	249.54	188.06	41.43	-	229.49	37.68	20.05
<b>Total (B)</b>	<b>225.74</b>	<b>23.80</b>	<b>-</b>	<b>249.54</b>	<b>188.06</b>	<b>41.43</b>	<b>-</b>	<b>229.49</b>	<b>37.68</b>	<b>20.05</b>
<b>Total (A)+(B)</b>	<b>4,225.65</b>	<b>270.89</b>	<b>29.62</b>	<b>4,466.92</b>	<b>1,309.80</b>	<b>431.29</b>	<b>16.48</b>	<b>1,724.61</b>	<b>2,915.85</b>	<b>2,742.31</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

## Previous year

(₹ in Lacs)

Particulars	Gross block				Accumulated depreciation / amortization				Net block	
	Balance as at 01 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 01 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 01 April 2020	Balance as at 31 March 2021
<b>Property, plant and equipment</b>										
Office premises	2,736.19	-	-	2,736.19	259.48	120.36	-	379.84	2,476.71	2,356.35
Furniture & fixtures	87.31	1.24	0.20	88.35	38.81	13.15	0.06	51.90	48.50	36.45
Vehicles	26.88	71.45	-	98.33	14.69	14.50	-	29.19	12.19	69.14
Office equipment	78.11	8.53	1.19	85.45	40.16	15.55	0.67	55.04	37.95	30.41
Computers	614.16	132.60	0.78	745.98	284.05	153.05	0.15	436.95	330.11	309.03
Air conditioners	27.70	-	-	27.70	10.15	3.23	-	13.38	17.55	14.32
Leasehold improvement	203.82	14.09	-	217.91	92.23	63.21	-	155.44	111.59	62.47
<b>Total (A)</b>	<b>3,774.17</b>	<b>227.91</b>	<b>2.17</b>	<b>3,999.91</b>	<b>739.56</b>	<b>383.05</b>	<b>0.88</b>	<b>1,121.74</b>	<b>3,034.60</b>	<b>2,878.17</b>
<b>Intangible assets</b>										
Computer software	213.19	12.55	-	225.74	142.28	45.78	-	188.06	70.91	37.68
<b>Total (B)</b>	<b>213.19</b>	<b>12.55</b>	<b>-</b>	<b>225.74</b>	<b>142.28</b>	<b>45.78</b>	<b>-</b>	<b>188.06</b>	<b>70.91</b>	<b>37.68</b>
<b>Total (A)+(B)</b>	<b>3,987.36</b>	<b>240.46</b>	<b>2.17</b>	<b>4,225.65</b>	<b>881.84</b>	<b>428.83</b>	<b>0.88</b>	<b>1,309.80</b>	<b>3,105.51</b>	<b>2,915.85</b>

There is no (i) acquisition through business combinations (ii) revaluation of property, plant and equipment and (iii) impairment losses and its reversal during the current year / previous year.

## 18. CAPITAL WORK-IN-PROGRESS (CWIP)

(₹ in Lacs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
<b>Ageing schedule as on March 31 2022</b>					
Projects in progress	165.91	-	-	-	165.91
<b>Ageing schedule as on March 31 2021</b>					
Projects in progress	12.25	-	-	-	12.25

## 19. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lacs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
<b>Ageing schedule as on March 31 2022</b>					
Projects in progress	-	12.00	-	-	12.00
<b>Ageing schedule as on March 31 2021</b>					
Projects in progress	17.00	-	-	-	17.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**20. OTHER NON FINANCIAL ASSETS**

(₹ in Lacs)		
Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	18.00	7.50
Prepaid expenses	155.82	158.84
MAT credit entitlement	55.92	24.00
Fringe benefit tax refund receivable	14.85	5.28
Income tax refund receivable	0.88	0.88
Deposit against appeal	38.44	38.44
Advances to suppliers and others	6.37	6.74
Goods and service tax input credit available / receivable	17.21	25.96
<b>Total</b>	<b>307.49</b>	<b>267.64</b>

**21. PAYABLES**

(₹ in Lacs)					
Particulars	As at 31 March 2022	As at 31 March 2021			
<b>Trade Payables</b>					
(i) Total outstanding dues of micro enterprises and small enterprises	-	-			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,586.44	11,658.82			
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	-	-			
<b>Trade payable due for payment - ageing schedule as at 31 March 2022</b>		(₹ in Lacs)			
<b>Particulars</b>	<b>Less than 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
(i) MSME - undisputed	-	-	-	-	-
(ii) Others - undisputed	13,530.68	20.25	12.07	23.44	13,586.44
<b>Trade payable due for payment - ageing schedule as at 31 March 2021</b>					
<b>Particulars</b>	<b>Less than 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
(i) MSME - undisputed	-	-	-	-	-
(ii) Others - undisputed	11,576.93	25.94	13.12	42.83	11,658.82

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**22. DEPOSITS**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>At amortised cost</b>		
Deposits - unsecured		
- from intermediaries	133.30	169.17
- from others	2,744.80	-
<b>Total</b>	<b>2,878.10</b>	<b>169.17</b>

**23. OTHER FINANCIAL LIABILITIES**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Unpaid dividends	5.80	5.22
Margin from clients	33,719.48	23,856.49
Payable for expenses	285.37	385.81
Accrued salaries and benefits	64.15	66.88
Payable to related parties	1.18	-
Other liabilities	43.99	32.04
<b>Total</b>	<b>34,119.97</b>	<b>24,346.44</b>

**24. CURRENT TAX LIABILITIES (NET)**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax payable (net of advance payment of taxes and tax deducted at source of ₹ 218.06 Lacs (Previous year ₹ 217.09 Lacs))	54.84	23.91
<b>Total</b>	<b>54.84</b>	<b>23.91</b>

**25. PROVISIONS**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
- Gratuity (refer note 48)	172.41	54.95
- Bonus	1,550.00	937.50
- Compensated absences	87.44	-
- Incentives	320.60	145.00
<b>Total</b>	<b>2,130.45</b>	<b>1,137.45</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**26. OTHER NON FINANCIAL LIABILITIES**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	1,237.20	859.27
Income received in advance	23.82	12.58
Advance received from clients	2.03	21.99
<b>Total</b>	<b>1,263.05</b>	<b>893.84</b>

**27. EQUITY SHARE CAPITAL**

Particulars	(₹ in Lacs)			
	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
<b>(A) Authorised</b>				
Equity Shares of ₹ 10/- each	50,000,000	5,000.00	50,000,000	5,000.00
	<b>50,000,000</b>	<b>5,000.00</b>	<b>50,000,000</b>	<b>5,000.00</b>
<b>(B) Issued, subscribed and fully paid up</b>				
Equity Shares of ₹10/- each	24,619,030	2,461.90	24,619,030	2,461.90
Issued during the year : ESOP	21,200	2.12	-	-
<b>Total Equity</b>	<b>24,640,230</b>	<b>2,464.02</b>	<b>24,619,030</b>	<b>2,461.90</b>

**(C) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	(₹ in Lacs)			
	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
<b>At the beginning of the reporting period</b>	24,619,030	2,461.90	24,619,030	2,461.90
Shares issued during the reporting period : ESOP	21,200	2.12	-	-
<b>Outstanding at the end of the reporting period</b>	<b>24,640,230</b>	<b>2,464.02</b>	<b>24,619,030</b>	<b>2,461.90</b>

**(D) Terms / rights / restrictions attached to equity shares**

The Company has only one class of equity shares having par value of ₹10/- each share. Each holder of equity share is entitled to one vote per share. The Company declares and pay dividends in Indian Rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March 2022 dividend recognized as distribution to equity shareholders was ₹1.00 per share being final dividend for the year ended 31 March 2021. The total dividend amounts to ₹ 246.19 Lacs ( Previous year ₹ Nil).



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**(E) Details of shareholders holding more than 5% shares in the Company (Face value of ₹ 10 per share)**

Particulars	As at 31 March 2022		As at 31 March 2021	
	No of Shares	% Held	No of Shares	% Held
Krishna Kumar Karwa	49,22,500	19.98%	49,22,500	19.99%
Prakash Kacholia	47,50,000	19.28%	47,50,000	19.29%
Emkay Corporate Services Pvt.Ltd	48,51,484	19.69%	48,51,484	19.71%
Preeti Kacholia	18,80,000	7.63%	18,80,000	7.64%
Raunak Karwa	17,50,000	7.10%	17,50,000	7.11%
<b>Total</b>	<b>1,81,53,984</b>	<b>73.68%</b>	<b>1,81,53,984</b>	<b>73.74%</b>

**(F) Details of shares held by promoters/ promoter group**

**as at 31 March 2022**

Promoter Name	No of shares	% of total shares	% Change during the year
Krishna Kumar Karwa	49,22,500	19.98%	-0.01%
Prakash Kacholia	47,50,000	19.28%	-0.01%
Emkay Corporate Services Pvt.Ltd	48,51,484	19.69%	-0.02%
Preeti Kacholia	18,80,000	7.63%	-0.01%
Raunak Karwa	17,50,000	7.10%	-0.01%
Murlidhar Karwa (HUF)	1,00,000	0.41%	0.00%
Krishna Kumar Karwa (HUF)	1,00,000	0.41%	0.00%
<b>Total</b>	<b>1,83,53,984</b>	<b>74.50%</b>	

**as at 31 March 2021**

Promoter Name	No of shares	% of total shares	% Change during the year
Krishna Kumar Karwa	49,22,500	19.99%	0.00%
Prakash Kacholia	47,50,000	19.29%	0.00%
Emkay Corporate Services Pvt.Ltd	48,51,484	19.71%	0.00%
Preeti Kacholia	18,80,000	7.64%	0.00%
Raunak Karwa	17,50,000	7.11%	0.00%
Murlidhar Karwa (HUF)	1,00,000	0.41%	0.00%
Krishna Kumar Karwa (HUF)	1,00,000	0.41%	0.00%
<b>Total</b>	<b>1,83,53,984</b>	<b>74.56%</b>	

**(G) Shares reserved for issue under employee stock option plans**

Particulars	As at 31 March 2022	As at 31 March 2021
	No's	No's
ESOP's reserved for offering to eligible employees for the Company and its subsidiaries under ESOP scheme		
- ESOP's granted and are pending for vesting/ exercise	4,091,403	4,078,365
- ESOP's not yet granted	525,845	560,083
<b>Total</b>	<b>4,617,248</b>	<b>4,638,448</b>

**(H) During the preceding five years the Company has not**

- allotted fully paid up shares without payment being received in cash
- issued fully paid up bonus shares
- bought back shares

**(I) Capital management**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and short term debt. In addition to above the Company is required to maintain a minimum networth as prescribed from time to time by the Securities and Exchange Board of India (Stock brokers and sub-brokers) Regulations 1992. The management ensures that this is complied at all times.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**28. OTHER EQUITY**

(₹ in Lacs)		
Particulars	As at 31 March 2022	As at 31 March 2021
<b>Reserves and surplus</b>		
<b>Securities premium</b>		
Balance at the beginning of the year	6,994.94	6,994.94
Add : Addition during the year	13.91	-
Add : Transfer from equity-settled share-based payment reserve	16.71	-
<b>Balance at the end of the year</b>	<b>7,025.56</b>	<b>6,994.94</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	1,329.88	528.42
Add : Profit for the year	1,331.62	801.46
<b>Amount available for appropriation</b>	<b>2,661.50</b>	<b>1,329.88</b>
Less : Dividend paid to equity shareholders	246.19	-
<b>Balance at the end of the year</b>	<b>2,415.31</b>	<b>1,329.88</b>
<b>General reserve</b>	<b>1,761.51</b>	<b>1,761.51</b>
<b>Equity-settled share-based payment reserve</b>		
Balance at the beginning of the year	576.23	370.98
Add : Additions during the year (net)	323.86	205.25
Less : Transfer to securities premium account	(16.71)	-
<b>Balance at the end of the year</b>	<b>883.38</b>	<b>576.23</b>
<b>Other comprehensive income</b>		
Balance at the beginning of the year	(51.10)	(90.94)
Add : Movement in other comprehensive income (net of taxes) during the year	(48.60)	39.84
<b>Balance at the end of the year</b>	<b>(99.70)</b>	<b>(51.10)</b>
<b>Total</b>	<b>11,986.06</b>	<b>10,611.46</b>

**Nature and purpose of reserve**

**a) Securities premium**

Securities Premium reserves is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares, writing off the preliminary expenses in accordance with the provisions of the Companies Act, 2013.

**b) Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**c) General reserve**

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**d) Equity-settled share-based payment reserve**

This reserve is created by debiting the statement of profit and loss account with value of share options granted to the employees. Once shares are issued by the Company, the amount in this reserve will be transferred to Share capital, Securities premium or retained earnings.

**e) Other comprehensive income**

Other comprehensive income consist of remeasurement gains/losses on employees defined benefit plans.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**29. INTEREST INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>On financial assets measured at amortised cost</b>		
Interest on deposits with banks	445.75	574.75
Other interest income	-	5.83
Interest on margin trading funding ( MTF )	9.75	6.86
<b>Total</b>	<b>455.50</b>	<b>587.44</b>

**30. FEES AND COMMISSION INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Brokerage income	14,776.69	11,243.68
Research and advisory fees	1,020.51	1,080.99
Depository operations	96.16	84.63
<b>Total</b>	<b>15,893.36</b>	<b>12,409.30</b>

**31. NET GAIN / (LOSS) ON FAIR VALUE CHANGES**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
- Investments	688.64	1,161.93
- Securities held for trading	37.18	(15.56)
- Derivatives	184.80	(425.63)
<b>Total net gain on fair value changes</b>	<b>910.62</b>	<b>720.74</b>
<b>Fair value changes:</b>		
- Realised gain / (loss)	333.32	(441.19)
- Unrealised gain	577.30	1,161.93
<b>Total</b>	<b>910.62</b>	<b>720.74</b>

**32. OTHER OPERATING INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Delayed payment charges from clients	228.51	84.71
Others	18.90	17.31
<b>Total</b>	<b>247.41</b>	<b>102.02</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**33. OTHER INCOME**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend income		
- From subsidiary companies	390.00	220.00
- Others	0.31	0.75
Net gain on disposal/discard of property, plant and equipment	-	0.50
Interest on loan to related parties	8.56	0.77
Interest on deposits with banks	21.98	34.54
Other interest income	23.44	17.44
Others	209.05	183.34
Foreign exchange rate fluctuations gain ( net )	-	0.54
<b>Total</b>	<b>653.34</b>	<b>457.88</b>

**34. FINANCE COSTS**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>On Instruments measured at amortised cost</b>		
Interest on deposits	8.81	9.40
Interest on borrowings	64.22	88.03
Interest on borrowings from subsidiaries	8.42	13.16
Interest on lease liabilities	48.46	57.33
Bank guarantee commison charges	146.79	139.85
Other borrowing costs	10.00	-
<b>Total</b>	<b>286.70</b>	<b>307.77</b>

**35. FEES AND COMMISSION EXPENSES**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Brokerage sharing with intermediaries	1,800.27	1,417.81
Other fees	174.46	72.42
<b>Total</b>	<b>1,974.73</b>	<b>1,490.23</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**36. IMPAIRMENT ON FINANCIAL INSTRUMENTS**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial instruments measured at amortised cost :		
Receivables	11.36	15.84
<b>Other financial assets</b>		
Deposits	2.75	0.01
Fixed deposits with banks	-	(0.43)
Loans : Margin trade funding clients		
: fund based	-	(0.47)
: non fund based	-	(0.38)
<b>Total</b>	<b>14.11</b>	<b>14.57</b>

**37. EMPLOYEE BENEFIT EXPENSE**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and other benefits	9,441.25	7,501.39
Share based payments to employees (refer note 47)	301.35	191.03
Contributions to provident and other funds	381.41	320.94
Gratuity (refer note 48)	113.52	103.24
Staff welfare expenses	37.52	20.25
<b>Total</b>	<b>10,275.05</b>	<b>8,136.85</b>

**38. DEPRECIATION AND AMORTIZATION**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipments	389.86	383.05
Depreciation on right of use assets	302.82	319.64
Amortization on other intangible assets	41.43	45.78
<b>Total</b>	<b>734.11</b>	<b>748.47</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**39. OTHER EXPENSES**

	(₹ in Lacs)	
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Electricity	93.71	86.42
Repairs and maintenance		
- Buildings	58.31	51.29
- Others	288.60	210.80
Insurance	19.07	17.61
Rates and taxes	19.52	34.67
Communication, postage and courier	254.88	236.74
Travelling and conveyance	381.83	315.52
Printing and stationery	20.92	12.96
Advertisement and business promotion	41.81	35.34
Donations	4.50	0.50
Corporate social responsibility	-	66.88
Legal and professional fees	628.54	340.87
Subscription	888.77	776.23
Software expenses	74.18	60.23
Claims and compensation	21.65	13.55
Fees and stamps	19.03	10.39
Payments to stock exchanges	199.63	124.69
Registration fees	11.70	7.26
Depository charges	30.72	27.16
Training & development	13.57	2.29
Auditors' remuneration #	36.50	28.93
Loss on disposal/discard of property, plant and equipment	4.96	-
Commission to directors	7.00	-
Foreign exchange rate fluctuations loss (Net)	11.23	-
Miscellaneous expenses	142.76	113.13
<b>Total</b>	<b>3,273.39</b>	<b>2,573.46</b>

	(₹ in Lacs)	
# Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) for audit fees	22.50	17.50
b) for tax audit fees	2.00	1.50
c) for other services including limited review and certificates	12.00	9.65
d) for reimbursement of expenses	-	0.28
<b>Total</b>	<b>36.50</b>	<b>28.93</b>



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**40. EARNINGS PER SHARE**

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
Profit available for equity shareholders	₹ in Lacs	1,331.62	801.46
Weighted average number of shares of ₹10/- each used in computing basic earnings per share	Nos.	2,46,29,913	2,46,19,030
Add : Impact of diluted ESOPS	Nos.	14,32,776	30,877
Weighted average number of shares of ₹10/- each used in computing diluted earnings per share	Nos.	2,60,62,689	2,46,49,907
Basic earnings per share of ₹10/- each	₹	5.41	3.26
Diluted earnings per share of ₹10/- each	₹	5.11	3.25

**41. SEGMENT INFORMATION****Primary Segment**

The Chief Operating Decision Maker (CODM) monitors the operating results of the business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segment has been identified considering the nature of services, the differing risks and returns, the organization structure and internal financial reporting system. Business segment has been considered as the primary segment for disclosure. The primary business of the Company relates to one business segment namely "Advisory and Transactional Services" comprising of broking and distribution of securities, investment banking and other related financial intermediation services therefore primary business segment reporting as required by Ind AS "Segment Reporting" is not applicable.

**42. FOREIGN CURRENCY TRANSACTIONS**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(a) Expenditure in foreign currency (accrual basis)</b>		
Fees and commission expenses	526.47	251.46
Subscription	147.52	99.15
Consultancy	181.33	67.12
Travelling expenses	0.62	-
Advertisement and business promotion	0.36	0.33
Software expenses	0.49	0.11
	<b>856.79</b>	<b>418.17</b>
<b>(b) Earnings in foreign currency (accrual basis)</b>		
Research and advisory fees	189.22	242.97

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**43. RELATED PARTY DISCLOSURES**

(A) As per Indian Accounting Standard on related party disclosures (Ind AS 24), the names of the related parties of the Company are as follows:

Subsidiary Companies	Emkay Fincap Limited
	Emkay Commotrade Limited
	Emkay Wealth Advisory Limited
	Emkay Investment Managers Limited
	Emkayglobal Financial Services IFSC Pvt. Limited
	Emkay Global Financial Services Pte. Ltd.
Associate of the Company	Azalea Capital Partners LLP
Associates of wholly owned subsidiary Companies	Finlearn Edutech Private Limited
	AES Trading and Consultants LLP
Directors and/or key managerial personnel (KMP)	S.K. Saboo : Chairman
	Krishna Kumar Karwa : Managing Director
	Prakash Kacholia : Managing Director
	G. C. Vasudeo : Independent Director
	R. K. Krishnamurthi : Independent Director
	Dr. Satish Ugrankar : Independent Director
	Dr. Bharat Kumar Singh : Independent Director
Relatives of directors and/or key managerial personnel (Where transactions have taken place)	Preeti Kacholia (Woman Director)
	Priti Karwa
	Raunak Karwa
	Soumya Karwa
	Murlidhar Karwa HUF
	Krishna Kumar Karwa HUF
	Nidhi Kacholia
	Divya Kacholia
	Krishna R Kacholia
	Rekha S Saboo
	Amit S Saboo
Enterprises owned/controlled by key managerial personnel or their relatives (Where transactions have taken place)	Cambridge Securities
	Syntheric Fibres Trading Company
	Emkay Corporate Services Pvt. Ltd.
	Seven Hills Capital
	Emkay Charitable Foundation
	Krishna Investments
Post-employment benefits plan	Emkay Global Financial Services Limited Employees Group Gratuity Assurance Scheme (Trust)

