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Annual Report
2019-20

Emkay Fincap Limited



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. Trupti Bolke	(upto September 05, 2019)
Mr. Siddharth R. Mehta	(from February 01, 2020)

STATUTORY AUDITORS

A.G.Mundra & Company, Chartered Accountants
115, Rewa Chambers, 31, New Marine Lines,
Mumbai- 400 023

BANKERS

HDFC Bank Limited
Kotak Mahindra Bank Limited
State Bank of India

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

CORPORATE IDENTITY NUMBER

U65990MH2005PLC153310

EMKAY FINCAP LIMITED

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Emkay Fincap Limited will be held on Thursday, August 27, 2020 at 11.00 a.m. at the Registered Office of the Company situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2020 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prakash Kacholia (DIN: 00002626) who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors

For **Emkay Fincap Limited**

Siddharth R. Mehta
Company Secretary

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

Place: Mumbai
Date: June 16, 2020

Notes for Members' Attention:

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint Proxy/ Proxies to attend and vote instead of himself/herself. Proxy/Proxies need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding not more than ten percent (10%) of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. Proxies in order to be effective must be received by the Company at its registered office not later than forty eight hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
2. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of their board resolution.
3. Members/Proxies/Representatives should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.

By Order of the Board of Directors

For **Emkay Fincap Limited**

Siddharth R. Mehta
Company Secretary

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

Place: Mumbai