**Additional Related Parties as per Companies Act, 2013**

Chief financial officer	Saket Agrawal
Company secretary	Bhalchandra Raul

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(B) Related party transactions for the year ended 31 March, 2022					
No.	Particulars	Nature of transaction	Transaction amount during		(Amount in ₹)
			2021-22	2020-21	Amount Outstanding as on 31 March 2022      31 March 2021
<b>Subsidiary Companies</b>					
1	Emkay Fincap Limited	Brokerage income	4,35,258	3,03,908	-
		Dividend income	2,20,00,000	2,20,00,000	-
		Depository charges	10,970	43,510	-
		Rent recovery	4,36,920	4,69,664	1,19,518
		Reimbursement of expenses received	1,29,352	144,480	-
		Reimbursement of expenses paid	15,634	-	-
		Loan taken & repayment	83,00,00,000	41,00,00,000	-
		Interest paid on loan taken	65,47,94	11,67,123	-
		Interest received on loan given	10,959	-	-
		Trade payables	-	-	10,53,130
		Investment in equity shares	-	-	22,90,981
		Investment : ESOP granted to employees	-	-	22,00,00,000
		Loan granted & repayment received	-	1,36,603	-
		Interest paid on margin deposit received for securities trading	4,00,00,000	-	-
		Margin deposit received for securities trading	24,95,485	-	-
		Repayment of margin deposit received for securities trading	22,88,00,000	-	-
			22,88,00,000	-	-
2	Emkay Comnotrade Limited	Brokerage income	4,01,69,056	2,15,862	-
		Dividend income	1,70,00,000	-	-
		Depository charges	1,480	1,010	-
		Rent recovery	53,016	85,528	-
		Reimbursement of expenses received	19,862,235	37,676	6,05,391
		Loan taken & repayment	4,00,00,000	4,75,00,000	-
		Interest paid on loan taken	10,959	91,096	-
		Interest income on loan given	8,31,508	-	-
		Trade payables	-	-	216,407
		Investment in equity shares	-	2,50,00,000	8,50,00,000
		Loan granted & repayments	5,00,00,000	-	-
		Trade receivables	-	-	16,541
		Proceeds from redemption of preference shares	-	2,50,00,000	-
		Interest paid on margin deposit received for securities trading	50,91,188	2,25,555	-
		Margin deposit received for securities trading	1,139,300,000	5,25,00,000	1,75,00,000
		Repayment of margin deposit received for securities trading	1,156,800,000	3,50,00,000	-
3	Emkay Wealth Advisory Limited	Rent recovery	4,33,152	4,24,680	-
		Depository charges	860	845	-
		Reimbursement of expenses received	75,390	64,977	118,401
		Reimbursement of expenses paid	4,26,350	-	-
		Investment in equity shares	-	-	4,10,00,000
		Investment : ESOP granted to employees	1,91,379	1,21,618	5,09,858
		Trade receivables	-	-	16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(B) Related party transactions for the year ended 31 March, 2022						(Amount in ₹)
No.	Particulars	Nature of transaction	Transaction amount during		Amount Outstanding as on	31 March 2021
			2021-22	2020-21	31 March 2022	31 March 2021
4	Emkay Investment Managers Limited	Brokerage income	93,40,490	2,192,682	-	-
		Depository charges	44,313	49,495	-	-
		Rent recovery	22,21,310	19,61,415	-	-
		Reimbursement of expenses received	6,14,404	5,28,332	-	-
		Interest paid on loan taken	1,76,713	57,534	-	-
		Loan taken & repayment	13,50,00,000	7,00,00,000	-	-
		Investment : ESOP granted to employees	20,60,423	11,62,822	46,32,373	25,71,950
		Trade receivables	-	-	29,23,420	14,32,807
		Investment in equity shares	-	-	9,00,00,000	9,00,00,000
5	Emkayglobal Financial Services IFSC Pvt. Ltd.	Investment in equity shares	50,00,000	-	2,00,00,000	1,50,00,000
		Sale of property, plants & equipments	52,276	-	-	-
6	Emkayglobal Financial Services Pte. Ltd.	Brokerage and commission payment	38,28,902	-	-	-
		Reimbursement of expenses received	4,73,550	-	-	-
		Investment in equity shares	5,53,175	-	553,175	-
		Trade payables	-	-	882,266	-
	<b>Associate</b>					
7	Azalea Capital Partners LLP	Depository charges	920	860	-	-
		Investment via capital contribution	-	-	4,50,000	4,50,000
		Reimbursement of expenses received	57,243	26,570	-	-
		Trade receivables	-	-	89	53
		Interest Income on loan given	13,233	76,616	-	-
		Loan granted & repayment received	10,00,000	25,00,000	-	-
	<b>Associate of wholly owned subsidiary companies</b>					
8	AES Trading and Consultants LLP	Depository charges	600	-	-	-
9	Finlearn Edutech Private Limited	Brokerage and commission payment	14,959	-	11,811	-
		Depository charges	1,100	1,130	-	-
		Trade payables	-	-	-	19
		Trade receivables	-	-	53	-
		Purchase of property, plants & equipments	-	1,86,000	-	-
		Payment made on behalf of	2,85,000	-	-	-
	<b>Directors and/or Key managerial personnel (KMP)</b>					
10	Krishna Kumar Karwa	Salaries & other benefits	1,34,40,000	94,08,000	-	-
		Brokerage income	12,458	42,000	-	-
		Depository charges	145	420	-	-
		Dividend paid	49,22,500	-	-	-
11	Prakash Kacholia	Salaries & other benefits	1,34,40,000	94,08,000	-	-
		Brokerage income	19,141	29,896	-	-
		Depository charges	2,020	1,920	-	-
		Trade payables	-	-	3,287	24,29,600
		Reimbursement of expenses received	19,240	-	-	-
		Dividend paid	47,50,000	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(B) Related party transactions for the year ended 31 March, 2022						(Amount in ₹)	
No.	Particulars	Nature of transaction	Transaction amount during		Amount Outstanding as on	31 March 2022	31 March 2021
12	S.K.Saboo	Brokerage income	18,710	26,000	-	-	-
		Depository charges	405	345	-	-	-
		Sitting fees	80,000	60,000	-	-	-
		Trade receivables	-	-	354	-	-
13	G.C.Vasudeo	Sitting fees	1,20,000	1,30,000	-	-	-
14	R.K.Krishnamurthi	Sitting fees	90,000	1,30,000	-	-	-
15	Dr.Satish Ugrankar	Sitting fees	1,20,000	1,30,000	-	-	-
		Commission	3,50,000	-	3,50,000	-	-
16	Dr.Bharat Kumar Singh	Sitting fees	80,000	80,000	-	-	-
		Commission	3,50,000	-	3,50,000	-	-
<b>Relatives of directors and/or key managerial personnel</b>							
17	Preeti Kacholia	Brokerage income	11,72,261	8,49,171	-	-	-
		Depository charges	16,165	17,865	-	-	-
		Trade payables	-	-	1,30,91,621	98,59,712	-
		Reimbursement of expenses received	12,655	-	-	-	-
		Dividend paid	1,880,000	-	-	-	-
18	Priti Karwa	Brokerage income	3,015	1,362	-	-	-
		Depository charges	770	600	-	-	-
19	Krishna Kacholia	Depository charges	1,095	-	-	-	-
20	Raunak Karwa	Salaries & other benefits	-	1,680,000	-	-	-
		Brokerage Income	1,300	-	-	-	-
		Depository charges	390	690	-	-	-
		Trade receivables	-	-	425	354	-
		Dividend paid	1,750,000	-	-	-	-
21	Soumya K Karwa	Brokerage Income	26,864	16,344	-	-	-
		Depository charges	680	480	-	-	-
		Trade payables	-	-	-	405	-
22	Murlihar Karwa HUF	Depository charges	405	330	-	-	-
		Dividend paid	100,000	-	-	-	-
		Trade receivables	-	-	71	-	-
23	Krishna Kumar Karwa HUF	Brokerage income	-	4,509	-	-	-
		Depository charges	-	60	-	-	-
		Dividend paid	100,000	-	-	-	-
		Trade receivables	-	-	1,044	-	-
		Trade payables	-	-	-	259,218	-
		Reimbursement of expenses received	18,900	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(B) Related party transactions for the year ended 31 March, 2022						
No.	Particulars	Nature of transaction	Transaction amount during		Amount Outstanding as on	
			2021-22	2020-21	31 March 2022	31 March 2021
(Amount in ₹)						
24	Nidhi Kacholia	Brokerage income	1,054	-	-	-
		Depository charges	420	330	-	-
		Trade receivables	-	-	-	389
25	Divya Kacholia	Brokerage income	1,182	2	-	-
		Depository charges	20	30	-	-
		Trade payables	-	-	959	982
26	Amit S Saboo	Brokerage income	31,708	4,242	-	-
		Depository charges	465	450	-	-
		Trade payables	-	-	-	965
		Trade receivables	-	-	18	-
<b>Enterprises owned/controlled by KMP or their relatives</b>						
27	Synthetic Fibres Trading Co	Brokerage income	1,452,644	452,703	-	-
		Depository charges	3,500	2,575	-	-
		Trade payables	-	-	-	80,969
28	Emkay Corporate Services Private Limited	Brokerage income	-	-	-	-
		Depository charges	965	890	-	-
		Dividend paid	4,851,484	-	-	-
		Trade receivables	-	-	18	979
		Reimbursement of expenses paid	1,000,000	-	-	-
29	Krishna Investments	Brokerage and commission payment	13,776	49,716	-	-
		Trade payables	-	-	137,104	125,459
30	Seven Hills Capital	Brokerage income	1,475,999	245,891	-	-
		Depository charges	5,495	2,255	-	-
		Trade receivables	-	-	5,264,609	159
31	Emkay Charitable Foundation	Donation	1,00,000	6,687,739	-	-
32	Kitaab Design (Prop. Nidhi Kacholia)	Purchase of gifts and stationary items	6,51,158	-	-	-
<b>Post employment benefits plan</b>						
33	EGFSL Employees Group Gratuity Assurance Scheme (Trust)	Gratuity contribution	1,13,52,013	1,03,24,160	1,72,40,813	54,94,689
<b>Additional Related Parties as per Companies Act,2013</b>						
34	Saket Agrawal : Chief financial officer	Salaries & other benefits	54,19,596	40,92,183	-	-
35	Bhalchandra Raul : Company secretary	Salaries & other benefits	31,02,280	24,89,461	-	-



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**44. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE**

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold needs to spend at least 2% of its average net profit for the immediately three preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been formed by the Company as per Act.

(₹ in Lacs)

Particulars	Paid	Yet to be paid	Balance
<b>During the year ending 31 March, 2022</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	-	-	-
<b>During the year ending 31 March, 2021</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purpose other than (i) above	66.88	-	-

Above amount has been spent by Emkay Charitable Foundation a section 8 Company as per the Companies Act, 2013 from the contribution made by the Company. The said Company is classified as related party under Ind AS 24 – “Related party disclosures”.

**45. CONTINGENT LIABILITIES**

(₹ in Lacs)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Claims against the Company not acknowledged as debt	18.74	18.74
2	Guarantees issued by Banks	16,100.00	16,100.00
3	Service Tax matters in appeal : net of amount of deposited	847.81	847.81
4	Service Tax matter : pending for appeal filing	179.46	-

Company has provided bank guarantees for meeting margin requirements as under:

(₹ in Lacs)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	National Stock Exchange of India Limited	13,250.00	12,550.00
2	BSE Limited	100.00	100.00
3	Multi Commodity Exchange of India Limited	2,425.00	3,125.00
4	National Commodity and Derivatives Exchange Limited	325.00	325.00
<b>Total</b>		<b>16,100.00</b>	<b>16,100.00</b>

**46. CAPITAL COMMITMENTS**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	111.09	100.21

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**47. SHARE BASED PAYMENTS**

**NOTE: DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION SCHEMES**

**Details of employee stock options**

**ESOP-2005**

This scheme was approved by the shareholders at the Extra ordinary General meeting held on 28th January, 2006 for grant of 3,81,250 equity shares of ₹ 10/- each.

**ESOP-2007**

This scheme was approved by the shareholders at the Extra Ordinary General Meeting held on 11.01.2008 for grant of 24,26,575 equity shares of ₹ 10/- each.

**ESOP- 2010 - Through Trust Route**

This scheme was approved by the shareholders at the Annual General Meeting held on 30.08.2010 for grant of 24,41,995 equity shares of ₹ 10/- each.

**ESOP-2018**

This scheme was approved by shareholders through postal ballot process on 21.03.2018 for grant of 24,53,403 equity shares of ₹ 10/- each.

**The activity in ESOP-2007, ESOP-2010 and ESOP-2018 during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March 2021 is set out below:**

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	In Numbers	Weighted Average Exercise Price (in ₹)	In Numbers	Weighted Average Exercise Price (in ₹)
<b>ESOP-2007 : (Face value of ₹ 10 each)</b>				
Options outstanding at the beginning of the year	17,58,120	75.05	19,59,098	74.98
Add: Granted	1,31,738	90.50	2,46,000	74.90
Less: - Exercised	21,200	75.60	-	-
Less: - Forfeited	-	-	-	-
Less: - Lapsed	1,17,500	73.99	4,46,978	74.64
Options outstanding at the end of the year	17,51,158	76.28	17,58,120	75.05
<b>ESOP-2018 : (Face value of ₹ 10 each)</b>				
Options outstanding at the beginning of the year	23,20,245	69.42	15,20,126	75.38
Add: Granted	1,00,000	72.40	8,91,667	59.89
Less: - Exercised	-	-	-	-
Less: - Forfeited	-	-	-	-
Less: - Lapsed	80,000	70.92	91,548	75.60
Options outstanding at the end of the year	2,340,245	69.50	2,320,245	69.42

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

The Company has done following modifications in Options during current year

Nature of Modification / Scheme / Year	Number of Options	Original Weighted Average Fair Value of Options	Revised Weighted Average Fair Value of Options
<b>Change in vesting dates of Options</b>			
<b>ESOP-2007</b>			
Current Year	3,45,397	33.42	45.49
Previous Year	6,47,816	38.32	30.33
<b>ESOP-2018</b>			
Current Year	7,00,200	16.80	38.35
Previous Year	6,78,195	38.18	15.59

Particulars	ESOP-2007	ESOP-2010 - Trust Route	ESOP - 2018
<b>Date of Grant</b>	Various dates starting from 17.01.2008 till 25.01.2022	Various dates starting from 21.10.2010 till 21.01.2012	Various dates starting from 14.08.2018 till 20.05.2021
Date of Board Approval	01.12.2007	27.07.2010	29.01.2018
Date of Shareholder's Approval	11.01.2008	30.08.2010	21.03.2018
Number of Options granted to			
-Employees of the Company	55,19,336	6,47,000	34,48,626
-Employees of the Subsidiary Companies	4,70,000	---	86,167
Total Options Granted	59,89,336	6,47,000	35,34,793
Method of Settlement	Equity Shares	Equity Shares	Equity Shares
Vesting Period	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based	Graded vesting over a period of 5 years	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**Weighted Average Remaining Contractual life:**

Particulars	ESOP-2007	ESOP-2018
Current year		
- Granted but not vested	5.49 years	5.66 years
Current year		
- Vested but not exercised	1.16 years	2.13 years
Current year		
- Weighted Average Share Price at the date of exercise for Stock Options exercised during the year	₹121.11	N.A.
Previous year		
- Granted but not vested	5.86 years	5.33 years
Previous year		
- Vested but not exercised	N.A.	N.A.
Previous year		
- Weighted Average Share Price at the date of exercise for Stock Options exercised during the year	N.A.	N.A.
Exercise Period	Within 2 to 3 years from the date of vesting of Options	
Vesting Conditions	Vesting of Options would be subject to continued employment with the Company and / or its subsidiaries and thus the Options would vest on passage of time. In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain performance parameters subject to which the Options would vest. In case of performance based vesting, the Options would vest on achievement of those performance parameters.	
Weighted Average Fair Value of Options as on grant date - Current Year	₹ 64.71	₹ 39.35
Weighted Average Fair Value of Options as on grant date - Previous Year	₹ 34.20	₹ 34.74
Risk free interest rate	6.17% - 6.63%	6.20%
Dividend Yield	0.84% - 0.96%	1.38%
Expected Volatility	58% - 64%	61%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**The exercise pricing formula for ESOP Schemes are as under:****ESOP-2007**

The exercise price shall be equal to the latest available closing market price on the date prior to the date on which the Nomination, Remuneration and Compensation Committee finalizes the specific number of Options to be granted to the employees.

**ESOP-2010**

The exercise price shall be calculated on the basis of latest closing price of the Company's equity shares quoted on the Stock Exchange prior to the date of the grant of Options, which for this purpose shall be date on which the Nomination, Remuneration and Compensation Committee meets to make its recommendations for grant of Options.

**ESOP-2018**

The exercise price shall be the closing price of the Company's equity shares quoted on the Stock Exchange immediately prior to the date of grant of the Options, which for this purpose shall be the date on which the Nomination, Remuneration and Compensation Committee meets to make its recommendations for the grant of the Options. The Stock Exchange to be selected for determining the closing price shall be in accordance with the SEBI ESOP Regulations. The Committee may, at its sole discretion, consider a discount to such closing price.

**Other information regarding Employee Share based payment plan is as below**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Expenses arising from employees share based payment plans	301.35	191.03
Total carrying amount at the end of the year	<b>512.79</b>	<b>553.07</b>

**48. EMPLOYEE BENEFITS****Disclosure pursuant to Ind AS 19 "Employee benefits" is given below:****a) Defined contribution plan**

Expenses recognized in Statement of Profit and Loss towards defined contribution plans are as under:

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provident fund	324.30	266.82
ESIC	1.72	2.16
National pension scheme	55.38	51.96
Other welfare fund	0.01	-
<b>Total</b>	<b>381.41</b>	<b>320.94</b>

**b) Defined benefit plan**

The Company has defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at 15 days last drawn salary for each completed year of service or part thereof in excess of six months.

The plan is funded with insurance companies in the form of qualifying insurance policy. The following table summarize the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income and amount recognized in balance sheet which has been determined by an Actuary appointed for the purpose and relied upon by the Auditors.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

Sr. Particulars No	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>i) Movement in defined benefit obligation</b>		
<b>Present value of obligation as at the beginning</b>	732.32	660.08
Current service cost	110.44	96.19
Interest expense or cost	40.98	36.61
Remeasurement (or actuarial) (gain) / loss arising from :	-	-
- change in financial assumptions	37.88	(1.74)
- change in demographic assumptions	-	(1.35)
- experience variance (i.e. actual experience vs assumptions)	21.71	(25.95)
Benefits paid	(57.14)	(28.92)
Acquisition adjustment	9.10	(2.60)
<b>Present value of obligation as at the end</b>	<b>895.29</b>	<b>732.32</b>
<b>ii) Movement in plan assets</b>		
<b>Fair value of plan assets as at the beginning</b>	<b>677.35</b>	<b>532.92</b>
Employer's contributions	54.95	127.13
Investment income	37.90	29.56
Return on plan assets, excluding amount recognized in net interest expense	0.70	19.26
Benefits paid	(57.14)	(28.92)
Acquisition adjustment	9.10	(2.60)
<b>Fair value of plan assets as at the end</b>	<b>722.86</b>	<b>677.35</b>
<b>iii) Reconciliation of net liability / asset</b>		
<b>Net defined benefit liability / (asset) as at the beginning of the year</b>	(54.97)	(127.14)
Expenses charged to statement of profit and loss	(113.52)	(103.24)
Amount recognized in other comprehensive income	(58.89)	48.28
Employer contribution	54.97	127.13
<b>Net defined benefit (liability) / asset as at the end of the year</b>	<b>(172.41)</b>	<b>(54.97)</b>
<b>iv) Expenses charged to the statement of profit &amp; loss</b>		
Current service cost	110.44	96.19
Net Interest cost / (income) on the net defined benefit liability / (asset)	3.08	7.05
<b>Expenses recognized in the income statement</b>	<b>113.52</b>	<b>103.24</b>
<b>v) Movement in asset ceiling</b>		
<b>Effect of asset ceiling at the beginning</b>	-	-
Interest on opening balance of asset ceiling	-	-
Remeasurements due to change in surplus/deficit	-	-
<b>Value of asset ceiling as at the end of the year</b>	-	-
<b>vi) Remeasurement (gains) / losses in other comprehensive income</b>		
<b>Actuarial (gains) / losses</b>		
Change in financial assumptions	37.88	(1.74)
Change in demographic assumptions	-	(1.35)
Experience adjustments	21.71	(25.95)
Return on plan assets, excluding amount recognized in net interest expense	(0.70)	(19.25)
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>58.89</b>	<b>(48.29)</b>



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(₹ in Lacs)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
<b>vii)</b>	<b>Amount recognized in balance sheet</b>		
	Present value of obligation	895.27	732.32
	Fair value of plan assets	722.86	677.35
	Surplus / (deficit)	(172.41)	(54.97)
	Effects of asset ceiling, if any	-	-
	<b>Net Asset / (Liability)</b>	<b>(172.41)</b>	<b>(54.97)</b>
<b>viii)</b>	<b>Key actuarial assumptions</b>		
	Discount rate (p.a.)	6.10%	5.60%
	Salary growth rate (p.a.)	12.00%	10.00%
<b>ix)</b>	<b>Category of plan assets</b>		
	Funds managed by insurer	99.98%	99.96%
	Bank balance	0.02%	0.04%
<b>x)</b>	<b>Quantitative sensitivity analysis</b>		
	<b>Impact on defined benefit obligation</b>		
	<b>Rate of discounting</b>		
	1% increase	-4.90%	-4.80%
	1% decrease	5.30%	5.30%
	<b>Rate of increase in salary</b>		
	1% increase	3.40%	3.80%
	1% decrease	-3.30%	-3.70%
<b>xi)</b>	<b>Maturity profile of defined benefit obligation</b>		
	Weighted average duration (based on discounted cashflows)	5 years	5 years
	<b>Expected cash flows over the next (valued on undiscounted basis):</b>		
	Within next 12 months	150.56	131.68
	Between 2 and 5 years	513.88	407.09
	Between 5 and 10 years	344.68	273.72
	Beyond 10 years	266.08	196.21
<b>xii)</b>	<b>Expected contribution during the next annual reporting period</b>		
	The Company's best estimate of contribution during the next year	287.94	153.28

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**49. LEASE**

The Company has entered into lease contracts for various properties across India for its office premises used in its operations. There are no variable lease payments, residual agreements, sale and leaseback arrangements and other restrictions. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'Short-term lease' recognition exemption for these leases.

Information about leases for which the Company is lessee are prescribed below:

**a) Right of use assets**

	(₹ in Lacs)	
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Carrying amount at the beginning of the year	473.97	663.76
Additions	250.43	179.84
Closure	(38.68)	(49.99)
Depreciation for the year	(302.82)	(319.64)
<b>Carrying amount at the end of the year</b>	<b>382.90</b>	<b>473.97</b>

**b) Lease liabilities**

	(₹ in Lacs)	
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	497.27	662.02
Additions	240.45	171.81
Interest expense on lease liabilities	48.46	57.33
Closure	(52.57)	(52.71)
Benefit on lease payment waiver	(3.44)	(42.54)
Lease payments	(329.26)	(298.65)
<b>Balance at the end of the year</b>	<b>400.91</b>	<b>497.27</b>
Current	211.88	269.61
Non current	189.03	227.66

\*MCA issued Covid-19 related rent concessions – amendments to Ind AS-116 for leases. The Company as a lessee has applied practical expedient to the concessions given by the lessor in lease rent due to covid-19 and changes in opening balance of lease liability due to said concessions accounted as gain on lease rental waiver.

**c) Contractual maturities of lease liabilities on an undiscounted basis**

	(₹ in Lacs)	
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Less than one year	237.27	295.27
One to five years	205.86	247.65
Five years and above	-	-
<b>Total</b>	<b>443.13</b>	<b>542.92</b>

The Company does not face a significant risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The total cash outflows for leases are ₹ 329.25 Lacs for the year ended 31 March 2022  
(31 March 2021 : ₹ 298.65 Lacs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**d) Amount recognized in statement of profit and loss**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on right-of-use (ROU) assets	302.82	319.64
Interest expense on lease liabilities	48.46	57.33
Expense relating to short term leases (included in other expenses)	0.97	0.40
<b>Total</b>	<b>352.25</b>	<b>377.37</b>

**e) Amount recognized in statement of cash flows**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Payment towards lease liabilities	329.26	298.65

The effective interest rate of lease liabilities is 9.80% with maturities between one to five years.

**50. RATINGS ASSIGNED BY CREDIT RATING AGENCY**

ICRA Limited has reaffirmed rating of [ICRA] A2+ to the short term non fund based bank facilities of the Company of ₹ 20,000 lacs (Previous year: ₹ 27,500 lacs).

**51. ASSETS PLEDGED AS SECURITY**

The carrying amounts of assets pledged as security for borrowings are

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Financial Assets</b>		
Fixed deposit under lien with stock exchanges and clearing corporations	19,984.00	17,318.00
Fixed deposit against bank guarantees	8,100.00	8,050.00
Fixed deposit against credit facilities of the Company	519.00	320.00
Investments pledged with bank for credit facilities		-
- Units of Alternative investment funds (excluding units of Emkay Emerging Stars Fund IV)	2,352.92	-
- Equity shares of Emkay Fincap Limited (88.50 Lac Shares of ₹10/- each)	885.00	-
<b>Total</b>	<b>31,840.92</b>	<b>25,688.00</b>
<b>Non Financial Assets</b>		
Office premises mortgaged with bank for credit facilities	2,241.84	2,356.35

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

**52.** Trade payables includes ₹ 27.59 Lacs (P.Y. ₹ 34.51 Lacs) and other liabilities under other financial liabilities includes ₹ Nil (P.Y. ₹ 1.52 Lacs) being aggregate amount of deposits in Company's bank accounts made directly by clients whose details are awaited. Appropriate accounting treatment is given on regular basis on receipt of required information as and when received

**53.** Income includes ₹ 2.03 Lacs (P.Y. ₹13.00 Lacs) and expenses includes ₹ 20.12 Lacs (P.Y. ₹ 29.63 lacs) pertaining to earlier year.

### **54. FINANCIAL RISK MANAGEMENT**

The Company has established a comprehensive system for risk management and internal controls for all its businesses to manage the risks that it is exposed. The objective of its risk management framework is to ensure that various risks are identified, measured and mitigated and also that policies, procedures and standards are established to address these risks and ensure a systematic response in the case of crystallization of such risks.

The Company has exposure to the following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The risk management system features three lines of defence approach.

1. The first line of defence comprises its operational departments, which assume primary responsibility for their own risks and operate within the limits stipulated in various policies approved by the Board or by committees constituted by the Board.
2. The second line of defence comprises specialized department such as risk management and compliance. They employ specialized methods to identify and assess risks faced by the operational departments and provide them with specialized risk management tools and methods, facilitate and monitor the implementation of effective risk management practices, develop monitoring tools for risk management, internal controls and compliances, report risk related information and promote the adoption of appropriate risk prevention measures.
3. The third line of defence comprise the internal audit and external audit functions. They monitor and conduct periodic evaluations of the risk management, internal controls and compliance activities to ensure the adequacy of risk controls and appropriate risk governance and provide the Board with comprehensive feedback.

#### **a) Credit risk**

It is risk of financial loss that the Company will incur a loss because its customers or counterparties to financial instruments fails to meet its contractual obligation.

The Company's financial assets comprises of cash and bank balances, trade receivables, loans, investments and other financial assets which comprise mainly of deposits, advances and other receivables.

The maximum exposure to credit risk at the reporting date is primarily from Company's trade receivable and loans.

Details of exposure to credit risks for trade receivables and loans:

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Trade and other receivables (net of impairment)	8,599.61	6,441.92
Loan (net of impairment)	91.42	12.48

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### Trade receivable

The Company applies the Ind AS 109 simplified approach to measure expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Company considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

### Loans:

Loans comprise of margin trading funding (MTF) for which staged approach is followed for determination of ECL.

Stage 1 : All standard loans in MTF loan book not due or upto 30 days past due (DPD) are considered as Stage 1 assets for computation of expected credit loss.

Stage 2 : Exposure under stage 2 include under-performing loans having 31 to 90 days past due (DPD).

Stage 3 : Exposures under stage 3 include non-performing loans with overdue more than 90 days past due (DPD).

Based on historical data, the company assigns PD to stage 1 and stage 2 and applies it to the EAD to compute the ECL. For Stage 3 assets PD is considered as 100%.

The company does not have any loan book which may fall under stage 2 or stage 3.

Following table provides information about exposure to credit risk and ECL on Loan

(₹ in Lacs)

Bucketing (Stage)	As at 31 March 2022		As at 31 March 2021	
	Carrying Value	ECL	Carrying Value	ECL
Stage 1	91.42	-	12.48	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
<b>Total</b>	<b>91.42</b>	<b>-</b>	<b>12.48</b>	<b>-</b>

Movement in the allowances for impairment in respect of trade receivables and loans is as follows:

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening Balance	14.99	13.25
Net re-measurement of loss allowance	6.36	1.74
<b>Closing Balance</b>	<b>21.35</b>	<b>14.99</b>

### Other financial assets considered to have a low credit risk:

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investments comprise of quoted equity instruments, mutual funds which are market tradable. Other financial assets include deposits for assets acquired on lease and with qualified clearing counterparties and exchanges as per the prescribed statutory limits.

In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This can be reflected in the increased haircuts taken on collateral held against such receivables and loans.

### b) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to entity's reputation.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and close out market positions.

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets in bank deposits. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

Refer note 56 for analysis of maturities of financial assets and financial liabilities.

### c) Market risk

Market risk arises when movements in market factors (foreign exchange rates, interest rates, credit spreads and equity prices) impact the Company's income or market value of its portfolios. The Company, in its course of business, is exposed to market risk due to change in equity prices, interest rates and foreign exchange rates. The objective of market risk management is to maintain an acceptable level of market risk exposure while aiming to maximize returns.

#### (i) Equity price risk

The Company's exposure to equity price risk arises primarily on account of its proprietary positions and on account of margin bases positions of its clients in equity cash and derivative segments.

The Company's equity price risk is managed in accordance with its Risk Policy approved by Board.

#### (ii) Interest rate risk

The Company is exposed to Interest rate risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

The Company's interest rate risk arises from interest bearing deposits with bank and loan given to customers. Such instrument exposes the Company to fair value interest rate risk. Management believes that the interest rate risk attached to these financial assets is not significant due to the nature of these financial assets

#### (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency risk management

In respect of foreign currency transactions, the Company does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Company.

The Company's exposure to foreign currency risk at the end of reporting period is as shown as under:-

### Receivables

(in Lacs)			
Particulars	Currency	As at 31 March 2022	As at 31 March 2021
Foreign Currency exposure outstanding	USD	0.15	0.44
	INR	11.69	31.87
	SGD	0.10	-
	INR	5.53	-
Foreign Currency receivable in next 5 years including interest	USD	0.15	0.44
	INR	11.69	31.87
Unhedged Foreign currency exposure	USD	0.15	0.44
	INR	11.69	31.87
	SGD	0.10	-
	INR	5.53	-



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**Payables**

(in Lacs)			
Particulars	Currency	As at 31 March 2022	As at 31 March 2021
Foreign Currency exposure outstanding	USD	9.94	3.48
	INR	753.60	254.54
	SGD	0.18	0.25
	INR	10.11	13.62
Foreign Currency payable in next 5 years including interest	USD	0.44	1.48
	INR	33.57	108.32
	SGD	0.18	0.25
	INR	10.11	13.62
Unhedged Foreign currency exposure	USD	9.94	3.48
	INR	753.60	254.54
	SGD	0.18	0.25
	INR	10.11	13.62

The table below indicates the currencies to which the Company had significant exposure at the end of the reported periods for the non-traded component. The analysis calculates the effect of a reasonably possible movement of the currency rate against INR (all other variable being constant) on the statement of profit and loss.

(₹ in Lacs)			
Impact on statement of profit and loss			
Currency	Change in currency rate in %	For the year 31 March 2022	For the year 31 March 2021
USD	Depreciation of 5%	37.10	11.13
	Appreciation of 5%	(37.10)	(11.13)
SGD	Depreciation of 5%	0.23	0.68
	Appreciation of 5%	(0.23)	(0.68)

**55. TAX RECONCILIATION DISCLOSURE**

(A) Income tax expenses consists of the following:

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current income tax	285.29	175.55
Deferred tax	250.91	164.02
<b>Total tax for the current year</b>	<b>536.20</b>	<b>339.57</b>
Taxes for earlier years	(13.18)	-
Tax expenses for the year	<b>523.02</b>	<b>339.57</b>

(B) Amount recognized in the other comprehensive income:

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gain / (loss) on defined benefit plans	(58.89)	48.29
Income tax relating to items that will not be reclassified to profit or loss	10.29	(8.45)
<b>Total</b>	<b>(48.60)</b>	<b>39.84</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(C) The reconciliation of estimated current income tax expenses at statutory income tax rate to current income tax expense reported in statement of profit and loss is as follows:

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	1,854.64	1,141.03
Indian statutory income tax rate (%)	29.12%	29.12%
Expected income tax expenses	540.07	332.27
<b>Tax effect of adjustments to reconcile expected income tax expenses to reported income tax expenses</b>		
Realised gain from AIF investment taxable at fund level	(34.54)	-
Deductible expenses for tax purpose	(149.80)	(164.41)
Non - deductible expenses for tax purpose	165.80	153.13
Fair value changes of investments	(165.99)	(338.35)
Others (Net)	(87.48)	167.32
Current year and brought forward losses carry forwarded to subsequent year	(17.15)	14.06
Tax payable at normal rate : Deferred tax (a)	250.91	164.02
Tax payable under section 115JB (MAT) (b)	285.29	175.55
<b>Total income tax expenses (a+b)</b>	<b>536.20</b>	<b>339.57</b>
Effective tax rate	28.91%	29.76%

D) **Deferred tax disclosure**

Movement of deferred tax assets and liabilities

**Current year**

(₹ in Lacs)

Particulars	As at 1 April 2021	Credit/(Charge) in the statement of profit and loss	As at 31 March 2022
Financial assets at fair value through profit and loss	6.47	(1.51)	4.96
Lease liabilities	144.80	(28.06)	116.74
Provisions	4.90	1.81	6.71
Disallowances	-	25.46	25.46
Carried forward tax losses	396.55	(269.79)	126.76
Property, plant and equipment and other intangible assets	(101.18)	(5.34)	(106.52)
Right of use assets	(138.02)	26.52	(111.50)
<b>Net deferred tax assets</b>	<b>313.52</b>	<b>(250.91)</b>	<b>62.61</b>

**Previous year**

(₹ in Lacs)

Particulars	As at 1 April 2020	Credit/(Charge) in the statement of profit and loss	As at 31 March 2021
Financial assets at fair value through profit and loss	163.90	(157.43)	6.47
Lease liabilities	192.78	(47.98)	144.80
Provisions	4.62	0.28	4.90
Disallowances	19.46	(19.46)	-
Carried forward tax losses	383.22	13.33	396.55
Property, plant and equipment and other intangible assets	(93.15)	(8.03)	(101.18)
Right of use assets	(193.29)	55.27	(138.02)
<b>Net deferred tax assets</b>	<b>477.54</b>	<b>(164.02)</b>	<b>313.52</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**56. MATURITY ANALYSIS**

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

**Current year**

(₹ in Lacs)

Particulars	As at 31 March 2022		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5,745.05	5,745.05	-
Bank balance other than above	28,985.09	28,690.09	295.00
Derivative financial instruments	3.51	3.51	-
Securities held for trading	147.05	147.05	-
Trade receivables	8,599.61	8,599.61	-
Loans	91.42	91.42	-
Investments	7,346.04	-	7,346.04
Other financial assets	14,196.96	13,771.42	425.54
	<b>65,114.73</b>	<b>57,048.15</b>	<b>8,066.58</b>
<b>Non financial assets</b>			
Current tax assets (net)	95.89	-	95.89
Deferred tax assets (net)	62.61	-	62.61
Property, plant and equipment	2,722.26	-	2,722.26
Right of use assets	382.90	-	382.90
Capital work-in-progress	165.91	-	165.91
Intangible assets under development	12.00	-	12.00
Other Intangible assets	20.05	-	20.05
Other non-financial assets	307.49	166.99	140.50
	<b>3,769.11</b>	<b>166.99</b>	<b>3,602.12</b>
<b>Total assets</b>	<b>68,883.84</b>	<b>57,215.14</b>	<b>11,668.70</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Trade payable	13,586.44	13,586.44	-
Deposits	2,878.10	-	2,878.10
Lease liabilities	400.91	211.88	189.03
Other financial liabilities	34,119.97	34,119.97	-
	<b>50,985.42</b>	<b>47,918.29</b>	<b>3,067.13</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	54.84	-	54.84
Provisions	2,130.45	2,130.45	-
Other non-financial liabilities	1,263.05	1,263.05	-
	<b>3,448.34</b>	<b>3,393.50</b>	<b>54.84</b>
<b>Total liabilities</b>	<b>54,433.76</b>	<b>51,311.79</b>	<b>3,121.97</b>
<b>Net assets</b>	<b>14,450.08</b>	<b>5,903.35</b>	<b>8,546.73</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

Previous year

(₹ in Lacs)

Particulars	As at 31 March 2022		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,230.14	3,230.14	-
Bank balance other than above	26,214.97	25,794.97	420.00
Derivative financial instruments	-	-	-
Securities held for trading	-	-	-
Trade receivables	6,441.92	6,441.92	
Loans	12.48	12.48	-
Investments	6,219.41	-	6,219.41
Other financial assets	5,522.10	5,062.20	459.90
	<b>47,641.02</b>	<b>40,541.71</b>	<b>7,099.31</b>
<b>Non financial assets</b>			
Current tax assets (net)	159.01	-	159.01
Deferred tax assets (net)	313.52	-	313.52
Property, plant and equipment	2,878.17	-	2,878.17
Right of use assets	473.97	-	473.97
Capital work-in-progress	12.25	-	12.25
Intangible assets under development	17.00	-	17.00
Other Intangible assets	37.68	-	37.68
Other non-financial assets	267.64	181.57	86.07
	4,159.24	181.57	3,977.67
<b>Total assets</b>	<b>51,800.26</b>	<b>40,723.28</b>	<b>11,076.98</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Trade payable	11,658.82	11,658.82	-
Deposits	169.17	-	169.17
Lease liabilities	497.27	269.61	227.66
Other financial liabilities	24,346.44	24,346.44	-
	<b>36,671.70</b>	<b>36,274.87</b>	<b>396.83</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	23.91	-	23.91
Provisions	1,137.45	1,137.45	-
Other non-financial liabilities	893.84	893.84	-
	<b>2,055.20</b>	<b>2,031.29</b>	<b>23.91</b>
<b>Total liabilities</b>	<b>38,726.90</b>	<b>38,306.16</b>	<b>420.74</b>
<b>Net assets</b>	<b>13,073.36</b>	<b>2,417.12</b>	<b>10,656.24</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**57. FINANCIAL INSTRUMENTS**

I. Financial instruments by categories and their carrying value as of March 31, 2022 is as follows:

(₹ in Lacs)

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5,745.05	-	-	5,745.05
Bank balance other than above	28,985.09	-	-	28,985.09
Derivative financial instruments	-	3.51	-	3.51
Securities held for trading	-	147.05	-	147.05
Trade receivables	8,599.61	-	-	8,599.61
Loans	91.42	-	-	91.42
Investments *	-	2,934.59	-	2,934.59
Other financial assets	14,196.96	-	-	14,196.96
<b>Total</b>	<b>57,618.13</b>	<b>3,085.15</b>	-	<b>60,703.28</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	13,586.44	-	-	13,586.44
Deposits	2,878.10	-	-	2,878.10
Lease liabilities	400.91	-	-	400.91
Other financial liabilities	34,119.97	-	-	34,119.97
<b>Total</b>	<b>50,985.42</b>	-	-	<b>50,985.42</b>

\* excluding investments in subsidiaries and associate.

II. Financial instruments by categories and their carrying value as of March 31, 2021 is as follows:

(₹ in Lacs)

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3,230.14	-	-	3,230.14
Bank balance other than above	26,214.97	-	-	26,214.97
Derivative financial instruments	-	-	-	-
Securities held for trading	-	-	-	-
Trade receivables	6,441.92	-	-	6,441.92
Loans	12.48	-	-	12.48
Investments *	-	2,133.32	-	2,133.32
Other financial assets	5,522.10	-	-	5,522.10
<b>Total</b>	<b>41,421.61</b>	<b>2,133.32</b>	-	<b>43,554.93</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	11,658.82	-	-	11,658.82
Deposits	169.17	-	-	169.17
Lease liabilities	497.27	-	-	497.27
Other financial liabilities	24,346.44	-	-	24,346.44
<b>Total</b>	<b>36,671.70</b>	-	-	<b>36,671.70</b>

\* excluding investments in subsidiaries and associate.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### III. Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimates using a valuation technique.

The investments included in level 1 of fair value hierarchy have been valued using quoted prices for instruments in an active market. The investments included in Level 2 of fair value hierarchy have been valued using valuation techniques based on observable market data. There were no transfers between level 1 and level 2.

(₹ in Lacs)				
As at 31 March 2022	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivative financial instruments	3.51	-	-	3.51
Securities held for trading	-	147.05	-	147.05
Units of AIF	-	2,934.59	-	2,934.59
<b>Total</b>	<b>3.51</b>	<b>3,081.64</b>	<b>-</b>	<b>3,085.15</b>

(₹ in Lacs)				
As at 31 March 2021	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivative financial instruments	-	-	-	-
Securities held for trading	-	-	-	-
Units of AIF	-	2,133.32	-	2,133.32
<b>Total</b>	<b>-</b>	<b>2,133.32</b>	<b>-</b>	<b>2,133.32</b>

### IV. Valuation techniques used to determine fair value

- Quoted equity investments - Quoted closing price on stock exchange.
- Alternative Investment funds - net asset value of the respective scheme

### V. Financial instruments not measured at fair value

Financial assets not measured at fair value include cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short term nature.

Additionally, financial liabilities such as borrowings, trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short-term nature.

At 31 March 2022 and 31 March 2021 the Company did not held any financial assets or financial liabilities which could have been categorized as level 3.

## 58. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

### Current year

(₹ in Lacs)					
Particulars	1 April 2021	Cash flows	Change in fair values	Others	31 March 2022
Borrowings	-	-	-	-	-

### Previous year

(₹ in Lacs)					
Particulars	1 April 2020	Cash flows	Change in fair values	Others	31 March 2021
Borrowings	800.00	(800.00)	-	-	-



NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**59. REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company derives revenue primarily from share broking business. Its other major revenue sources are research and advisory fees.

Disaggregate information on revenue from contracts with customers:

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Brokerage fees	14,776.69	11,243.68
Research and advisory fees	1,020.51	1,080.99
Depository operations	96.16	84.63
<b>Total</b>	<b>15,893.36</b>	<b>12,409.30</b>
India	15,704.14	12,166.33
Outside India	189.22	242.97
<b>Total</b>	<b>15,893.36</b>	<b>12,409.30</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	15,080.01	11,585.77
Services transferred over time	813.35	823.53
<b>Total</b>	<b>15,893.36</b>	<b>12,409.30</b>

**Contract Balances**

Trade receivables. The outstanding balance as on 31 March 2022: ₹ 8,599.61 Lacs, 31 March 2021: ₹ 6,441.92 Lacs. (Also refer note:11)

**Information about Company's performance obligation**

The performance obligation in regards of arrangement where fees is charged per transaction executed is recognized at point in time when trade is executed.

Income from advisory services is recognized upon rendering of the services.

**60. EXCEPTIONAL ITEMS**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision for diminution in value of Investment *	-	15.00
Provision for diminution in value of Investment Written Back **	(252.50)	(150.00)
<b>Total</b>	<b>(252.50)</b>	<b>(135.00)</b>

\* As at 31 March 2022, the company has an aggregate investment of ₹ 410.00 Lacs (Previous year ₹ 410.00 lacs) in equity shares of Emkay Wealth Advisory Limited (EWAL), a wholly owned subsidiary.

EWAL is presently engaged in Investment Advisory Services. As at 31 March 2022, it has accumulated losses of ₹ 190.11 lacs (Previous year ₹.208.26 lacs) and hence no impairment provision is made for the year ended 31 March 2022.

\*\* As at 31 March 2022, the company has an aggregate investment of ₹ 850.00 Lacs (Previous year ₹ 850.00 Lacs) in equity shares of Emkay Commotrade Limited (ECL), a wholly owned subsidiary.

ECL is presently engaged in securities trading. As at 31st March 2022, it has accumulated surplus of ₹ 1,387.99 Lacs (Previous year accumulated loss of ₹ 176.47 Lacs). Based on ECL's net worth as at 31 March 2022, the management of the company has entirely written back the impairment provision of ₹ 252.50 Lacs (Previous year write back of ₹150 Lacs)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

- 61.** The Board of Directors at their meeting held on May 24, 2022, have recommended a dividend of ₹ 1.25 per share (on face value of ₹10/- per equity share) for the year ended March 31, 2022, subject to the approval of the members at the ensuing annual general meeting. In terms of Ind AS 10 "Events after the Reporting Period", the Company has not recognized dividend as a liability at the end of the reporting period.
- 62.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 63.** Previous year figures have been regrouped / reclassified / recasted / rearranged wherever necessary, to conform to this year's classification.
- 64.** The Company's financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lac, except when otherwise indicated.
- 65.** Disclosure of Capital to risk-weighted assets (CRAR), Tier I CRAR, Tier II CRAR and Liquidity coverage ratios required under para (WB)(xvi) of Division III of Schedule III to the Act are not applicable to the Company as it is in broking business and not an NBFC registered under section 45-IA of Reserve bank of India Act, 1934.

### **66. OTHER STATUTORY INFORMATION**

- (i) No proceeding has been initiated during the year or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) The Company has taken borrowings from Banks on the basis of security of current financial assets and all the quarterly returns filed by the Company with the Banks are in agreement with the financial statements.
- (iii) The Company is not a declared willful defaulter by any bank or financial institution or other lender.
- (iv) There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (v) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vi) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (ix) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**67. EVENTS AFTER REPORTING DATE**

There have been no events after the reporting date that requires disclosure in these financial statements.

**68.** The financial statements of the Company for the year ended 31 March, 2022 were approved for issue by the Board of Directors at their meeting held on 24 May 2022.

As per our report of even date

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

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Viren H. Mehta**

**Partner**

Membership No.048749

Place : Mumbai

Date : May 24, 2022

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

**G.C.Vasudeo**

Director

DIN: 00021772

**Saket Agrawal**

Chief Financial Officer

Place : Mumbai

Date : May 24, 2022

**Krishna Kumar Karwa**

Managing Director

DIN: 00181055

**Bhalchandra Raul**

**Company Secretary**

Membership No.FCS1800

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Emkay Global Financial Services Limited**

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

### OPINION

We have audited the accompanying consolidated financial statements of Emkay Global Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further

described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and its associates in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>1. IT systems and controls</b> The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.	We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting: <ul style="list-style-type: none"> <li>Tested the design and operating effectiveness of IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matters	How our audit addressed the key audit matter
<b>1. IT systems and controls</b> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Tested the Holding Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization.</li> <li>• In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.</li> </ul>

**OTHER INFORMATION**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

**RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board

of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated 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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTER

We did not audit the financial statements and other financial information, in respect of six subsidiaries, whose financial statements include total assets of ₹12,007.56 Lakhs as at March 31, 2022, and total revenues of ₹9,776.9 Lakhs and net cash inflows of ₹4,843.74 Lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the



## INDEPENDENT AUDITOR'S REPORT (Contd.)

management. The consolidated financial statements also include the Group's share of net loss of ₹ 105.68 Lakhs for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of three associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated

Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associates, none of the directors of the Group's companies and its associates, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, and associates, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associates, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:
  - (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates and in its consolidated financial statements - Refer Note 47 to the consolidated financial statements;
  - (ii) The Group and its associates did not have any

## INDEPENDENT AUDITOR'S REPORT (Contd.)

material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

- (iii) There were no amounts where were required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates, incorporated in India during the year ended March 31, 2022.
- (iv) a) The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those

performed by the auditors of the subsidiaries whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- (v) The dividend declared or paid during the year and subsequent to the year- end by the Holding company and subsidiary companies incorporated in India, is in compliance with section 123 of the Act.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 22048749AJNBLL7710

Place of Signature: Mumbai

Date: May 24, 2022

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

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

**Re: Emkay Global Financial Services Limited**

There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (“CARO”) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 22048749AJNBLL7710

Place of Signature: Mumbai

Date: May 24, 2022

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

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

In conjunction with our audit of the consolidated financial statements of Emkay Global Financial Services Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which are companies incorporated in India, as of that date.

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

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

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

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED (CONTD.)****INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**OPINION**

In our opinion, the Group and its associates, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**OTHER MATTERS**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these six subsidiaries and three associates, is based on the corresponding reports of the auditors of such subsidiaries and its associates.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 22048749AJNBLL7710

Place of Signature: Mumbai

Date: May 24, 2022

## CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2022

(₹ in Lacs)			
Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>1 Financial Assets</b>			
Cash and cash equivalents	7	9,473.29	4,629.55
Bank balance other than cash and cash equivalents	8	31,812.46	28,950.15
Derivative financial instruments	9	3.51	-
Securities held for trading	10	147.05	-
Trade receivables	11	8,875.88	6,690.30
Loans	12	4,018.03	2,767.22
Investments	13	3,424.30	2,883.42
Other financial assets	14	14,337.45	5,631.90
<b>Total financial assets</b>		<b>72,091.97</b>	<b>51,552.54</b>
<b>2 Non-financial Assets</b>			
Current tax assets (net)	15	150.39	189.20
Deferred tax assets (net)	16	138.55	398.76
Property, plant and equipment	17	2,771.91	2,897.88
Capital work-in-progress	18	165.91	12.25
Intangible assets under development	19	12.00	17.00
Other intangible assets	17	25.45	40.51
Right-of-use-assets	51	411.97	507.54
Other non financial assets	20	679.79	868.64
<b>Total non-financial assets</b>		<b>4,355.97</b>	<b>4,931.78</b>
<b>TOTAL ASSETS ( 1 + 2 )</b>		<b>76,447.94</b>	<b>56,484.32</b>
<b>LIABILITIES AND EQUITY</b>			
<b>1 Financial Liabilities</b>			
<b>Trade payables</b>			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	21	13,665.67	11,692.74
Borrowings (other than debt security)	22	1,099.08	1,000.01
Deposits	23	2,878.10	169.18
Lease liabilities	51	435.02	532.78
Other financial liabilities	24	34,190.21	24,240.78
<b>Total financial liabilities</b>		<b>52,268.08</b>	<b>37,635.49</b>
<b>2 Non-financial Liabilities</b>			
Current tax liabilities (net)	25	99.31	70.13
Provisions	26	2,277.08	1,184.42
Other non-financial liabilities	27	1,740.62	954.38
<b>Total non-financial liabilities</b>		<b>4,117.01</b>	<b>2,208.93</b>
<b>3 Equity</b>			
Equity share capital	28	2,464.02	2,461.90
Other equity	29	17,598.83	14,178.00
<b>Total Equity</b>		<b>20,062.85</b>	<b>16,639.90</b>
<b>TOTAL LIABILITIES AND EQUITY ( 1 + 2 + 3 )</b>		<b>76,447.94</b>	<b>56,484.32</b>

The accompanying notes are an integral part of financial statements

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
Company Secretary  
Membership No.FCS1800



# CONSOLIDATED STATEMENT OF PROFIT & LOSS

## FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lacs)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Revenue from operations</b>			
(i) Interest income	30	831.63	815.00
(ii) Dividend income	31	0.28	2.23
(iii) Fees and commission income	32	16,892.67	13,492.04
(iv) Net gain on fair value changes	33	9,148.44	1,522.06
(v) Others	34	247.41	102.02
<b>Total revenue from operations ( I )</b>		<b>27,120.43</b>	<b>15,933.35</b>
<b>Other income ( II )</b>	35	308.87	250.11
<b>Total income ( I + II = III )</b>		<b>27,429.30</b>	<b>16,183.46</b>
<b>Expenses</b>			
(i) Finance costs	36	315.69	300.28
(ii) Fees and commission expenses	37	2,448.04	1,939.69
(iii) Impairment on financial instruments	38	20.74	16.74
(iv) Employee benefits expenses	39	10,960.84	8,692.47
(v) Depreciation and amortization expenses	40	757.78	762.53
(vi) Other expenses	41	8,314.75	2,734.90
<b>Total expenses ( IV )</b>		<b>22,817.84</b>	<b>14,446.61</b>
<b>Profit / (loss) before tax ( III - IV = V )</b>		<b>4,611.46</b>	<b>1,736.85</b>
<b>Tax expense:</b>			
(i) Current tax		906.65	362.14
(ii) Deferred tax		260.21	191.13
(iii) Taxes for earlier years		(46.38)	-
<b>Total tax expenses (VI)</b>	57A	<b>1,120.48</b>	<b>553.27</b>
<b>Profit / (loss) after tax ( V - VI = VII )</b>		<b>3,490.98</b>	<b>1,183.58</b>
<b>Add: Share of (loss) from associates (VIII)</b>		(105.68)	(69.70)
<b>Profit / (loss) after tax from continuing operations (VII + VIII = IX)</b>		<b>3,385.30</b>	<b>1,113.88</b>
<b>Add: Profit / (loss) from discontinued operations</b>		(4.70)	(0.59)
Tax expense of discontinued operations		0.23	-
<b>Profit / (loss) after tax from discontinued operations ( X )</b>	62	<b>(4.93)</b>	<b>(0.59)</b>
<b>Profit / (loss) for the year ( IX+X = XI )</b>		<b>3,380.37</b>	<b>1,113.29</b>
<b>Other comprehensive income</b>			
(A) Items that will not be reclassified to profit or loss			
(i) Actuarial gain / (loss) on defined benefit plans		(62.61)	48.11
(ii) Share of actuarial (loss) on defined benefit plan of associate		(0.95)	(0.54)
(iii) Income tax relating to above item		11.25	(8.46)
<b>Subtotal (A)</b>	57B	<b>(52.31)</b>	<b>39.11</b>
(B) Items that will be reclassified to profit or loss			
(i) Foreign exchange translation reserve		1.11	(1.96)
(ii) Tax impact on above		-	-
<b>Subtotal (B)</b>	57B	<b>1.11</b>	<b>(1.96)</b>
<b>Other comprehensive income / (loss) for the year (A+B) ( XII )</b>		<b>(51.20)</b>	<b>37.15</b>
<b>Total comprehensive income / (loss) for the year ( XI + XII = XIII )</b>		<b>3,329.17</b>	<b>1,150.44</b>
<b>Earning per share (for continuing operations)</b>			
(face value of ₹ 10 per Equity Share)			
Basic (in ₹)	42	13.74	4.52
Diluted (in ₹)		12.99	4.52
<b>Earning per share ( for discontinued operations)</b>			
(face value ₹10 per Equity Share)			
Basic (in ₹)	42	(0.020)	(0.002)
Diluted (in ₹)		(0.019)	(0.002)
<b>Earning per share (for continuing and discontinued operations)</b>			
(face value ₹ 10 per Equity Share)			
Basic (in ₹)	42	13.72	4.52
Diluted (in ₹)		12.97	4.52

The accompanying notes are an integral part of financial statements

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
Company Secretary  
Membership No.FCS1800

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH, 2022

## 1. Equity share capital

Equity shares of ₹10/- each issued, subscribed and fully paid up

Particulars	No of Shares	Equity Share Capital ₹ in Lacs
<b>Balance as at 1 April 2020</b>	<b>24,619,030</b>	<b>2,461.90</b>
Changes in equity share capital due to prior year errors	-	-
Restated balance at the beginning of the previous reporting year	-	-
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2021</b>	<b>24,619,030</b>	<b>2,461.90</b>
Changes in equity share capital due to prior year errors	-	-
Restated balance at the beginning of the current reporting year	-	-
Changes in equity share capital during the year	21,200	2.12
<b>Balance as at 31 March 2022</b>	<b>24,640,230</b>	<b>2,464.02</b>

## 2. Other equity

Particulars	Reserves and Surplus					Other comprehensive income	Total
	Securities premium	Retained earnings	General reserve	Capital reserve	Special reserve u/s 45-IC of the RBI Act, 1934	Equity settled share based payment reserve	
<b>Balance as at 1 April 2020</b>	<b>6,994.94</b>	<b>2,586.74</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>370.98</b>	<b>12,822.33</b>
Changes in accounting policy or prior year errors	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the previous reporting year</b>	<b>6,994.94</b>	<b>2,586.74</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>370.98</b>	<b>12,822.33</b>
Fair value of stock options - charge for the year	-	1,113.29	-	-	-	205.24	205.24
Profit for the year	-	(66.59)	-	-	-	-	1,113.29
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act, 1934	-	-	-	-	-	-	-
Other comprehensive income / (loss) (net)	-	-	-	-	-	-	-
<b>Total</b>	<b>6,994.94</b>	<b>3,633.44</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>576.22</b>	<b>14,178.00</b>
Dividend paid	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>6,994.94</b>	<b>3,633.44</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>576.22</b>	<b>14,178.00</b>
<b>Balance as at 1 April 2021</b>	<b>6,994.94</b>	<b>3,633.44</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>576.22</b>	<b>14,178.00</b>
Changes in accounting policy or prior year errors	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the current reporting year</b>	<b>6,994.94</b>	<b>3,633.44</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>576.22</b>	<b>14,178.00</b>
Addition during the year on account of share issue	13.91	-	-	-	-	-	13.91
Transfer from/to Equity settled share based premium reserve	16.71	-	-	-	-	(16.71)	-
Fair value of stock options - charge for the year	-	-	-	-	-	323.86	323.86
Profit for the year	-	3,380.37	-	-	-	-	3,380.37
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act, 1934	-	(164.22)	-	-	-	164.22	-
Other comprehensive income / (loss) (net)	-	-	-	-	-	-	-
<b>Total</b>	<b>7,025.56</b>	<b>6,849.59</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>883.37</b>	<b>17,845.02</b>
Dividend paid	-	(246.19)	-	-	-	-	(246.19)
<b>Balance as at 31 March 2022</b>	<b>7,025.56</b>	<b>6,603.40</b>	<b>1,803.65</b>	<b>1.03</b>	<b>500.00</b>	<b>883.37</b>	<b>17,598.83</b>

The accompanying notes are an integral part of financial statements

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
Company Secretary  
Membership No.FCS1800

Place : Mumbai  
Date : May 24, 2022

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

(₹ in Lacs)

PARTICULARS	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from operating activities</b>		
Profit before tax		
Continuing operations	4,611.46	1,736.85
Discontinuing operations	(4.70)	(0.59)
	4,606.76	1,736.26
<b>Add / (less) : adjustments for</b>		
Interest income	(86.30)	(70.63)
Fair value (gain) / loss on investments, securities held for trading and derivative trades	(635.87)	(1,291.95)
Net (gain)/loss on disposal of property, plant and equipment (Net of loss on discard)	4.98	(0.50)
Unrealised foreign exchange loss / (gain) (Net)	11.85	(5.13)
Fair valuation of security deposit	(15.38)	(17.35)
Income on lease closure and rent waiver	(17.23)	(45.32)
Dividend income	(3.22)	(2.13)
Finance costs	263.66	239.29
Finance cost pertaining to lease liability	52.03	60.99
Impairment on financial instruments (Gross)	12.85	3.11
Share based payment to employees	323.86	205.24
Depreciation and amortisation expenses	757.78	762.53
	669.01	(161.85)
<b>Operating profit before working capital changes</b>	<b>5,275.77</b>	<b>1,574.41</b>
<b>Add / (less) : adjustments for changes in working capital:</b>		
Increase/(decrease) in deposits with banks and other items	(2,862.31)	(17,255.49)
Increase/(decrease) in derivative financial instruments	(3.27)	-
Increase/(decrease) in securities held for trading	(140.00)	163.00
Increase/(decrease) in trade receivables	(2,192.11)	(1,349.34)
Increase/(decrease) in loans	(1,253.75)	(860.81)
(Increase)/decrease in other financial assets	(8,698.67)	(3,696.17)
(Increase)/decrease in other non financial assets	194.15	281.37
(Increase)/decrease in trade payables	1,972.93	(547.04)
Increase/(decrease) in deposits	2,708.92	(7.57)
Increase/(decrease) in other financial liabilities	9,937.88	16,725.97
Increase/(decrease) in provisions	1,026.71	909.04
Increase/(decrease) in other non financial liabilities	786.24	(12.63)
	1,476.72	(5,649.67)
<b>Cash generated from / (used in) operations</b>	<b>6,752.49</b>	<b>(4,075.26)</b>
Income tax paid (net)	(778.25)	(351.96)
<b>Cash flow before exceptional / extraordinary items</b>	<b>5,974.24</b>	<b>(4,427.22)</b>
Exceptional/extraordinary items	-	-
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>5,974.24</b>	<b>(4,427.22)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds/(Purchase) of investments measured at FVTPL	86.76	(36.55)
Purchase of property, plant and equipment	(480.83)	(268.31)
Proceeds from sale of property, plant and equipment	8.16	1.78
Interest received	86.30	70.63
Dividend received	3.22	2.13
Share of loss from associates (net)	(105.68)	(69.70)
	(402.05)	(300.02)
<b>Net cash used in investing activities (B)</b>	<b>(402.05)</b>	<b>(300.02)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of equity share capital (including securities premium)	16.03	-
Cash payment of lease liability and interest	(334.34)	(303.37)
Addition/ (repayment) of short-term borrowings	99.07	200.01
Finance costs paid	(263.66)	(239.29)
Dividends paid (including dividend distribution tax)	(246.19)	-
Increase/(decrease) in unpaid dividend	0.58	1.16
	(728.51)	(341.49)
<b>Net cash used in financing activities (C)</b>	<b>(728.51)</b>	<b>(341.49)</b>
<b>D. Net change due to foreign exchange translation differences</b>	0.06	(0.94)
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>4,843.74</b>	<b>(5,069.67)</b>

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

PARTICULARS	(₹ in Lacs)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Net increase in cash and cash equivalents (A+B+C+D)	4,843.74	(5,069.67)
Cash and cash equivalents at the beginning of the year	4,629.55	9,699.22
Cash and cash equivalents at the end of the year	9,473.29	4,629.55
<b>Notes :</b>		
<b>1. Components of cash and cash equivalents</b>		
Balance with a scheduled banks		
- In current accounts	9,471.02	4,625.25
Cash on hand	1.99	3.92
Balances in prepaid cards	0.28	0.38
<b>Total cash and cash equivalents</b>	<b>9,473.29</b>	<b>4,629.55</b>

- The above cash flow statement has been prepared under the "Indirect method" as set out on the Indian Accounting Standard (Ind AS-7) Statement of Cash Flow.
- Also refer note 60 for change on liabilities arising from financing activities.
- Cash and cash equivalent excludes deposit with banks towards margin/security for bank guarantees, borrowings and other commitments and balance in unclaimed dividend accounts.
- Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
Company Secretary  
Membership No.FCS1800

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH, 2022

### 1. CORPORATE INFORMATION

Emkay Global Financial Services Limited ('the Company') is a public limited company domiciled in India and was incorporated in 1995 and got listed in 2006.

The Company together with its subsidiaries, associate and associates of its subsidiaries (collectively, "the Group") is a diversified financial services Group and is primarily engaged in the business of providing Stock, Commodity and Currency broking, Lending, Investment Banking, Depository Participant Services, Asset Management Services, Wealth Management including distribution of third party financial products, Investment Advisory Services and Exempt Financial Advisors as per Singapore laws.

The Group is a member of National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), National Commodities and Derivatives Exchange Limited (NCDEX), Multi Commodity Exchange of India Limited (MCX), Metropolitan Stock Exchange of India Limited (MSEI), NSE IFSC Limited, India International Bullion Exchange IFSC Ltd. and depository participant with Central Depository Services (India) Limited (CDSL).

The Group's registered office is at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028. Emkay Global Financial Services Limited is the ultimate parent of the group.

#### 2.1 BASIS OF PREPARATION

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

##### *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost convention on accrual basis of accounting except for the following:

- certain financial instruments which are measured at fair value
- defined benefit plan assets measured at fair value
- share-based payment obligations

##### *Use of estimates and judgments*

The preparation of consolidated financial statements requires the management to make judgments, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based

on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Group are discussed in Note 6 - Significant accounting judgments, estimates and assumptions.

##### *Functional and presentation currency*

The consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency except when otherwise indicated.

### 2.2 BASIS OF CONSOLIDATION

#### • Basis of preparation:

The consolidated financial statements have been prepared by applying the principles laid down in the Indian Accounting Standard : Ind As 110 "Consolidated Financial Statements" and Ind AS 28 "Accounting for Investments in Associates / Joint Venture in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India for the purpose of these Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow together referred to in as "Consolidated Financial Statements". Reference in these notes to the Parent Company means Emkay Global Financial Services Limited, reference to Subsidiary Companies means six subsidiaries of Emkay Global Financial Services Limited, i.e Emkay Fincap Limited, Emkay Commotrade Limited, Emkay Wealth Advisory Limited, Emkay Investment Managers Limited, Emkayglobal Financial Services IFSC Pvt. Ltd. and Emkay Global Financial Services Pte. Ltd., reference to an Associate means Azaleas Capital Partners LLP and reference to Associates of wholly owned subsidiary means Finlearn Edutech Pvt. Ltd. AES Trading & Consultants LLP and reference to the Group means the Parent Company, Subsidiary Companies, Associate of the Parent Company and Associate of a Subsidiary Companies.

#### • Principles of consolidation:

- I. The Consolidated Financial Statements of the Group comprises of the financial statements of the parent Company and its subsidiaries and have been combined on a line-by-line basis by adding together the books values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits/loss in full.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

- II. The Consolidated Financial Statements of the Group comprises of share of profit/losses of the associate and associate of its subsidiary Company.
- III. The Consolidated Financial Statements of the Group are presented, to the extent possible in the same format as that adopted by the parent Company for its separate financial statement.

### 3. PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in all material aspects in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind As') as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting standards) Rule 2013 as amended and other relevant provisions of the Act.

The financial statements of the Group are presented in order of liquidity and in accordance with Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA).

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 58.

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

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

### 4. STATEMENT OF COMPLIANCE

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

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Revenue from operations

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

The Group recognizes revenue from contracts with customers based on a five step model as set out in Ind AS 115:

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

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

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

Revenue includes the following:

#### (i) Brokerage fee income

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

#### (ii) Fees & commission income

This includes:

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

Income from investment banking activities and other fees is recognized as and when such services are completed / performed and as per terms of agreement with the client (i.e. when the performance obligation is completed). Research fees income is recognised when the entity satisfies the performance obligation by providing the service to the client.

b) Income from depository operations.

Revenue from depository services on account of annual maintenance charges have been accounted for over



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

the period of the performance obligation. Revenue from depository services on account of transaction charges is recognised at a point in time when the performance obligation is completed.

c) Income from wealth management services

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

d) Portfolio management fees

Portfolio management fees is accounted on accrual basis based on completion of performance obligation as follows-

- In case of fees based on fixed percentage of assets under management, income is accrued at fixed interval or closure of portfolio account, whichever is earlier.
- In case of fees based on returns on portfolio, income is accounted at the completion of one year from the date of joining the portfolio management scheme or the closure of portfolio account, whichever is earlier.

e) Alternate Investment Fund (AIF) management fees

AIF management fees is accounted on accrual basis and on the completion of performance obligations in accordance with Private Placement Memorandum and Contribution Agreements of respective schemes of AIF.

**(iii) Interest income**

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial assets through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial assets after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

**(iv) Dividend income**

Dividend income is recognized when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

This is generally when the shareholders approves the dividend.

**(v) Net gain on fair value changes**

Any realised gain or loss on sale of financial assets (including investments, derivatives and stock in trade) being classified as fair value through profit or loss ("FVTPL") is recognised as "Net gain or loss on fair value changes" under "Revenue from operations" or "Expenses" respectively in the statement of profit and loss.

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

**(vi) Delayed payment charges**

The same are accounted at a point in time of default.

**(vii) Other income**

In respect of other heads of Income it is accounted to the extent it is probable that the economic benefits will flow and the revenue can be reliably measured, regardless of when the payment is being made. An entity shall recognise a refund liability if the entity receives consideration from a customer and expects to refund some or all of that consideration to the customer.

## 5.2 FINANCIAL INSTRUMENTS

**(i) Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 6.1. Financial instruments are initially measured at their fair value (as defined in Note 6.3), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

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

### (ii) Classification of financial instruments

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

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income (FVOCI)
3. Financial assets to be measured at fair value through statement of profit and loss (FVTPL)

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

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

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

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

The Group also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding.

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

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the

time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss

### iii) Financial Assets and Liabilities

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

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

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

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

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

##### Debt instruments

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

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

These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (a separate component of equity). Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in statement of profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Group does not have any financial instruments measured at fair value through other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**Equity instruments**

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

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

**(c) Financial assets measured through fair value through profit or loss**

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

Items at fair value through profit or loss comprise:

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

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

*Financial instruments held for trading*

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

The profit/(loss) earned on sale of investments and securities held for trading are recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of the weighted average cost method and securities held for trading on FIFO method. On disposal of an investment, the difference between carrying amount and net disposal proceeds is charged to or credited to statement of profit and loss.

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

**d) Financial liabilities**

The Group classifies its financial liabilities at amortized costs unless it has designated liabilities at fair value through the statement of profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

*Debt securities and other borrowed funds*

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

**(e) Undrawn loan commitments**

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

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 12.

**(f) Derivatives**

The Group enters into derivative transactions being equity derivative transactions in the nature of futures and options in equity stock/index and currency derivative transactions in the nature of futures and options in foreign currencies both entered into for trading purposes. Derivatives are recorded at fair value and carried as assets when their fair values are positive and as liabilities when their fair values are negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain/loss on fair value changes.

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

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

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

### (h) Impairment of financial assets

#### *Overview of the ECL principles*

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

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

- debt instruments measured at amortized cost
- loan commitments; and

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

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

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has classified its loan portfolio into Corporates / Firms, Individuals (HNIs) and Individuals (Retail).

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Group categorizes its loans into Stage 1, Stage 2 and Stage 3 as described below:

#### **Stage 1**

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

#### **Stage 2**

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

#### **Stage 3**

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

#### **Credit-impaired financial assets:**

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- e) The disappearance of an active market for a security because of financial difficulties.

#### *Loan commitments*

When estimating lifetime ECL, for undrawn loan



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

For margin funding facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognized within Provisions

### *The mechanics of ECL:*

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

**Probability of default (PD)** - The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

**Exposure at default (EAD)**- The Exposure at default is an estimate of the exposure at a future default date.

**Loss given default (LGD)** - The Loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

### *Trade receivables*

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Group also writes off balances that are due generally for more than one year and are not likely to be recovered.

### *Forward looking information*

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

### *Collateral Valuation*

To mitigate its credit risks on financial assets, the Group seeks to use collateral, wherever possible. The collateral comes in various forms, such as equity shares, fixed deposits, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

### **(i) Write-offs**

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the client or borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

### **(j) Determination of fair value**

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments as explained in note 55 at fair value on each balance sheet date.

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarized below:

**Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

**Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during

which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition:

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognizes the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in statement of profit and loss when the inputs become observable, or when the instrument is derecognized.

### 5.3 EXPENSES

#### (i) Borrowing / finance costs

##### Borrowing costs

Expenses related to borrowing cost are accounted using effective interest rate. Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

##### Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

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

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

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability

**(ii) Retirement and other employee benefits***Short term employee benefit*

All employee benefits including 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.

*Post-employment employee benefits*

## a) Defined contribution schemes

Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance and Labour Welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the statement of profit and loss of the year when the contribution to the respective funds are due

## b) Defined benefit schemes

Retirement benefits in the form of gratuity is considered as defined benefit obligation. The scheme is formed by the Group and fund is managed by insurers to which the Group makes periodic contributions. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each balance sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee

benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on government securities as at the balance sheet date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

*Other long term benefits*

As per present policy of the Group, there are no other long term benefits to which its employees are entitled.

**(iii) Share-based payments**

Equity-settled share-based payments to employees that are granted are measured by reference to the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the vesting conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

**(iv) Other expenses**

All other expense are recognized in the period they accrue/ occur.

**(v) Upfront commission**

Upfront commission paid to distributors for procuring subscription to assets being managed (Managed Assets), is for services rendered by them over the life of Managed Assets. The same is treated as prepaid expense and is spread over the life of Managed Assets. In case such Managed Assets are prematurely withdrawn by the subscribers, the same is debited to the statement of profit and loss account on such withdrawal.

**(vi) Share issue expenses**

Share issue expenses are recognised as an expense in the

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

year in which it is incurred.

### vii) Impairment of non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

The carrying amount of assets is reviewed at each balance sheet date whether there is any indication that an asset may be impaired. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

### (viii) Taxes

#### *Current Tax*

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group companies operate and generate taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Deferred tax*

Deferred tax assets and liabilities are recognised for

temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

### *Minimum Alternate Tax (MAT)*

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognised as an asset only to the extent that it is probable that the Group Companies will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## 5.4 FOREIGN CURRENCY TRANSLATION

### (i) Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Group except for Emkayglobal Financial Services IFSC Pvt. Ltd. whose functional currency is US Dollar and Emkay Global Financial Services Pte. Ltd. whose functional currency is Singapore

Dollar. Reporting currency of the Group is Indian Rupees.

### (ii) Transactions and balances

#### *Initial recognition:*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

#### *Conversion:*

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

## 5.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents are as defined above.

## 5.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### Depreciation

Depreciation is calculated using the WDV method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold Improvements which are amortized on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 36 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits.

The estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Group
Office premises	60 years	60 years
Furniture and fixture	10 years	10 years
Air conditioner	15 years	15 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years
Computer end user	3 years	3 years
Computer data centre and networking	6 years	6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the statement of profit and loss in the year the asset is derecognized. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 5.7 INTANGIBLE ASSETS

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset

comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years from the start of the year of acquisition irrespective of the date of acquisition, unless it has a shorter useful life.

The Group's intangible assets consist of computer software with finite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 5.8 LEASES (AS A LESSEE)

#### (i) Identifying a lease

At the inception of the contract, the Group assesses whether a contract is, or contain, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly.
- The Group has the right to obtain substantially all of the economic benefits from use of the asset



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

throughout the period of use, and

- The Group has right to direct the use of the asset.

**(ii) Recognition of right of use asset**

The Group recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

**(iii) Subsequent measurement of right of use asset**

The right of use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

**(iv) Recognition of lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

**(v) Subsequent measurement of lease liability**

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the RTU asset, or is recorded in profit or loss if the carrying amount of the RTU asset has been reduced to zero.

The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate

implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

**(vi) Short-term leases and leases of low-value assets:**

The Group has elected by class of underlying asset not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

**5.9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**5.10 EARNING PER SHARE**

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 5.11 DIVIDENDS ON ORDINARY SHARES

The Group recognises a liability to make cash distributions to its equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 5.12 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represent a separate major line of business.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit and loss is represented as if the operation had been discontinued from the start of the comparative period.

### 5.13 CONTINGENCIES AND EVENTS AFTER REPORTING DATE

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

### 5.14 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

## 6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

### 6.1 BUSINESS MODEL ASSESSMENT

Classification and measurement of financial assets depends on the results of the SPPI (Solely Payments of Principal and Interest) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the standalone statement of profit and loss in the period in which they arise.

### 6.2 DEFINED EMPLOYEE BENEFIT ASSETS AND LIABILITIES

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### 6.3 FAIR VALUE MEASUREMENT

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 6.4 IMPAIRMENT OF FINANCIAL ASSET

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more details in Note 5.2 (iii)(h) overview of ECL principles.

### 6.5 EFFECTIVE INTEREST RATE (EIR) METHOD

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

### 6.6 CONTINGENT LIABILITIES AND PROVISIONS OTHER THAN IMPAIRMENT ON LOAN PORTFOLIO

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

### 6.7 OTHER ESTIMATES:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2022

### 7. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Cash on hand	1.99	3.92
Balances with banks		
- in current accounts	9,471.02	4,625.25
Others		
Balance in prepaid cards	0.28	0.38
<b>Total</b>	<b>9,473.29</b>	<b>4,629.55</b>

### 8. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Earmarked balances with banks towards unclaimed dividend	5.80	5.22
Fixed deposits with banks (with original maturity of upto 12 months)	24,117.91	24,095.94
Fixed deposits with banks ( with original maturity of more than 12 months )	7,200.00	4,624.00
Accrued interest on fixed deposits with banks	488.75	224.99
<b>Total</b>	<b>31,812.46</b>	<b>28,950.15</b>
<b>Breakup of deposits</b>		
Fixed deposits under lien with stock exchanges and clearing corporations	19,984.00	17,318.00
Fixed deposits for bank guarantees	8,100.00	8,050.00
Fixed deposits for credit facilities	3,069.00	2,860.00
Fixed deposits - free from charges	164.91	491.94
<b>Total</b>	<b>31,317.91</b>	<b>28,719.94</b>

### 9. DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Equity index / stock options premium	3.51	-
<b>Total</b>	<b>3.51</b>	<b>-</b>
Notional amounts - assets	262.50	-
Notional amounts - liabilities	-	-
Fair value - assets	3.51	-
Fair value - liabilities	-	-
Derivatives are used for the purpose of trading.		
Refer note 56 for management of risks arising from derivatives.		

### 10. SECURITIES HELD FOR TRADING

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>At fair value through profit or loss</b>		
Equity shares : Unquoted, fully paid up	147.05	-
<b>Total</b>	<b>147.05</b>	<b>-</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

## 11. TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Receivables considered good - secured *	4,416.74	1,676.58
Receivables considered good - unsecured **	4,459.14	5,013.72
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	24.88	18.52
	<b>8,900.76</b>	<b>6,708.82</b>
Less: Impairment loss allowance	(24.88)	(18.52)
<b>Total</b>	<b>8,875.88</b>	<b>6,690.30</b>
* Secured against securities given as collateral by the clients		
** Above includes due from a managing director	0.30	1.00
** Above includes due from other related parties		
** Net of margin	53.35	0.66

The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to life time ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

### Trade receivables ageing schedule as at 31 March 2022 (₹ in Lacs)

Particulars	Outstanding for following period from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	8,891.49	3.51	2.22	0.01	3.53	8,900.76

### Trade receivables ageing schedule as at 31 March 2021

Particulars	Outstanding for following period from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	6,703.10	1.38	0.28	0.22	3.84	6,708.82

## 12. LOANS

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>(A) At amortized cost</b>		
Loan against securities and others	3,936.42	2,761.62
Margin trading facility (MTF)	91.42	12.48
Others	0.03	0.00
Loan to employees	-	0.02
	<b>4,027.87</b>	<b>2,774.12</b>
Less: Impairment loss allowance	(9.84)	(6.90)
<b>Total</b>	<b>4,018.03</b>	<b>2,767.22</b>
<b>(B) Secured / Unsecured</b>		
Secured by tangible assets (Securities)	4,027.84	2,774.10
Unsecured	0.03	0.02
	<b>4,027.87</b>	<b>2,774.12</b>
Less: Impairment loss allowance	(9.84)	(6.90)
<b>Total</b>	<b>4,018.03</b>	<b>2,767.22</b>
<b>(D) Stage wise break up of loans</b>		
(i) Low credit risk (Stage 1)	4,018.03	2,767.22
(ii) Significant increase in credit risk (Stage 2)	-	-
(ii) Credit impaired (Stage 3)	-	-
<b>Total</b>	<b>4,018.03</b>	<b>2,767.22</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**13. INVESTMENTS**

		(₹ in Lacs)	
Particulars	As at 31 March 2022	As at 31 March 2021	
<b>I Unquoted investments at cost</b>			
<b>Equity share capital / capital contribution in associates*</b>			
- Azalea Capital Partners LLP	4.50	4.50	
- AES Trading and Consultants LLP	0.63	-	
- Finlearn Edutech Pvt Ltd	309.73	209.73	
- Share in accumulated (loss) / profit	(217.61)	(110.99)	
<b>Total</b>	<b>97.25</b>	<b>103.24</b>	
<b>II At fair value through profit and loss</b>			
<b>1 In Alternate investment funds ( Category III )</b>			
- Emkay Emerging Stars Fund	1,504.38	1,376.64	
- Emkay Emerging Stars Fund-II	336.74	307.24	
- Emkay Emerging Stars Fund-III	511.80	449.44	
- Emkay Emerging Stars Fund-IV	581.67	-	
<b>Total</b>	<b>2,934.59</b>	<b>2,133.32</b>	
<b>2 Equity instruments : Quoted, fully paid up</b>			
- Quoted, fully paid up	392.35	646.20	
- Quoted, partly paid up	-	0.55	
<b>Total</b>	<b>392.35</b>	<b>646.75</b>	
<b>3 Investments in Mutual Funds : Quoted, fully paid up</b>	0.11	0.11	
<b>Total</b>	<b>3,424.30</b>	<b>2,883.42</b>	
Investment in India	3,424.30	2,883.42	
Investment outside India	-	-	

\*The Group has elected to measure investment in associates at deemed cost as per Ind AS 101

**14. OTHER FINANCIAL ASSETS**

		(₹ in Lacs)	
Particulars	As at 31 March 2022	As at 31 March 2021	
Deposits with stock exchanges/clearing corporations	14044.10	5317.92	
Deposits lease premises	171.86	184.67	
Less: Impairment loss allowance	(1.69)	(1.82)	
	170.16	182.85	
Deposits others	23.19	25.83	
Other receivable	100.00	105.30	
<b>Total</b>	<b>14,337.45</b>	<b>5,631.90</b>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**15. CURRENT TAX ASSETS (NET)**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Income tax paid (net of provision for taxation of ₹171.77 Lacs) (previous year ₹137.58 Lacs)	150.39	189.20
<b>Total</b>	<b>150.39</b>	<b>189.20</b>

**16. DEFERRED TAX ASSETS (NET)**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax assets:</b>		
Financial assets at fair value through profit and loss	-	22.43
Lease liabilities	125.61	154.61
Provisions	12.49	8.08
Disallowances	26.86	-
Carried forward tax losses	206.00	459.85
<b>Total</b>	<b>370.96</b>	<b>644.97</b>
<b>Deferred tax liabilities</b>		
Financial assets at fair value through profit and loss	8.58	-
Property, plant and equipment and other intangible assets	104.77	99.46
Right-of-use-assets	119.06	146.75
<b>Total</b>	<b>232.41</b>	<b>246.21</b>
<b>Net deferred tax assets</b>	<b>138.55</b>	<b>398.76</b>

**17. PROPERTY, PLANT AND EQUIPMENT**

Particulars	Gross block				Accumulated depreciation/amortization				Net Block	
	Balance as at 01 April 2021	Additions	Disposals	Balance as at 31 March 2022	Balance as at 01 April 2021	Additions	Disposals	Balance as at 31 March 2022	Balance as at 01 April 2021	Balance as at 31 March 2022
<b>Property, plant and equipment</b>										
Office premises	2,736.19	-	-	2,736.19	379.84	114.51	-	494.35	2,356.35	2,241.84
Furniture & fixtures	88.65	8.85	0.32	97.18	52.06	9.03	0.03	61.06	36.59	36.12
Vehicles	105.38	-	-	105.38	33.97	22.31	-	56.28	71.41	49.10
Office equipment	88.62	17.58	10.70	95.50	56.11	14.30	7.44	62.97	32.51	32.53
Computers	764.13	261.64	15.67	1,010.10	446.68	191.84	7.33	631.19	317.45	378.91
Air conditioners	29.12	4.74	1.18	32.68	13.58	3.14	0.63	16.09	15.54	16.59
Leasehold improvement	225.57	-	1.78	223.79	157.54	50.48	1.05	206.97	68.03	16.82
<b>Total (A)</b>	<b>4,037.66</b>	<b>292.81</b>	<b>29.65</b>	<b>4,300.82</b>	<b>1,139.78</b>	<b>405.61</b>	<b>16.48</b>	<b>1,528.91</b>	<b>2,897.88</b>	<b>2,771.91</b>
<b>Intangible assets</b>										
Computer software	238.95	29.78	-	268.73	198.44	44.84	-	243.28	40.51	25.45
<b>Total (B)</b>	<b>238.95</b>	<b>29.78</b>	<b>-</b>	<b>268.73</b>	<b>198.44</b>	<b>44.84</b>	<b>-</b>	<b>243.28</b>	<b>40.51</b>	<b>25.45</b>
<b>Total (A)+(B)</b>	<b>4,276.61</b>	<b>322.59</b>	<b>29.65</b>	<b>4,569.55</b>	<b>1,338.22</b>	<b>450.45</b>	<b>16.48</b>	<b>1,772.19</b>	<b>2,938.39</b>	<b>2,797.36</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

Previous year

(₹ in Lacs)

Particulars	Gross block				Accumulated depreciation/amortization				Net Block	
	Balance as at 01 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 01 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 01 April 2020	Balance as at 31 March 2021
<b>Property, plant and equipment</b>										
Office premises	2,736.19	-	-	2,736.19	259.48	120.36	-	379.84	2,476.71	2,356.35
Furniture & fixtures	87.60	1.25	0.20	88.65	38.92	13.20	0.06	52.06	48.68	36.59
Vehicles	33.94	71.44	-	105.38	18.42	15.55	-	33.97	15.52	71.41
Office equipment	78.10	11.70	1.18	88.62	40.17	16.62	0.68	56.11	37.93	32.51
Computers	622.96	141.95	0.78	764.13	289.96	156.86	0.14	446.68	333.00	317.45
Air conditioners	27.69	1.43	-	29.12	10.14	3.44	-	13.58	17.55	15.54
Leasehold improvement	203.84	21.73	-	225.57	92.22	65.32	-	157.54	111.62	68.03
<b>Total (A)</b>	<b>3,790.32</b>	<b>249.50</b>	<b>2.16</b>	<b>4,037.66</b>	<b>749.31</b>	<b>391.35</b>	<b>0.88</b>	<b>1,139.78</b>	<b>3,041.01</b>	<b>2,897.88</b>
<b>Intangible assets</b>										
Computer software	222.16	16.79	-	238.95	151.25	47.19	-	198.44	70.91	40.51
<b>Total (B)</b>	<b>222.16</b>	<b>16.79</b>	<b>-</b>	<b>238.95</b>	<b>151.25</b>	<b>47.19</b>	<b>-</b>	<b>198.44</b>	<b>70.91</b>	<b>40.51</b>
<b>Total (A)+(B)</b>	<b>4,012.48</b>	<b>266.29</b>	<b>2.16</b>	<b>4,276.61</b>	<b>900.56</b>	<b>438.54</b>	<b>0.88</b>	<b>1,338.22</b>	<b>3,111.92</b>	<b>2,938.39</b>

There is no (i) acquisition through business combinations (ii) revaluation of property, plant and equipment and (iii) impairment losses and its reversal during the current year / previous year.

**18. CAPITAL WORK-IN-PROGRESS (CWIP)**

(₹ in Lacs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
<b>Ageing schedule as on March 31 2022</b>					
Projects in progress	165.91	-	-	-	165.91
<b>Ageing schedule as on March 31 2021</b>					
Projects in progress	12.25	-	-	-	12.25

**19. INTANGIBLE ASSETS UNDER DEVELOPMENT**

(₹ in Lacs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
<b>Ageing schedule as on March 31 2022</b>					
Projects in progress	-	12.00	-	-	12.00
<b>Ageing schedule as on March 31 2021</b>					
Projects in progress	17.00	-	-	-	17.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**20. OTHER NON FINANCIAL ASSETS**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	18.00	8.41
Prepaid expenses	505.50	699.15
MAT credit entitlement	55.92	58.93
Fringe benefit tax refund receivable	14.85	5.28
Income tax refund receivable	0.88	0.88
Deposit against appeal	38.44	38.44
Advances to suppliers and others	11.32	22.82
Goods and service tax input credit available / receivable	34.88	34.73
<b>Total</b>	<b>679.79</b>	<b>868.64</b>

**21. PAYABLES**

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Trade payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,665.67	11,692.74
<b>Total</b>	<b>13,665.67</b>	<b>11,692.74</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 Group 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	-	-

**Trade payable due for payment - ageing schedule as at 31 March 2022**

(₹ in Lacs)

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) MSME - undisputed	-	-	-	-	-
(ii) Others - undisputed	13,608.94	20.65	12.65	23.43	13,665.67

**Trade payable due for payment - ageing schedule as at 31 March 2021**

(₹ in Lacs)

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) MSME - undisputed	-	-	-	-	-
(ii) Others - undisputed	11,605.51	25.94	18.09	43.20	11,692.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**22. BORROWINGS (OTHER THAN DEBT SECURITIES)**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>At amortized cost</b>		
Loan repayable on demand		
- Overdraft from bank - secured by lien on deposit with bank	1,099.08	1,000.01
<b>Total</b>	<b>1,099.08</b>	<b>1,000.01</b>
Borrowings in India	1,099.08	1,000.01
Borrowings outside India	-	-
<b>Total</b>	<b>1,099.08</b>	<b>1,000.01</b>

**23. DEPOSITS**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>At amortized cost</b>		
Deposits unsecured		
- from intermediaries	133.30	169.18
- from others	2,744.80	-
<b>Total</b>	<b>2,878.10</b>	<b>169.18</b>

**24. OTHER FINANCIAL LIABILITIES**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Unpaid dividends	5.80	5.22
Margin from clients	33,719.48	23,681.49
Payable for expenses	356.72	455.04
Accrued salaries and benefits	64.14	66.89
Other liabilities	44.07	32.14
<b>Total</b>	<b>34,190.21</b>	<b>24,240.78</b>

**25. CURRENT TAX LIABILITIES (NET)**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
For taxation (net of advance payment of taxes and tax deducted at source of ₹716.59 Lacs) (previous year ₹502.92 Lacs)	99.31	70.13
<b>Total</b>	<b>99.31</b>	<b>70.13</b>

**26. PROVISIONS**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>Provision for employee benefits</b>		
- Gratuity (refer note 50)	183.46	63.35
- Bonus	1,637.95	950.30
- Compensated absences	93.58	-
- Incentive	354.36	166.73
Provision for non fund based exposure	7.73	4.04
<b>Total</b>	<b>2,277.08</b>	<b>1,184.42</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**27. OTHER NON FINANCIAL LIABILITIES**

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	1,711.17	919.30
Income received in advance	23.83	12.58
Advance received from clients	5.62	22.47
Other liabilities	-	0.03
<b>Total</b>	<b>1,740.62</b>	<b>954.38</b>

**28. EQUITY SHARE CAPITAL**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
<b>(A) Authorised</b>				
Equity Shares of ₹ 10/- each	50,000,000	5,000.00	50,000,000	5,000.00
	<b>50,000,000</b>	<b>5,000.00</b>	<b>50,000,000</b>	<b>5,000.00</b>
<b>(B) Issued, subscribed and fully paid up</b>				
Equity Shares of ₹10/- each	24,619,030	2,461.90	24,619,030	2,461.90
Issued during the year : ESOP	21,200	2.12	-	-
<b>Total Equity</b>	<b>24,640,230</b>	<b>2,464.02</b>	<b>24,619,030</b>	<b>2,461.90</b>

**(C) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
<b>At the beginning of the reporting period</b>	24,619,030	2,461.90	24,619,030	2,461.90
Shares issued during the reporting period : ESOP	21,200	2.12	-	-
<b>Outstanding at the end of the reporting period</b>	<b>24,640,230</b>	<b>2,464.02</b>	<b>24,619,030</b>	<b>2,461.90</b>

**(D) Terms / rights / restrictions attached to equity shares**

The Parent Company has only one class of equity shares having par value of ₹10/- each share. Each holder of equity share is entitled to one vote per share. The Parent Company declares and pay dividends in Indian Rupees. The dividend proposed if any, by the Board of Directors of the Parent Company is subject to the approval of shareholders in the ensuing Annual General Meeting of the Parent Company except in case of interim dividend.

In the event of liquidation of the Parent Company, the holders of Equity shares will be entitled to receive remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March 2022 dividend recognized as distribution to equity shareholders was ₹1.00 per share being final dividend for the year ended 31 March 2021. The total dividend amounts to ₹246.19 Lacs ( Previous year ₹Nil ).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**(E) Details of shareholders holding more than 5% shares in the Company (Face value of ₹ 10 per share)**

Particulars	As at 31 March 2022		As at 31 March 2021	
	No of Shares	% Held	No of Shares	% Held
Krishna Kumar Karwa	4,922,500	19.98%	4,922,500	19.99%
Prakash Kacholia	4,750,000	19.28%	4,750,000	19.29%
Emkay Corporate Services Pvt.Ltd	4,851,484	19.69%	4,851,484	19.71%
Preeti Kacholia	1,880,000	7.63%	1,880,000	7.64%
Raunak Karwa	1,750,000	7.10%	1,750,000	7.11%
<b>Total</b>	<b>18,153,984</b>	<b>73.68%</b>	<b>18,153,984</b>	<b>73.74%</b>

**(F) Details of shares held by promoters/promoter group**

**as at 31 March 2022**

Promoter Name	No of shares	% of total shares	% Change during the year
Krishna Kumar Karwa	4,922,500	19.98%	-0.01%
Prakash Kacholia	4,750,000	19.28%	-0.01%
Emkay Corporate Services Pvt.Ltd	4,851,484	19.69%	-0.02%
Preeti Kacholia	1,880,000	7.63%	-0.01%
Raunak Karwa	1,750,000	7.10%	-0.01%
Murlidhar Karwa (HUF)	100,000	0.41%	0.00%
Krishna Kumar Karwa (HUF)	100,000	0.41%	0.00%
<b>Total</b>	<b>18,353,984</b>	<b>74.50%</b>	

**as at 31 March 2021**

Promoter name	No of shares	% of total shares	% Change during the year
Krishna Kumar Karwa	4,922,500	19.99%	0.00%
Prakash Kacholia	4,750,000	19.29%	0.00%
Emkay Corporate Services Pvt.Ltd	4,851,484	19.71%	0.00%
Preeti Kacholia	1,880,000	7.64%	0.00%
Raunak Karwa	1,750,000	7.11%	0.00%
Murlidhar Karwa (HUF)	100,000	0.41%	0.00%
Krishna Kumar Karwa (HUF)	100,000	0.41%	0.00%
<b>Total</b>	<b>18,353,984</b>	<b>74.56%</b>	

**(G) Shares reserved for issue under employee stock option plans**

Particulars	As at 31 March 2022	As at 31 March 2021
	No's	No's
ESOP's reserved for offering to eligible employees of the Group under ESOP scheme		
- ESOP's granted and are pending for vesting / exercise	4,091,403	4,078,365
- ESOP's not yet granted	525,845	560,083
<b>Total</b>	<b>4,617,248</b>	<b>4,638,448</b>

**(H) During the preceding five years the Company has not**

- allotted fully paid up shares without payment being received in cash
- issued fully paid up bonus shares
- bought back shares

**(I) Capital management**

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and short term debt.

In addition to above the Group Companies are required to maintain a minimum network as prescribed from time to time by the various regulators. The management ensures that this is complied at all times.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**29. OTHER EQUITY**

		(₹ in Lacs)
Particulars	As at 31 March 2022	As at 31 March 2021
<b>Reserves and surplus</b>		
<b>Securities premium</b>		
Balance at the beginning of the year	6,994.94	6,994.94
Add : Addition during the year	13.91	-
Add : Transfer from equity-settled share-based payment reserve	16.71	-
<b>Balance at the end of the year</b>	<b>7,025.56</b>	<b>6,994.94</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	3,633.44	2,586.74
Profit for the year	3,380.37	1,113.29
<b>Amount available for appropriation</b>	<b>7,013.81</b>	<b>3,700.03</b>
Dividend paid to equity shareholders	(246.19)	-
Transfer to special reserve u/s 45-IC of the RBI Act, 1934	(164.22)	(66.59)
<b>Balance at the end of the year</b>	<b>6,603.40</b>	<b>3,633.44</b>
General reserve	1,803.65	1,803.65
Capital reserve on consolidation	1.03	1.03
Capital redemption reserve	500.00	500.00
<b>Special reserve u/s 45-IC of the RBI Act 1934</b>		
Balance at the beginning of the year	725.14	658.55
Add : Transfer from retained earnings	164.22	66.59
<b>Balance at the end of the year</b>	<b>889.36</b>	<b>725.14</b>
<b>Equity-settled share-based payment reserve</b>		
Balance at the beginning of the year	576.22	370.98
Add : Addition during the year	323.86	205.24
Less : Transfer to securities premium account	(16.71)	-
<b>Balance at the end of the year</b>	<b>883.37</b>	<b>576.22</b>
<b>Foreign exchange translation reserve</b>		
Balance at the beginning of the year	5.26	7.22
Add : Additions during the year	1.19	(1.96)
<b>Balance at the end of the year</b>	<b>6.45</b>	<b>5.26</b>
<b>Other comprehensive income</b>		
Balance at the beginning of the year	(61.68)	(100.79)
Add : Movement in other comprehensive income(net) during the year	(52.31)	39.11
<b>Balance at the end of the year</b>	<b>(113.99)</b>	<b>(61.68)</b>
<b>Total</b>	<b>17,598.83</b>	<b>14,178.00</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### Nature and purpose of reserve

#### a) Securities premium

Securities premium reserves is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, writing off the preliminary expenses in accordance with the provisions of the Companies Act, 2013.

#### b) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

#### c) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilized only in accordance with the specific requirements of Companies Act, 2013.

#### d) Capital reserve on consolidation

Capital reserve is the excess of net assets taken over cost of consideration paid.

#### e) Capital redemption reserve

Capital redemption reserve is created on redemption of preference shares in accordance with provisions of the Act and shall be utilised in accordance with the Act.

#### f) Special reserve under u/s 45-IC of the RBI Act 1934

In case of a subsidiary company carrying on Non-banking financial business, the Group creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfer therein an amount of equal to / more than twenty percent of its net profit of the year.

#### g) Equity-settled share-based payment reserve

This reserve is created by debiting the statement of profit and loss account with value of share options granted to the employees. Once shares are issued by the Company, the amount in this reserve will be transferred to Share capital, Securities premium or retained earnings.

#### h) Foreign exchange difference on translating the financial statement

Under IND As, in cases where the functional currency of the operations is different from the functional current of the reporting entity, the translation differences are accounted in the Other comprehensive income and disclosed under Other equity.

#### i) Other comprehensive income

Other comprehensive income consist of re-measurement gains/losses on employees defined benefit plans.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**30. INTEREST INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>On financial assets measured at amortized cost</b>		
Interest on loans and advances to customers	209.00	193.62
Interest on deposits with banks	612.68	608.70
Other interest income	0.20	5.82
Interest on margin trading funding (MTF)	9.75	6.86
<b>Total</b>	<b>831.63</b>	<b>815.00</b>

**31. DIVIDEND INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend on investments	0.28	2.23
<b>Total</b>	<b>0.28</b>	<b>2.23</b>

**32. FEES AND COMMISSION INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Brokerage income	14,277.24	11,216.56
Portfolio management fees	688.99	532.53
Alternate investment fund management fees	725.27	542.27
Research and advisory fees	1,020.51	1,080.99
Depository operations	95.58	83.68
Other Fees	85.08	36.01
<b>Total</b>	<b>16,892.67</b>	<b>13,492.04</b>

**33. NET GAIN / (LOSS) ON FAIR VALUE CHANGES**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
- Investments	875.80	1,434.37
- Securities held for trading	550.94	330.26
- Derivatives	7,721.70	(242.57)
<b>Total net gain / (loss) on fair value changes</b>	<b>9,148.44</b>	<b>1,522.06</b>
<b>Fair value changes:</b>		
- Realized gain	8,512.57	230.11
- Unrealized gain / (loss)	635.87	1,291.95
<b>Total</b>	<b>9,148.44</b>	<b>1,522.06</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**34. OTHER OPERATING INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Delayed payment charges from clients	228.51	84.71
Others	18.90	17.31
<b>Total</b>	<b>247.41</b>	<b>102.02</b>

**35. OTHER INCOME**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend income	3.23	2.13
Net gain on disposal/discard of property, plant and equipment	-	0.50
Interest on deposits with banks	75.48	65.62
Other interest income	26.20	22.37
Foreign exchange rate fluctuation gain (net)	15.17	-
Others	188.79	159.49
<b>Total</b>	<b>308.87</b>	<b>250.11</b>

**36. FINANCE COSTS**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>On Instruments measured at amortized cost</b>		
Interest on deposits	8.81	9.40
Interest on borrowings	98.07	90.04
Interest on lease liabilities	52.03	60.99
Bank guarantee commission charges	146.79	139.85
Other borrowing costs	10.00	-
<b>Total</b>	<b>315.69</b>	<b>300.28</b>

**37. FEES AND COMMISSION EXPENSES**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Brokerage sharing with intermediaries	1,800.27	1,417.81
Other fees	647.77	521.88
<b>Total</b>	<b>2,448.04</b>	<b>1,939.69</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**38. IMPAIRMENT ON FINANCIAL INSTRUMENTS**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>On financial instruments measured at amortized cost</b>		
Receivables	11.36	15.84
<b>Other financial assets</b>		
Deposits	2.76	0.01
Fixed deposits with banks	-	(0.43)
Loans	6.62	2.17
<b>Loans : Margin trade funding clients</b>		
- fund based	-	(0.47)
- non fund based	-	(0.38)
<b>Total</b>	<b>20.74</b>	<b>16.74</b>

**39. EMPLOYEE BENEFIT EXPENSE**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and other benefits	10,080.38	8,025.86
Share based payments to employees (refer note 49)	323.86	205.24
Contribution to provident and other funds	396.38	329.08
Gratuity (refer note 50)	121.60	111.18
Staff welfare expenses	38.62	21.11
<b>Total</b>	<b>10,960.84</b>	<b>8,692.47</b>

**40. DEPRECIATION AND AMORTIZATION**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipments	405.61	391.35
Depreciation on right of use assets	307.33	323.99
Amortization on other intangible assets	44.84	47.19
<b>Total</b>	<b>757.78</b>	<b>762.53</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**41. OTHER EXPENSES**

	(₹ in Lacs)	
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Electricity	99.23	91.64
Repairs and maintenance		
- Building	58.31	51.29
- Others	307.55	227.10
Insurance	19.27	17.84
Rates and taxes	19.52	34.67
Communication, postage and courier	258.30	240.18
Travelling and conveyance	409.73	331.83
Printing and stationery	22.85	15.06
Advertisement and business promotion	67.17	42.40
Donations	4.50	0.50
Corporate social responsibility ( refer note 46 )	5.00	103.53
Legal and professional fees	1,380.68	369.27
Subscription	895.31	780.17
Royalty	3,911.81	-
Software expenses	77.81	60.98
Claims and compensation	21.65	13.55
Fees and stamps	22.69	13.00
Payments to stock exchanges	433.82	124.70
Registration fees	14.87	9.98
Depository and custodial charges	30.79	27.40
Training & development	13.63	2.29
Auditors' remuneration #	58.89	44.90
Loss on disposal/discard of property, plant and equipment	4.98	-
Commission to directors	13.49	4.13
Share issue expenses	3.76	2.63
Foreign exchange rate fluctuation loss (net)	-	1.32
Miscellaneous expenses	159.14	124.54
<b>Total</b>	<b>8,314.75</b>	<b>2,734.90</b>

	(₹ in Lacs)	
# Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) for audit fees	38.82	26.49
b) for tax audit fees	2.80	2.40
c) for other services including limited review and certificates	17.27	15.74
d) for reimbursement of expenses	-	0.27
<b>Total</b>	<b>58.89</b>	<b>44.90</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**42. EARNINGS PER SHARE**

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
Profit/(loss) after tax from continuing operations available for equity shareholders	₹ in Lacs	3,385.30	1,113.88
Profit/(loss) after tax from discontinued operations available for equity shareholders	₹ in Lacs	(4.93)	(0.59)
Profit/(loss) after tax from continuing and discontinued operations available for equity shareholders	₹ in Lacs	3,380.37	1,113.29
Weighted average number of shares of ₹10/- each used in computing basic earnings per share	Nos.	2,46,29,913	2,46,19,030
Add : Impact of diluted ESOPS	Nos.	14,32,776	30,877
Weighted average number of shares of ₹10/- each used in computing diluted earnings per share	Nos.	2,60,62,689	2,46,49,907
<b>Earnings per share for continuing operations</b>			
Basic earnings per share of ₹10/- each	₹	13.74	4.52
Diluted earnings per share of ₹10/- each	₹	12.99	4.52
<b>Earnings per share for discontinued operations</b>			
Basic earnings per share of ₹10/- each	₹	(0.020)	(0.002)
Diluted earnings per share of ₹10/- each	₹	(0.019)	(0.002)
<b>Earnings per share for continuing and discontinued operations</b>			
Basic earnings per share of ₹10/- each	₹	13.72	4.52
Diluted earnings per share of ₹10/- each	₹	12.97	4.52

**43. SEGMENT INFORMATION****(A) Primary Segment**

The Chief Operating Decision Maker monitors the operating results of the business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segment has been identified considering the nature of services, the differing risks and returns, the organization structure and internal financial reporting system. Business segment has been considered as the primary segment for disclosure.

The primary business of the Group relate to two reportable business segments namely “Advisory and Transactional Services” comprising of broking and distribution of securities, investment banking and other related financial intermediation services and Financing and Investment Activities (hitherto referred as “Non-Banking Financing Activities”).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

(₹ in Lacs)

<b>(B) Information about business segments</b>								
Particulars	Advisory and transactional services		Financing & investment activities		Eliminations		Consolidated	
	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. REVENUE</b>								
1a Segment revenue	26,162.50	15,485.61	1,266.80	697.85	-	-	27,429.30	16,183.46
1b Intersegment revenue	229.44	228.17	28.50	8.50	(257.94)	(236.67)		
<b>Total Revenue</b>	<b>26,391.94</b>	<b>15,713.78</b>	<b>1,295.30</b>	<b>706.35</b>	<b>(257.94)</b>	<b>(236.67)</b>	<b>27,429.30</b>	<b>16,183.46</b>
<b>B. RESULTS</b>								
1 Segment results(PBIT)	3,531.91	1,290.22	1,079.00	446.50	(0.55)	(0.13)	4,611.46	1,736.85
Segment results(PBIT) - intersegment	(0.55)	(0.13)	-	-	-	-		
<b>Total segment results (PBIT)</b>	<b>3,531.36</b>	<b>1,290.09</b>	<b>1,079.00</b>	<b>446.50</b>	<b>(0.55)</b>	<b>(0.13)</b>	<b>4,611.46</b>	<b>1,736.85</b>
<b>2 Profit from ordinary activities</b>							<b>4,611.46</b>	<b>1,736.85</b>
<b>3 Exceptional items</b>							-	-
<b>4 Profit / (loss) from ordinary activities after exceptional item but before tax</b>							<b>4,611.46</b>	<b>1,736.85</b>
5 Provision for current tax							906.65	362.14
6 Deferred tax charge / (benefit)							260.21	191.13
7 Tax provision of earlier years							(46.38)	-
<b>8 Profit / (loss) after tax</b>							<b>3,490.98</b>	<b>1,183.58</b>
9 Less:- Minority interest							-	
10 Add:- Share of (loss) from associates (net)							(105.68)	(69.70)
11 Add :- (Loss) from discontinued operations							(4.93)	(0.59)
<b>12 Net profit / (loss) attributable to Owners of parent</b>							<b>3,380.37</b>	<b>1,113.29</b>
<b>C. OTHER INFORMATION</b>								
<b>1 Segment assets</b>	<b>64,952.09</b>	<b>45,801.77</b>	<b>6,238.27</b>	<b>5,645.46</b>			<b>71,190.36</b>	<b>51,447.23</b>
2 Unallocated corporate assets							5,257.58	5,037.09
<b>3 Total assets</b>							<b>76,447.94</b>	<b>56,484.32</b>
<b>4 Segment liabilities</b>	<b>55,138.00</b>	<b>38,713.58</b>	<b>1,141.98</b>	<b>1,055.48</b>			<b>56,279.98</b>	<b>39,769.06</b>
5 Unallocated corporate liabilities							105.11	75.36
<b>6 Total liabilities</b>							<b>56,385.09</b>	<b>39,844.42</b>
7 Capital expenditure (Including capital work in progress)	445.25	268.31	35.58	-			480.83	268.31
8 Depreciation and amortisation	751.03	762.01	6.75	0.52			757.78	762.53



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**44. RELATED PARTY DISCLOSURES**

(A) As per Indian Accounting Standard on related party disclosure (Ind AS 24), the name of the related parties are as follows :

Associate of parent Company	Azalea Capital Partners LLP
Associate of wholly owned subsidiaries	Finlearn Edutech Private Limited AES Trading and Consultants LLP
Directors and/or Key managerial personnel (KMP)	S.K.Saboo : Chairman
	Krishna Kumar Karwa : Managing Director
	Prakash Kacholia : Managing Director
	G.C.Vasudeo : Independent Director
	R.K.Krishnamurthi : Independent Director
	Dr.Satish Ugrankar : Independent Director
	Dr.Bharat Kumar Singh : Independent Director
Relatives of directors and/or key managerial personnel (Where transactions have taken place)	Preeti Kacholia (Woman Director)
	Priti Karwa
	Raunak Karwa
	Soumya Karwa
	Murlidhar Karwa HUF
	Krishna Kumar Karwa HUF
	Nidhi Kacholia
	Divya Kacholia
	Krishna R Kacholia
	Amit S Saboo
Enterprises owned/controlled by key managerial personnel or their relatives	Syntheric Fibres Trading Company
	Emkay Corporate Services Pvt. Ltd.
	Seven Hills Capital
	Kitaab Design (Prop.Nidhi Kacholia)
	Emkay Charitable Foundation
	Krishna Investments
Post-employment benefits plan	Emkay Global Financial Services Limited Employees Group Gratuity Assurance Scheme
	Emkay Commotrade Limited Employees Group Gratuity Assurance Fund
	Emkay Fincap Limited Employees Group Gratuity Assurance Fund
	Emkay Investment Managers Limited Employees Group Gratuity Assurance Fund
	Emkay Wealth Advisory Limited Employees Group Gratuity Assurance Fund

**Additional Related Parties as per Companies Act, 2013**

Chief financial officer	Saket Agrawal
Company secretary	Bhalchandra Raul

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

(B) Consolidated Related party transactions for the year ended 31 March, 2022						
No.	Particulars	Nature of transaction	Transaction amount during		Amount	
			2021-22	2020-21	31 March 2022	31 March 2021
Associate						
1	Azalea Capital Partners LLP	Depository charges	920	860	-	-
		Investment via capital contribution	-	-	450,000	450,000
		Reimbursement of expenses received	57,243	26,570	-	-
		Trade receivables	-	-	89	53
		Interest Income on loan given	13,233	76,616	-	-
		Loan granted & repayment received	1,000,000	2,500,000	-	-
Associates of a wholly owned subsidiaries						
2	AES Trading and Consultants LLP	Investment via capital contribution	42,853	-	42,853	-
		Depository charges	600	-	-	-
		Expenses recovered	70,160	-	-	-
3	Finlearn Edutech Private Limited	Brokerage and commission payment	14,959	-	11,811	-
		Depository charges	1,100	1,130	-	-
		Trade payables	-	-	-	19
		Trade receivables	-	-	53	-
		Investment made	10,000,000	10,000,000	30,972,500	20,972,500
		Purchase of plants,property & equipments	-	186,000	-	-
		Payment made on behalf of	285,000	-	-	-
Directors and/or Key managerial personnel (KMP)						
4	Krishna Kumar Karwa	Salaries & other benefits	13,440,000	9,408,000	-	-
		Brokerage income	12,458	42,000	-	-
		Depository charges	145	420	-	-
		Dividend paid	4,922,500	-	-	-
5	Prakash Kacholia	Salaries & other benefits	13,440,000	9,408,000	-	-
		Brokerage income	19,141	29,896	-	-
		Portfolio management fees	111,337	276,150	30,085	99,527
		Depository charges	2,020	1,920	-	-
		Trade payables	-	-	3,287	2,429,600
		Reimbursement of expenses received	19,240	-	-	-
		Dividend paid	4,750,000	-	-	-
6	S.K.Saboo	Brokerage income	18,710	26,000	-	-
		Depository charges	405	345	-	-
		Sitting fees	80,000	60,000	-	-
		Trade receivables	-	-	354	-
7	G.C.Vasudeo	Sitting fees	120,000	130,000	-	-
		Commission	413,000	236,000	413,000	236,000
8	R.K.Krishnamurthi	Sitting fees	90,000	130,000	-	-
		Commission	236,000	177,000	236,000	177,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

(B) Consolidated Related party transactions for the year ended 31 March, 2022					
No.	Particulars	Nature of transaction	Transaction amount during		(Amount in ₹)
			2021-22	2020-21	Outstanding as on 31 March 2021
9	Dr.Satish Ugrankar	Sitting fees	120,000	130,000	-
		Commission	350,000	-	350,000
10	Dr.Bharat Kumar Singh	Sitting fees	80,000	80,000	-
		Commission	350,000	-	350,000
	<b>Relatives of directors and/or key managerial personnel (KMP)</b>				
11	Preeti Kacholia	Brokerage income	1,172,261	849,171	-
		Depository charges	16,165	17,865	-
		Portfolio management fees	30,317	59,291	9,338
		Advisory fees	100,000	-	118,000
		Trade payables	-	-	13,091,621
		Reimbursement of expenses received	12,655	-	9,859,712
		Dividend paid	1,880,000	-	-
12	Priti Karwa	Brokerage income	3,015	1,362	-
		Depository charges	770	600	-
13	Krishna Kacholia	Depository charges	1,095	-	-
14	Raunak Karwa	Salaries & other benefits	-	1,680,000	-
		Brokerage Income	1,300	-	-
		Depository charges	390	690	-
		Trade receivables	-	-	425
		Dividend paid	1,750,000	-	-
15	Soumya K Karwa	Brokerage Income	26,864	16,344	-
		Depository charges	680	480	-
		Trade payables	-	-	405
16	Murlihar Karwa HUF	Depository charges	405	330	-
		Dividend paid	100,000	-	-
		Trade receivables	-	-	71
17	Krishna Kumar Karwa HUF	Brokerage income	-	4,509	-
		Depository charges	-	60	-
		Dividend paid	100,000	-	-
		Trade receivables	-	-	1,044
		Trade payables	-	-	259,218
		Reimbursement of expenses received	18,900	-	-
18	Nidhi Kacholia	Brokerage income	1,054	-	-
		Depository charges	420	330	-
		Trade receivables	-	-	389

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

(B) Consolidated Related party transactions for the year ended 31 March, 2022					
No.	Particulars	Nature of transaction	Transaction amount during		Amount Outstanding as on 31 March 2021
			2021-22	2020-21	
19	Divya Kacholia	Brokerage income	1,182	2	-
		Depository charges	20	30	-
		Trade payables	-	-	982
20	Amit S Saboo	Brokerage income	31,708	4,242	-
		Depository charges	465	450	-
		Trade payables	-	-	965
		Trade receivables	-	-	18
					-
	<b>Enterprises owned/controlled by KMP or their relatives</b>				
21	Synthetic Fibres Trading Co	Brokerage income	1,452,644	452,703	-
		Depository charges	3,500	2,575	-
		Advisory fees	400,000	-	472,000
		Portfolio management fees	-	261,125	-
		Trade payables	-	-	80,969
22	Emkay Corporate Services Private Limited	Brokerage income	-	-	-
		Depository charges	965	890	-
		Portfolio management fees	187,984	123,758	58,699
		Dividend paid	4,851,484	-	-
		Trade receivables	-	-	18
		Reimbursement of expenses paid	1,000,000	-	-
23	Krishna Investments	Brokerage and commission payment	13,776	49,716	-
		Trade payables	-	-	137,104
24	Seven Hills Capital	Brokerage income	1,475,999	245,891	-
		Depository charges	5,495	2,255	-
		Portfolio management fees	-	175,299	-
		Trade receivables	-	-	159
25	Emkay Charitable Foundation	Donation	600,000	6,753,003	-
26	Kitaab Design (Prop. Nidhi Kacholia)	Purchase of gifts and stationary items	1,074,168	-	-
	<b>Post employment benefits plan</b>				
27	EGFSL Employees Group Gratuity Assurance Scheme (Trust)	Gratuity contribution	11,352,013	10,324,160	17,240,813
28	Emkay Fincap Ltd Employees Group Gratuity Assurance Fund	Gratuity contribution	84,536	186,490	52,008
29	Emkay Investment Managers Ltd Employees Group Gratuity Assurance Fund	Gratuity contribution	621,646	516,874	849,410
30	Emkay Comtrade Ltd. Employees Group Gratuity Assurance Fund	Gratuity contribution	22,520	21,260	62,920
31	Emkay Wealth Advisory Ltd Employees Group Gratuity Assurance Fund	Gratuity contribution	79,079	69,440	140,988
	<b>Additional Related Parties as per Companies Act, 2013</b>				
32	Saket Agrawal : Chief financial officer	Salaries & other benefits	5,419,596	4,092,183	-
33	Bhalchandra Rauli : Company secretary	Salaries & other benefits	3,102,280	2,489,461	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**45. FOREIGN CURRENCY TRANSACTIONS**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(a) Expenditure in foreign currency (accrual basis)</b>		
Royalty	3,315.09	-
Fees and commission expenses	488.18	261.46
Subscription	147.52	99.15
Consultancy	664.69	67.12
Travelling expenses	0.62	0.88
Advertisement and business promotion	0.36	0.41
Software expenses	0.49	0.11
	<b>4,616.95</b>	<b>429.13</b>
<b>(b) Earning in foreign currency (accrual basis)</b>		
Research and advisory fees	189.22	242.97

**46. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE**

As per Section 135 of the Companies Act, 2013, Companies under the Group, meeting the applicability threshold needs to spend at least 2% of their average net profit for the immediately three preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been formed by the Group as per Act.

a) Gross amount required to be spent by the Group during the year is ₹ 6.29 Lacs (P.Y. ₹ 24.03 Lacs)

b) Details of amount spent:

(₹ in Lacs)

Particulars	Paid	Yet to be paid	Balance
<b>During the year ending 31 March, 2022</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	5.00	-	1.29 *
<b>During the year ending 31 March, 2021</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	103.53	-	-

\* Amount transferred to PMCARES Fund on 23rd May, 2022.

Out of the amount spent ₹5.00 Lacs (P.Y. ₹ 67.53 Lacs) has been spent by Emkay Charitable Foundation, a section 8 Company as per the Companies Act, 2013 from the contribution made by the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**47. CONTINGENT LIABILITIES**

		(₹ in Lacs)	
Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Claims against the Company not acknowledged as debt*	22.49	22.49
2	Guarantees issued by Banks	16,100.00	16,100.00
3	Income tax and fringe benefits tax matters in dispute	0.61	0.61
4	Service Tax matters in appeal : net of amount of deposited	847.81	847.81
5	Service Tax matter pending appeal	179.46	-
6	Bond cum legal undertakings executed	11.99	11.99

\* Includes ₹ 3.75 Lacs (P.Y. ₹3.75 Lacs) pertaining to discontinued operations of one of the subsidiary company.

Note: The Group has provided bank guarantees for meeting margin requirements as under:

		(₹ in Lacs)	
Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	National Stock Exchange of India Limited	13,250.00	12,550.00
2	BSE Limited	100.00	100.00
3	Multi Commodity Exchange of India Limited	2,425.00	3,125.00
4	National Commodity and Derivatives Exchange Limited	325.00	325.00
<b>Total</b>		<b>16,100.00</b>	<b>16,100.00</b>

**48. CAPITAL COMMITMENTS**

		(₹ in Lacs)	
Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	113.66	101.11
2	Cost value remaining to be paid on partly paid-up shares as shown under Investments	-	0.47

**49. SHARE BASED PAYMENTS**

**Note : Disclosure relating to Employee Stock Option Scheme**

**Details of employee stock options**

**ESOP-2005**

This scheme was approved by the shareholders of the Parent Company at the Extra ordinary General meeting held on 28th January,2006 for grant of 3,81,250 equity shares of ₹ 10/- each.

**ESOP-2007**

This scheme was approved by the shareholders of the Parent Company at the Extra Ordinary General Meeting held on 11.01.2008 for grant of 24,26,575 equity shares of ₹ 10/- each.

**ESOP- 2010 - Through Trust Route**

This scheme was approved by the shareholders of the Parent Company at the Annual General Meeting held on 30.08.2010 for grant of 24,41,995 equity shares of ₹ 10/- each.

**ESOP-2018**

This scheme was approved by shareholders of the Parent Company through postal ballot process on 21.03.2018 for grant of 24,53,403 equity shares of ₹ 10/- each.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

The activity in ESOP-2007, ESOP-2010 and ESOP-2018 during the year ended 31 March, 2022 and 31 March 2021 is set out below: -

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	In Numbers	Weighted Average Exercise Price (in ₹)	In Numbers	Weighted Average Exercise Price (in ₹)
<b>ESOP-2007 : (Face value of ₹ 10 each)</b>				
Options outstanding at the beginning of the year				
Add: Granted	1,758,120	75.05	1,959,098	74.98
Less:- Exercised	21,200	75.60	246,000	-
Less:- Forfeited	-	-	-	-
Less:- Lapsed	117,500	73.99	446,978	74.64
<b>Options outstanding at the end of the year</b>	<b>1,751,158</b>	<b>76.28</b>	<b>1,758,120</b>	<b>75.05</b>

<b>ESOP-2018 : (Face value of ₹ 10 each)</b>				
Options outstanding at the beginning of the year	2,320,245	69.42	1,520,126	75.38
Add: Granted	100,000	72.40	891,667	59.89
Less:- Exercised	-	-	-	-
Less:- Forfeited	-	-	-	-
Less:- Lapsed	80,000	70.92	91,548	75.60
<b>Options outstanding at the end of the year</b>	<b>2,340,245</b>	<b>69.50</b>	<b>2,320,245</b>	<b>69.42</b>

The Parent Company has done following modifications in Options during current year

Nature of Modification/Scheme/Year	Number of Options	Original Weighted Average Fair Value of Options (in ₹)	Revised Weighted Average Fair Value of Options (in ₹)
<b>Change in vesting dates of Options</b>			
<b>ESOP-2007</b>			
Current Year	345,397	33.42	45.49
Previous Year	647,816	38.32	30.33
<b>ESOP-2018</b>			
Current Year	700,200	16.80	38.35
Previous Year	678,195	38.18	15.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**Employees' Stock Options Scheme (ESOP):**

Particulars	ESOP-2007	ESOP-2010 - Trust Route	ESOP - 2018
<b>Date of Grant</b>	Various dates starting from 17.01.2008 till 25.01.2022	Various dates starting from 21.10.2010 till 21.01.2012	Various dates starting from 14.08.2018 till 20.05.2021
Date of Board Approval	01.12.2007	27.07.2010	29.01.2018
Date of Shareholder's Approval	11.01.2008	30.08.2010	21.03.2018
Number of Options granted to			
- Employees of the Company	55,19,336	6,47,000	34,48,626
- Employees of the Subsidiary Companies	4,70,000	---	86,167
Total Options Granted	59,89,336	6,47,000	35,34,793
Method of Settlement	Equity Shares	Equity Shares	Equity Shares
Vesting Period	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based	Graded vesting over a period of 5 years	Ranging from 2 years and 1 month to 7 years and 10 months. Both time based and performance based

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**Weighted Average Remaining Contractual life:**

Particulars	ESOP-2007	ESOP-2018
Current year		
- Granted but not vested	5.49 years	5.66 years
Current year		
- Vested but not exercised	1.16 years	2.13 years
Current year		
- Weighted Average Share Price at the date of exercise for Stock Options exercised during the year	₹ 121.11	N.A.
Previous year		
- Granted but not vested	5.86 years	5.33 years
Previous year		
- Vested but not exercised	N.A.	N.A.
Previous year		
- Weighted Average Share Price at the date of exercise for Stock Options exercised during the year	N.A.	N.A.
Exercise Period	Within 2 to 3 years from the date of vesting of Options	
Vesting Conditions	Vesting of Options would be subject to continued employment with the Group and / or its subsidiaries and thus the Options would vest on passage of time. In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain performance parameters subject to which the Options would vest. In case of performance based vesting, the Options would vest on achievement of those performance parameters.	
Weighted Average Fair Value of Options as on grant date - Current Year	₹ 64.71	₹ 39.35
Weighted Average Fair Value of Options as on grant date - Previous Year	₹ 34.20	₹ 34.74
Risk free interest rate	6.17% - 6.63%	6.20%
Dividend Yield	0.84% - 0.96%	1.38%
Expected Volatility	58% - 64%	61%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**The exercise pricing formula for ESOP Schemes are as under:**

**ESOP-2007**

The exercise price shall be equal to the latest available closing market price on the date prior to the date on which the Nomination, Remuneration and Compensation Committee of the Parent Company finalizes the specific number of Options to be granted to the employees of the Group.

**ESOP-2010**

The exercise price shall be calculated on the basis of latest closing price of the Parent Company's equity shares quoted on the Stock Exchange prior to the date of the grant of Options, which for this purpose shall be date on which the Nomination, Remuneration and Compensation Committee of the Parent Company meets to make its recommendations for grant of Options to the employees of the Group.

**ESOP-2018**

The exercise price shall be the closing price of the Parent Company's equity shares quoted on the Stock Exchange immediately prior to the date of grant of the Options, which for this purpose shall be the date on which the Nomination, Remuneration and Compensation Committee meets to make its recommendations for the grant of the Options. The Stock Exchange to be selected for determining the closing price shall be in accordance with the SEBI ESOP Regulations. The Committee may, at its sole discretion, consider a discount to such closing price.

**Other information regarding Employee Share based payment plan is as below**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Expenses arising from employees share based payment plans	323.86	205.24
Total carrying amount at the end of the year	538.49	581.33

**50. EMPLOYEE BENEFITS**

Disclosure pursuant to Ind AS 19 "Employee benefits" is given below:

**a) Defined contribution plan**

Expenses recognized in Statement of Profit and Loss towards defined contribution plans are as under:

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provident fund	339.21	274.93
ESIC	1.78	2.18
National pension scheme	55.38	51.96
Other funds	0.01	-
<b>Total</b>	<b>396.38</b>	<b>329.08</b>

**b) Defined benefit plan**

The Group has defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at 15 days last drawn salary for each completed year of service or part thereof in excess of six months.

The plan is funded with insurance companies in the form of qualifying insurance policy. The following table summarize the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income and amount recognized in balance sheet which has been determined by an Actuary appointed for the purpose and relied upon by the Auditors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

(₹ in Lacs)

Sr. Particulars No	As at 31 March 2022	As at 31 March 2021
<b>i) Movement in defined benefit obligation</b>		
<b>Present value of obligation as at the beginning</b>	777.85	695.04
Current service cost	118.10	103.55
Interest expense or cost	43.51	38.55
Remeasurement (or actuarial) (gain) / loss arising from :	-	-
- change in financial assumptions	39.74	(1.78)
- change in demographic assumptions	-	(1.24)
- experience variance (i.e. actual experience vs assumptions)	23.25	(24.75)
Benefits paid	(61.34)	(28.92)
Acquisition adjustment	-	(2.60)
<b>Present value of obligation as at the end</b>	<b>941.11</b>	<b>777.85</b>
<b>ii) Movement in plant assets</b>		
<b>Fair value of plan assets as at the beginning</b>	<b>715.22</b>	<b>557.41</b>
Employer contributions	63.35	138.07
Investment income	40.02	30.91
Return on plan assets, excluding amount recognised in net interest expense	0.37	20.34
Benefits paid	(61.34)	(28.92)
Acquisition adjustment	-	(2.60)
<b>Fair value of plan asset as at the end</b>	<b>757.62</b>	<b>715.21</b>
<b>iii) Reconciliation of net liability / asset</b>		
<b>Net defined benefit (liability) / asset as at the beginning of the year</b>	(62.63)	(137.64)
Expenses charged to statement of profit and loss	(121.60)	(111.18)
Amount recognized in other comprehensive income	(62.61)	48.12
Employer contribution	63.38	138.07
<b>Net defined benefit (liability) / asset as at the end of the year</b>	<b>(183.46)</b>	<b>(62.63)</b>
<b>iv) Expenses charged to the statement of profit &amp; loss</b>		
Current service cost	118.10	103.55
Net interest cost / (income) on the net defined benefit liability / (asset)	3.50	7.63
<b>Expenses recognised in the income statement</b>	<b>121.60</b>	<b>111.18</b>
<b>v) Movement in asset ceiling</b>		
<b>Effect of asset ceiling at the beginning</b>	-	-
Interest on opening balance of asset ceiling	-	-
Remeasurements due to change in surplus/deficit	-	-
<b>Value of asset ceiling as at the end of the year</b>	-	-
<b>vi) Remeasurement (gains)/losses in other comprehensive income</b>		
<b>Actuarial (gains)/losses</b>		
Change in financial assumptions	39.74	(1.78)
Change in demographic assumptions	-	(1.24)
Experience adjustments	23.24	(24.75)
Return on plan assets, excluding amount recognised in net interest expense		
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>62.61</b>	<b>(48.11)</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

		(₹ in Lacs)	
Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
<b>vii)</b>	<b>Amount recognised in balance sheet</b>		
	Present value of obligation	941.08	777.85
	Fair value of plan assets	757.62	715.22
	Surplus / (deficit)	(183.46)	(62.63)
	Effects of asset ceiling, if any	-	-
	Net asset / (liability)	(183.46)	(62.63)
<b>viii)</b>	<b>Key actuarial assumptions</b>		
	Discount rate (p.a.)	6.05% to 6.30%	5.35% to 5.85%
	Salary growth rate (p.a.)	12.00%	10.00%
<b>ix)</b>	<b>Category of plan assets</b>		
	Insurer managed funds	90.72% to 99.98%	86.87% to 99.98%
	Bank balance	0.02% to 9.28%	0.02% to 13.13%
<b>x)</b>	<b>Quantitative sensitivity analysis</b>		
	Rate of discounting		
	<b>1% increase</b>	-4.80% to -5.70%	-4.40% to -5.70%
	<b>1% decrease</b>	5.30% to 6.20%	4.90% to 6.30%
	<b>Rate of increase in salary</b>		
	1% increase	3.40% to 5.80%	2.90% to 6.00%
	1% decrease	-3.30% to -5.40%	-3.00% to -5.60%
<b>xi)</b>	<b>Maturity profile of defined benefit obligation</b>		
	Weighted average duration (based on discounted cash flows)	5 to 6 Years	4 to 6 Years
	<b>Expected cash flows over the next (valued on undiscounted basis):</b>		
	Expected benefit for 1 year	157.02	139.20
	Expected benefit for 2 to 5 years	539.09	430.69
	Expected benefit for 6 to 10 years	364.86	291.52
	Expected benefit for more than 10 years	281.24	211.34
<b>xii)</b>	<b>Expected contribution during the next annual reporting period</b>		
	The Company's best estimate of contribution during the next year	307.53	168.85



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**51. LEASE**

The Group has entered into lease contracts for various properties across India for its office premises used in its operations. There are no variable lease payments, residual agreements, sale and leaseback arrangements and other restrictions. The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'Short-term lease' recognition exemption for these leases.

Information about leases for which Group is lessee are prescribed below:

**a) Right of use assets**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Carrying amount at the beginning of the year	507.54	702.32
Additions	250.43	179.84
Closure	(38.70)	(49.99)
Other adjustments	0.03	(0.65)
Depreciation for the year	(307.33)	(323.98)
<b>Carrying amount at the end of the year</b>	<b>411.97</b>	<b>507.54</b>

**b) Lease liabilities**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year*	532.78	699.46
Additions	240.45	171.81
Interest expense on lease liabilities	52.03	60.99
Other adjustments	0.11	(0.78)
Closure	(52.57)	(52.71)
Benefit on lease payment waiver	(3.44)	(42.61)
Lease payments	(334.34)	(303.38)
<b>Balance at the end of the year</b>	<b>435.02</b>	<b>532.78</b>
Current	213.93	271.10
Non Current	221.09	261.68

\*MCA issued covid-19 related rent concessions - amendments to Ind AS-116 for leases. The Group as a lessee has applied practical expedient to the concessions given by the lessor in lease rent due to covid-19 and changes in opening balance of lease liability due to said concessions accounted as gain on lease rental waiver.

**c) Contractual maturities of lease liabilities on an undiscounted basis**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Less than one year	242.71	300.32
One to five years	234.33	272.40
Five years and above	15.65	24.32
<b>Total</b>	<b>492.69</b>	<b>597.04</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**d) Amount recognized in statement of profit and loss**

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on Right-Of-Use (ROU) assets	307.33	323.99
Interest expense on lease liabilities	52.03	60.99
Expense relating to short term leases (included in other expenses)	1.05	0.32
<b>Total</b>	<b>360.41</b>	<b>385.30</b>

The effective interest rate of lease liabilities is 10.15% with maturities between one to five years.

**52. RATINGS ASSIGNED BY CREDIT RATING AGENCY**

ICRA Limited has reaffirmed rating of [ICRA]A2+ to the short term non fund based bank facilities of the Parent Company of ₹ 20,000 lacs (Previous year : ₹ 27,500 lacs).

**53. ASSETS PLEDGED AS SECURITY**

The carrying amounts of assets pledged as security for borrowings are as under:

(₹ in Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Financial Assets</b>		
Fixed deposit under lien with stock exchanges and clearing corporations	19,984.00	17,318.00
Fixed deposit against bank guarantees	8,100.00	8,050.00
Fixed deposit against credit facilities of the Company	3,069.00	2,860.00
Investments pledged with bank for credit facilities		
- Units of Alternative investment funds (excluding units of Emkay Emerging Stars Fund IV)	2,352.92	-
- Equity shares of Emkay Fincap Limited (88.50 Lac Shares of ₹10/- each)	885.00	-
<b>Total</b>	<b>34,390.92</b>	<b>28,228.00</b>
<b>Non Financial Assets</b>		
Office premises mortgaged with bank for credit facilities	2,241.84	2,356.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**54.** Trade Payable includes ₹ 27.59 Lacs (P.Y. ₹ 34.51 Lacs) and other liabilities under other financial liabilities includes ₹ Nil (P.Y. ₹ 1.62 Lacs) being aggregate amount of deposits in bank accounts made directly by clients whose details are awaited. Appropriate accounting treatment is given on regular basis on receipt of required information as and when received.

**55.** Income includes ₹ 2.03 Lacs (P.Y. ₹ 13.67 Lacs) and expenses includes ₹ 24.39 Lacs (P.Y. ₹ 53.79 Lacs) pertaining to earlier year.

**56. FINANCIAL RISK MANAGEMENT**

The Group has established a comprehensive system for risk management and internal controls for all its businesses to manage the risks that it is exposed. The objective of its risk management framework is to ensure that various risks are identified, measured and mitigated and also that policies, procedures and standards are established to address these risks and ensure a systematic response in the case of crystallization of such risks.

The Group has exposure to the following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The risk management system features 'three lines of defence approach.

1. The first line of defence comprises its operational departments, which assume primary responsibility for their own risks and operate within the limits stipulated in various policies approved by the Board or by committees constituted by the Board.
2. The second line of defence comprises specialized department such as risk management and compliance. They employ specialized methods to identify and assess risks faced by the operational departments and provide them with specialized risk management tools and methods, facilitate and monitor the implementation of effective risk management practices, develop monitoring tools for risk management, internal controls and compliances, report risk related information and promote the adoption of appropriate risk prevention measures.
3. The third line of defence comprise the internal audit and external audit functions. They monitor and conduct periodic evaluations of the risk management, internal controls and compliance activities to ensure the adequacy of risk controls and appropriate risk governance and provide the Board with comprehensive feedback.

**a) Credit risk**

It is risk of financial loss that the Group will incur a loss because its customers or counterparties to financial instruments fail to meet its contractual obligation.

The Group's financial assets comprises of cash and bank balances, trade receivables, loans, investments and other financial assets which comprise mainly of deposits, advances and other receivables.

The maximum exposure to credit risk at the reporting date is primarily from Group's trade receivable and loans.

**Following provides exposure to credit risks for trade receivables and loans:**

(₹ in Lacs)		
Particulars	As at 31 March 2022	As at 31 March 2021
Trade and other receivables (net of impairment)	8,875.88	6,690.30
Loan (net of impairment)	4,018.03	2,767.22

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### Trade receivable

The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

**Loans:** Loans comprise of margin trading funding (MTF) and loan against securities (LAS) for which staged approach is followed for determination of ECL.

Stage 1 : All standard loans in MTF and LAS loan book up to 30 days past due (DPD) are considered as Stage 1 assets for computation of expected credit loss.

Stage 2 : Exposure under stage 2 include under-performing loans having 31 to 90 days past due (DPD).

Stage 3 : Exposures under stage 3 include non-performing loans with overdue more than 90 days past due (DPD).

Based on historical data, the Group assigns PD to stage 1 and stage 2 and applies it to the EAD to compute the ECL. For Stage 3 assets PD is considered as 100%

The Group does not have any loan book which may fall under stage 2 or stage 3.

**Following table provides information about exposure to credit risk and ECL on Loan**

Bucketing (Stage)	As at 31 March 2022		As at 31 March 2021	
	Carrying Value	ECL	Carrying Value	ECL
Stage 1	4,027.87	9.84	2,774.12	6.90
Stage 2	-	-	-	-
Stage 3	-	-	-	-
<b>Total</b>	<b>4,027.87</b>	<b>9.84</b>	<b>2,774.12</b>	<b>6.90</b>

(₹ in Lacs)

**Movement in the allowances for impairment in respect of trade receivables and loans is as follows:**

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	25.42	19.21
Net remeasurement of loss allowance	9.30	6.21
<b>Closing balance</b>	<b>34.72</b>	<b>25.42</b>

(₹ in Lacs)

### Other financial assets considered to have a low credit risk:

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investments comprise of quoted equity instruments, mutual funds which are market tradable. Other financial assets include deposits for assets acquired on lease and with qualified clearing counterparties and exchanges as per the prescribed statutory limits.

In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This can be reflected in the increased haircuts taken on collateral held against such receivables and loans.

### b) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to entity's reputation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and close out market positions.

The Group has a view of maintaining liquidity with minimal risks while making investments. The Group invests its surplus funds in short term liquid assets in bank deposits. The Group monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities. Refer note no.58 for analysis of maturities of financial assets and financial liabilities.

**c) Market risk**

Market risk arises when movements in market factors (foreign exchange rates, interest rates, credit spreads and equity prices) impact the Group's income or market value of its portfolios. The Group, in its course of business, is exposed to market risk due to change in equity prices, interest rates and foreign exchange rates. The objective of market risk management is to maintain an acceptable level of market risk exposure while aiming to maximize returns.

**(i) Equity price risk**

The Group's exposure to equity price risk arises primarily on account of its proprietary positions and on account of margin bases positions of its clients in equity cash and derivative segments.

The Group's equity price risk is managed in accordance with its Risk Policy approved by Board.

**(ii) Interest rate risk**

The Group is exposed to Interest rate risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

The Group's interest rate risk arises from interest bearing deposits with bank and loan given to customers. Such instrument exposes the Group to fair value interest rate risk. Management believes that the interest rate risk attached to these financial assets is not significant due to the nature of these financial assets.

**(iii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency risk management

In respect of foreign currency transactions, the Group does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Group.

The Group's exposure to foreign currency risk at the end of reporting period is as shown as under:-

**Receivables**

(in Lacs)			
Particulars	Currency	As at 31 March 2022	As at 31 March 2021
Foreign Currency exposure outstanding	USD	0.33	0.44
	INR	24.90	31.87
Foreign Currency receivable in next 5 years including interest	USD	0.33	0.44
	INR	24.90	31.87
Unhedged Foreign currency exposure	USD	0.33	0.44
	INR	24.90	31.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**Payables**

(in Lacs)			
Particulars	Currency	As at 31 March 2022	As at 31 March 2021
Foreign Currency exposure outstanding	USD	9.94	3.48
	INR	753.60	254.54
	SGD	0.02	0.25
	INR	1.29	13.62
Foreign Currency payable in next 5 years including interest	USD	0.44	1.48
	INR	33.57	108.32
	SGD	0.02	0.25
	INR	1.29	13.62
Unhedged Foreign currency exposure	USD	9.94	3.48
	INR	753.60	254.54
	SGD	0.02	0.25
	INR	1.29	13.62

The table below indicates the currencies to which the Group had significant exposure at the end of the reported periods for the non-traded component. The analysis calculates the effect of a reasonably possible movement of the currency rate against INR (all other variable being constant) on the statement of profit and loss.

(₹ in Lacs)			
		Impact on statement of profit and loss	
Currency	Change in currency rate in %	For the year ended 31 March 2022	For the year ended 31 March 2021
USD	Depreciation of 5%	36.43	11.13
	Appreciation of 5%	(36.43)	(11.13)
SGD	Depreciation of 5%	0.06	0.68
	Appreciation of 5%	(0.06)	(0.68)

**57. TAX EXPENSE**

(A) The major components of income tax expense for the year are as under:-

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current income tax	906.65	362.14
Deferred tax	260.21	191.13
<b>Total tax for the current year</b>	<b>1,166.86</b>	<b>553.27</b>
Taxes for earlier years	(46.38)	-
<b>Tax expenses for the year</b>	<b>1,120.48</b>	<b>553.27</b>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**(B) Amount recognized in the other comprehensive income:**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gain/ (loss) on defined benefit plans	(62.61)	48.11
Share of actuarial (loss) on defined benefit plan of associate	(0.95)	(0.54)
Income tax relating to items that will not be reclassified to profit or loss	11.25	(8.46)
<b>Total</b>	<b>(52.31)</b>	<b>39.11</b>
<b>Items that will be reclassified to profit or loss</b>		
Foreign exchange translation reserve	1.11	(1.96)
<b>Total other comprehensive income</b>	<b>(51.20)</b>	<b>37.15</b>

**(C) Reconciliation of tax expense and the accounting profit for the year is as under:**

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	4,611.46	1,736.85
Indian statutory income tax rate (%)	29.12%	29.12%
Expected income tax expenses	1,342.86	505.77
<b>Tax effect of adjustments to reconcile expected income tax expenses to reported income tax expenses</b>		
Realised gain from AIF investment taxable at fund level	(34.54)	-
Deductible expenses for tax purpose	(156.31)	(169.83)
Nondeductible expenses for tax purpose	174.77	172.95
Fair value changes of investments	(186.47)	(375.11)
Revenue from discontinued operations (Net)	(1.17)	(0.41)
Effect on deferred tax due to change in income tax rate	-	0.23
Others (net)	(18.70)	240.88
Impact of differential tax rate	(8.90)	(0.58)
Business loss and unabsorbed depreciation brought forward from earlier years is adjusted	(222.09)	(50.61)
Current year losses carry forwarded to subsequent year	(9.59)	27.13
<b>Tax payable at normal rate including deferred tax</b>	<b>879.86</b>	<b>350.42</b>
Tax payable under section 115JB (MAT)	287.00	202.85
<b>Total income tax expenses</b>	<b>1,166.86</b>	<b>553.27</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

D) Movement of deferred tax assets and liabilities

**Current year**

(₹ in Lacs)

Particulars	As at 1 April 2021	Credit/(Charge) in the statement of profit and loss	As at 31 March 2022
Financial assets at fair value through profit and loss	22.43	(22.43)	-
Lease liabilities	154.61	(29.00)	125.61
Provisions	8.08	4.41	12.49
Disallowances	-	26.86	26.86
Carried forward tax losses	459.85	(253.85)	206.00
Financial assets at fair value through profit and loss	-	(8.58)	(8.58)
Property, plant and equipment and other intangible assets	(99.46)	(5.31)	(104.77)
Right of use assets	(146.75)	27.69	(119.06)
<b>Net deferred tax assets</b>	<b>398.76</b>	<b>(260.21)</b>	<b>138.55</b>

**Previous year**

(₹ in Lacs)

Particulars	As at 1 April 2020	Credit/(Charge) in the statement of profit and loss	As at 31 March 2021
Financial assets at fair value through profit and loss	235.03	(212.60)	22.43
Lease liabilities	203.14	(48.53)	154.61
Provisions	8.04	0.04	8.08
Disallowances	19.46	(19.46)	-
Carried forward tax losses	418.55	41.30	459.85
Property, plant and equipment and other intangible assets	(91.02)	(8.44)	(99.46)
Right of use assets	(203.31)	56.56	(146.75)
<b>Net deferred tax assets</b>	<b>589.89</b>	<b>(191.13)</b>	<b>398.76</b>

E) Unrecognized deferred tax assets Current year

One subsidiary company (P.Y. two subsidiary companies) of the Group have not recognized the deferred tax assets in respect of the following items, because it is not probable that the future taxable profit will be available against which they can use the benefits therefrom :-

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provisions	0.08	0.98
Carried forward tax losses	1.26	295.56
Property, plant and equipment and other intangible assets	0.08	0.12
<b>Total</b>	<b>1.42</b>	<b>296.66</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**58. MATURITY ANALYSIS**

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

**Current year**

(₹ in Lacs)

Particulars	As at 31 March 2022		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	9,473.29	9,473.29	-
Bank balance other than above	31,812.46	29,426.31	2,386.15
Derivative financial instruments	3.51	3.51	-
Securities held for trading	147.05	147.05	-
Trade receivables	8,875.88	8,875.88	-
Loans	4,018.03	4,018.03	-
Investments	3,424.30	-	3,424.30
Other financial assets	14,337.45	13,777.02	560.43
	<b>72,091.97</b>	<b>65,721.09</b>	<b>6,370.88</b>
<b>Non Financial Assets</b>			
Current tax assets (net)	150.39	-	150.39
Deferred tax assets (net)	138.55	-	138.55
Property, plant and equipment	2,771.91	-	2,771.91
Right of use assets	411.97	-	411.97
Capital work-in-progress	165.91	-	165.91
Intangible assets under development	12.00	-	12.00
Other Intangible assets	25.45	-	25.45
Other non-financial assets	679.79	406.18	273.61
	<b>4,355.97</b>	<b>406.18</b>	<b>3,949.79</b>
<b>Total Assets</b>	<b>76,447.94</b>	<b>66,127.27</b>	<b>10,320.67</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Trade payable	13,665.67	13,665.67	-
Borrowings (other than debt security)	1,099.08	1,099.08	-
Deposits	2,878.10	-	2,878.10
Lease liabilities	435.02	213.93	221.09
Other financial liabilities	34,190.21	34,190.21	-
	<b>52,268.08</b>	<b>49,168.89</b>	<b>3,099.19</b>
<b>Non-financial Liabilities</b>			
Current tax liabilities (net)	99.31	44.47	54.84
Provisions	2,277.08	2,277.08	-
Other non-financial liabilities	1,740.62	1,740.62	-
	<b>4,117.01</b>	<b>4,062.17</b>	<b>54.84</b>
<b>Total Liabilities</b>	<b>56,385.09</b>	<b>53,231.06</b>	<b>3,154.03</b>
<b>Net Assets</b>	<b>20,062.85</b>	<b>12,896.21</b>	<b>7,166.64</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

Previous year

(₹ in Lacs)

Particulars	As at 31 March 2021		
	Total	Within 12 months	After 12 Months
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	4,629.55	4,629.55	-
Bank balance other than above	28,950.15	26,120.92	2,829.23
Derivative financial instruments	-	-	-
Securities held for trading	-	-	-
Trade receivables	6,690.30	6,690.30	-
Loans	2,767.22	2,767.22	-
Investments	2,883.42	-	2,883.42
Other financial assets	5,631.90	4,897.24	734.66
	<b>51,552.54</b>	<b>45,105.23</b>	<b>6,447.31</b>
<b>Non Financial Assets</b>			
Current tax assets (net)	189.20	-	189.20
Deferred tax assets (net)	398.76	-	398.76
Property, plant and equipment	2,897.88	-	2,897.88
Right of use assets	507.54	-	507.54
Capital work-in-progress	12.25	-	12.25
Intangible assets under development	17.00	-	17.00
Other Intangible assets	40.51	-	40.51
Other non-financial assets	868.64	478.15	390.49
	<b>4,931.78</b>	<b>478.15</b>	<b>4,453.63</b>
<b>Total Assets</b>	<b>56,484.32</b>	<b>45,583.38</b>	<b>10,900.94</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Trade payable	11,692.74	11,692.74	-
Borrowings (other than debt security)	1,000.01	1,000.01	-
Deposits	169.18	-	169.18
Lease liabilities	532.78	271.10	261.68
Other financial liabilities	24,240.78	24,240.78	-
	<b>37,635.49</b>	<b>37,204.63</b>	<b>430.86</b>
<b>Non-financial Liabilities</b>			
Current tax liabilities (net)	70.13	46.22	23.91
Provisions	1,184.42	1,184.42	-
Other non-financial liabilities	954.38	954.38	-
	<b>2,208.93</b>	<b>2,185.02</b>	<b>23.91</b>
<b>Total Liabilities</b>	<b>39,844.42</b>	<b>39,389.65</b>	<b>454.77</b>
<b>Net Assets</b>	<b>16,639.90</b>	<b>6,193.73</b>	<b>10,446.17</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**59. FINANCIAL INSTRUMENTS**

Refer to financial instruments by category table below for the disclosure on carrying value and fair value of financial assets and liabilities.

**Current year**

(₹ in Lacs)

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	9,473.29	-	-	9,473.29
Bank balance other than above	31,812.46	-	-	31,812.46
Derivative financial instruments	-	3.51	-	3.51
Securities held for trading	-	147.05	-	147.05
Trade receivables	8,875.88	-	-	8,875.88
Loans	4,018.03	-	-	4,018.03
Investments (excluding associates)	-	3,327.05	-	3,327.05
Other financial assets	14,337.45	-	-	14,337.45
<b>Total</b>	<b>68,517.11</b>	<b>3,477.61</b>	<b>-</b>	<b>71,994.72</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	13,665.67	-	-	13,665.67
Borrowings (other than Debt security)	1,099.08	-	-	1,099.08
Deposits	2,878.10	-	-	2,878.10
Lease liabilities	435.02	-	-	435.02
Other financial liabilities	34,190.21	-	-	34,190.21
<b>Total</b>	<b>52,268.08</b>	<b>-</b>	<b>-</b>	<b>52,268.08</b>

**Previous year**

(₹ in Lacs)

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4,629.55	-	-	4,629.55
Bank balance other than above	28,950.15	-	-	28,950.15
Derivative financial instruments	-	-	-	-
Securities held for trading	-	-	-	-
Trade receivables	6,690.30	-	-	6,690.30
Loans	2,767.22	-	-	2,767.22
Investments (excluding associates)	-	2,780.18	-	2,780.18
Other financial assets	5,631.90	-	-	5,631.90
<b>Total</b>	<b>48,669.12</b>	<b>2,780.18</b>	<b>-</b>	<b>51,449.30</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	11,692.74	-	-	11,692.74
Borrowings (other than Debt security)	1,000.01	-	-	1,000.01
Deposits	169.18	-	-	169.18
Lease liabilities	532.78	-	-	532.78
Other financial liabilities	24,240.78	-	-	24,240.78
<b>Total</b>	<b>37,635.49</b>	<b>-</b>	<b>-</b>	<b>37,635.49</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

### Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimates using a valuation technique.

The investments included in level 1 of fair value hierarchy have been valued using quoted prices for instruments in an active market. The investments included in Level 2 of fair value hierarchy have been valued using valuation techniques based on observable market data. The investments included in Level 3 of fair value hierarchy have been valued using the income approach and break-up value to arrive at their fair value. There were no transfers between level 1 and level 2.

### Current year

(₹ in Lacs)				
As at 31 March 2022	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivative financial instruments	3.51	-	-	3.51
Securities held for trading	-	147.05	-	147.05
Investment in				
Equity shares *	392.35	-	-	392.35
MF Units	0.11	-	-	0.11
AIF Units	-	2,934.59	-	2,934.59
<b>Total</b>	<b>395.97</b>	<b>3,081.64</b>	<b>-</b>	<b>3,477.61</b>

### Previous year

(₹ in Lacs)				
As at 31 March 2021	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>				
Derivative financial instruments	-	-	-	-
Securities held for trading	-	-	-	-
Investment in				
Equity shares *	646.75	-	-	646.75
MF Units	0.11	-	-	0.11
AIF Units	-	2,133.32	-	2,133.32
<b>Total</b>	<b>646.86</b>	<b>2,133.32</b>	<b>-</b>	<b>2,780.18</b>

\* Investments under level 3 above include investment in unquoted equity shares of ₹ 50.05 Lacs (P.Y. ₹ 50.05 Lacs) whose fair value is considered as ₹ Nil based on the financial health of the investee Company.

#### I. Valuation techniques used to determine fair value

- Quoted equity investments – Quoted closing price on stock exchange
- Unquoted equity investments – Based on financial health of the investee Company.
- Quoted mutual fund investments – Quoted closing NAV of respective schemes
- Alternative Investment funds – net asset value of the scheme

#### II. Financial instruments not measured at fair value

Financial assets not measured at fair value include cash and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short term nature.

Additionally, financial liabilities such as borrowings, trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short term nature.

At 31 March 2022 and 31 March 2021, the Group did not hold any financial liabilities which could have been categorized as level 3.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)**60. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES****Current year**

(₹ in Lacs)

Particulars	1 April 2021	Cash flows	Change in fair values	Others	31 March 2022
Borrowings	1,000.01	99.07	-	-	1,099.08

**Previous year**

(₹ in Lacs)

Particulars	1 April 2020	Cash flows	Change in fair values	Others	31 March 2021
Borrowings	800.00	200.01	-	-	1,000.01

**59. REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Group derives revenue primarily from share broking business. Its other major revenue sources are fees from research and advisory services, alternate investment fund management services and portfolio management services.

## Disaggregate revenue information

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Brokerage fees	14,277.24	11,216.56
Research and advisory fees	1,105.59	1,117.00
Depository operations	95.58	83.68
Portfolio management fees	688.99	532.53
Alternate investment fund management fees	725.27	542.27
<b>Total</b>	<b>16,892.67</b>	<b>13,492.04</b>
India	16,703.45	13,249.07
Outside India	189.22	242.97
<b>Total</b>	<b>16,892.67</b>	<b>13,492.04</b>
Timing of revenue recognition		
Services transferred at a point in time	16,079.32	12,668.51
Services transferred over time	813.35	823.53
<b>Total</b>	<b>16,892.67</b>	<b>13,492.04</b>

**Contract Balances**

Trade receivables outstanding balance as on 31 March 2022 is ₹ 8,875.88 Lac and as on 31 March 2021 is ₹ 6,690.30 Lacs. (Also refer note : 11)

**Information about the Group's performance obligation**

The performance obligation in regards of arrangement where fees is charged per transaction executed is recognized at point in time when trade is executed.

Income from Portfolio management and alternate investment management fees is recognized as per the terms and conditions of the respective agreements.

Income from research, advisory and other services is recognized upon rendering of the services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**62. DISCONTINUED OPERATIONS**

Profit / (loss) from discontinued operations consists of following two discontinued operations:

Emkay Wealth Advisory Limited which was engaged in the business of Direct Insurance Broking in terms of the provisions of the Insurance Regulatory and Development Authority Act, 1999 and the said business has been discontinued on and with effect from 22nd March, 2019.

Emkay Commotrade Limited which was engaged in the business of Commodity Exchanges Broking and the said business has been discontinued from 13th February 2019.

a) Financial performance

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Income	6.39	14.32
Expenses	11.08	14.91
<b>Profit / (loss) before tax from discontinued operations</b>	<b>(4.70)</b>	<b>(0.59)</b>
Tax expenses	0.23	-
<b>Profit / (loss) after tax from discontinued operations</b>	<b>(4.93)</b>	<b>(0.59)</b>

b) Book value of assets and liabilities

Particulars	(₹ in Lacs)	
	As at 31 March 2022	As at 31 March 2021
Assets	37.25	37.25
Liabilities	1.62	7.02

c) Cash out flow from discontinued operations ₹ 8.10 Lacs (P.Y. ₹ 13.35 Lacs)

d) Emkay Commotrade Limited, a subsidiary Company has received a Show Cause Notice dated 17 September 2019 under Regulation 28(1) of the SEBI(Intermediaries) Regulations, 2008 in the matter of paired contacts transacted at National Spot Exchange Limited (NSEL) in which it had acted as broker asking as to why appropriate action should not be taken as per Regulation 28(2) of the SEBI Intermediaries Regulations 2008 concerning not treating it as a fit and proper person and cancelling certificate of registration granted to it. Emkay Commotrade Limited submitted a detailed reply in the matter denying all allegations and requested to grant an opportunity for personal hearing which is awaited and matter is pending for disposal. The Management do not expect any impact of the same on the subsidiary Company since it has already discontinued its business of commodity broking during 2018-19.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

63. The list of entities consolidated as subsidiary in accordance with the Indian Accounting Standard (Ind AS) - 110 Consolidated financial statements and as associate in accordance with Indian Accounting Standard (Ind AS) - 28 - Investments in associates and joint ventures.

Name of entities	Country of Incorporation	Proportion of ownership as at reporting date	Consolidated as
Emkay Fincap Limited	India	100%	Subsidiary
Emkay Investment Managers Limited	India	100%	Subsidiary
Emkay Wealth Advisory Limited	India	100%	Subsidiary
Emkay Commotrade Limited	India	100%	Subsidiary
Emkayglobal Financial Services IFSC Private Limited	India	100%	Subsidiary
Emkay Global Financial Services Pte.Ltd.	Singapore	100%	Subsidiary
Azalea Capital Partners LLP	India	45%	Associate of parent
Finlearn Edutech Private Limited	India	47.65%	Associate of a wholly owned subsidiary
AES Trading and Consultants LLP	India	25%	Associate of a wholly owned subsidiary

64. Additional disclosure pertaining to Subsidiaries / Associates required under part III of division III of Schedule III to the Companies Act, 2013.

a) Net assets

(₹ in Lacs)

Name of the entity	As at 31 March 2022		As at 31 March 2021	
	% of consolidated net assets	Amount	% of consolidated net assets	Amount
<b>Parent</b>				
Emkay Global Financial Services Ltd.	72.02%	14,450.08	78.57%	13,073.37
<b>Subsidiaries</b>				
Emkay Fincap Ltd.	25.88%	5,192.53	28.35%	4,716.61
Emkay Investment Managers Ltd.	11.06%	2,218.31	11.65%	1,939.29
Emkay Wealth Advisory Ltd.	1.10%	219.89	1.21%	201.74
Emkay Commotrade Ltd.	11.15%	2,237.99	4.05%	673.52
Emkayglobal Fin. Services IFSC Pvt. Ltd.	0.61%	123.13	0.67%	111.76
Emkay Global Financial Services Pte. Ltd.	0.04%	7.20	0.00%	-
<b>Associate</b>				
Azalea Capital Partners LLP	0.10%	20.23	0.04%	6.41
<b>Sub total</b>	<b>121.96%</b>	<b>24,469.36</b>	<b>124.54%</b>	<b>20,722.70</b>
Adjustments arising out of consolidation	-21.96%	-4,406.51	-24.54%	-4,082.80
<b>Total</b>	<b>100.00%</b>	<b>20,062.85</b>	<b>100.00%</b>	<b>16,639.90</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

b) Share in profit or loss

(₹ in Lacs)

Name of the entity	31 March 2022		31 March 2021	
	% of consolidated profit or loss	Amount	% of consolidated profit or loss	Amount
<b>Parent</b>				
Emkay Global Financial Services Ltd.	39.39%	1,331.61	71.99%	801.46
<b>Subsidiaries</b>				
Emkay Fincap Ltd.	20.76%	701.81	23.15%	257.72
Emkay Investment Managers Ltd.	7.69%	260.11	26.25%	292.25
Emkay Wealth Advisory Ltd.	0.50%	16.76	-1.07%	-11.91
Emkay Commotrade Ltd.	51.33%	1,735.25	12.19%	135.74
Emkayglobal Fin. Services IFSC Pvt. Ltd.	-1.18%	-39.73	-2.81%	-31.25
Emkay Global Financial Services Pte. Ltd.	0.05%	1.59	0.00%	-
<b>Associate</b>				
Azalea Capital Partners LLP	0.41%	13.82	0.50%	5.56
<b>Sub total</b>	<b>118.95%</b>	<b>4,021.22</b>	<b>130.20%</b>	<b>1,449.57</b>
Adjustments arising out of consolidation	-18.95%	-640.85	-30.20%	-336.27
<b>Total</b>	<b>100.00%</b>	<b>3,380.37</b>	<b>100.00%</b>	<b>1,113.29</b>

c) Share in other comprehensive income

(₹ in Lacs)

Name of the entity	31 March 2022		31 March 2021	
	% of consolidated other comprehensive income	Amount	% of consolidated other comprehensive income	Amount
<b>Parent</b>				
Emkay Global Financial Services Ltd.	94.90%	-48.61	107.24%	39.84
<b>Subsidiaries</b>				
Emkay Fincap Ltd.	1.37%	-0.70	-2.71%	-1.01
Emkay Investment Managers Ltd.	3.33%	-1.70	0.67%	0.25
Emkay Wealth Advisory Ltd.	1.02%	-0.52	-1.05%	-0.39
Emkay Commotrade Ltd.	1.52%	-0.78	1.13%	0.42
Emkayglobal Fin. Services IFSC Pvt. Ltd.	-2.16%	1.11	-5.28%	-1.96
Emkay Global Financial Services Pte. Ltd.	-	-	-	-
<b>Associate</b>				
Azalea Capital Partners LLP	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>-51.20</b>	<b>100.00%</b>	<b>37.15</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

d) Share in total comprehensive income

(₹ in Lacs)

Name of the entity	31 March 2022		31 March 2021	
	% of consolidated total comprehensive income	Amount	% of consolidated total comprehensive income	Amount
<b>Parent</b>				
Emkay Global Financial Services Ltd.	38.54%	1,283.02	73.13%	841.30
<b>Subsidiaries</b>				
Emkay Fincap Ltd.	21.06%	701.10	22.31%	256.71
Emkay Investment Managers Ltd.	7.76%	258.41	25.43%	292.50
Emkay Wealth Advisory Ltd.	0.49%	16.24	-1.07%	-12.30
Emkay Commotrade Ltd.	52.10%	1,734.47	11.84%	136.16
Emkayglobal Fin. Services IFSC Pvt. Ltd.	-1.16%	-38.63	-2.89%	-33.22
Emkay Global Financial Services Pte. Ltd.	0.05%	1.59	0.00%	-
<b>Associate</b>				
Azalea Capital Partners LLP	0.42%	13.82	0.48%	5.56
<b>Sub total</b>	<b>119.26%</b>	<b>3,970.02</b>	<b>129.23%</b>	<b>1,486.71</b>
Adjustments arising out of consolidation	-19.26%	-640.85	-29.23%	-336.27
<b>Total</b>	<b>100.00%</b>	<b>3,329.17</b>	<b>100.00%</b>	<b>1,150.44</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**65. SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES  
AS PER COMPANIES ACT, 2013 ( AOC-1 ):**

**Part - A : SUBSIDIARIES**

(₹ in Lacs)

1	Serial Number	1	2	3	4	5	6
2	Name of Subsidiary	Emkay Fincap Ltd.	Emkay Commotrade Ltd.	Emkay Wealth Advisory Ltd.	Emkay Investment Managers Ltd.	Emkayglobal Financial Services IFSC Pvt. Ltd.	Emkay Global Financial Services Pte. Ltd.
3	Reporting Period	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022
4	Reporting Currency	INR	INR	INR	INR	INR	SGD
5	The date from which became subsidiary	16/05/2005	05/01/2006	08/03/2007	08/06/2010	21/06/2018	10/02/2021
6	Share Capital	2,200.00	850.00	410.00	900.00	200.00	5.53
7	Other Equity	2,992.53	1,387.99	-190.11	1,318.31	-76.87	1.67
8	Total Assets	6,343.64	2,714.73	233.72	2,538.83	160.33	16.31
9	Total Liabilities	1,151.10	476.73	13.83	320.53	37.20	9.11
10	Investments	72.09	0.43	-	392.72	-	-
11	Turnover/Total Income	1,295.30	6,907.84	79.13	1,556.74	0.71	36.65
12	Profit Before Tax	1,079.00	2,000.87	17.17	339.44	-40.39	1.59
13	Provision for Taxation	257.90	259.21	1.69	79.32	-0.66	-
14	<b>Profit after Taxation</b>	<b>821.10</b>	<b>1,741.66</b>	<b>15.48</b>	<b>260.11</b>	<b>-39.73</b>	<b>1.59</b>
15	Share of (Loss) from Associate	(119.30)	-0.20	-	-	-	-
16	Profit from discontinued operations	-	(6.21)	1.28	-	-	-
17	Other Comprehensive Income	(0.70)	(0.78)	(0.52)	(1.70)	1.11	-
18	<b>Total comprehensive income</b>	<b>701.10</b>	<b>1,734.47</b>	<b>16.24</b>	<b>258.41</b>	<b>(38.63)</b>	<b>1.59</b>
19	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
20	% of Shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Notes**

1. There are no subsidiaries which were liquidated or sold off during the year under review.
2. Turnover includes other income.
3. Percentage of shareholding is the effective shareholding.

**Part - B : ASSOCIATE (only company)**

Name of associate	Latest audited balance sheet date	The date on which the associate was acquired or was associated	Equity shares of the associate held by the Company on the year end			Net worth attributable to shareholding as per latest audited balance sheet (in Lacs)	Profit/(loss) for the year  Considered in consolidation (in Lacs)
			Nos.	Amount of investment in associate (in Lacs)	Extent of holding %		
Finlearn Edutech Private Limited	31/03/2022	31/12/2019	30,97,250	309.73	47.65%	72.09	(119.30)

There has been a significant influence due to percentage (%) of voting power.

**Note**

Disclosure is given only in case of associate company and not in case of other enterprise. The Group consolidates Azalea Capital Partners LLP and AES Trading & Consultants LLP as associates by following equity accounting.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

- 66.** The Board of Directors of the Parent Company at their meeting held on May 24, 2022, have recommended a dividend of ₹1.25 per share (on face value of ₹ 10/- per equity share) for the year ended March 31, 2022, subject to the approval of it's members at the ensuing annual general meeting. In terms of Ind AS 10 "Events after the Reporting Period", the Group has not recognized dividend as a liability at the end of the reporting period.
- 67.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 68.** Previous year figures have been regrouped / reclassified / recasted / rearranged wherever necessary, to conform to this year's classification.
- 69.** The Group's financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lac, except when otherwise indicated.
- 70.** Disclosure of Capital to risk-weighted assets (CRAR), Tier I CRAR, Tier II CRAR and Liquidity coverage ratios required under para (WB)(xvi) of Division III of Schedule III to the Act are not applicable to the Company as it is in broking business and not an NBFC registered under section 45-IA of Reserve bank of India Act, 1934.

**71. OTHER STATUTORY INFORMATION**

- (i) No proceeding has been initiated during the year or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) The Group has taken borrowings from Banks on the basis of security of current financial assets and all the quarterly returns filed by the Company with the Banks are in agreement with the financial statements.
- (iii) The Group is not a declared willful defaulter by any bank or financial institution or other lender.
- (iv) There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (v) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vi) The Group has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (viii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (ix) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022 (CONTD.)

**72. EVENTS AFTER REPORTING DATE**

There have been no events after the reporting date that requires disclosure in these financial statements.

**73.** The financial statements of the Group for the year ended 31st March, 2022 were approved for issue by the Board of Directors at their meeting held on 24 May 2022.

As per our report of even date

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

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

Place : Mumbai  
Date : May 24, 2022

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

**G.C.Vasudeo**  
Director  
DIN: 00021772

**Saket Agrawal**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2022

**Krishna Kumar Karwa**  
Managing Director  
DIN: 00181055

**Bhalchandra Raul**  
Company Secretary  
Membership No.FCS1800





Your success is our success

Emkay Global Financial Services Ltd.

CIN: L67120MH1995PLC084899

Registered Office: The Ruby, 7<sup>th</sup> Floor,  
Senapati Bapat Marg,

Dadar West, Mumbai 400 028

Tel: +91 22 66121212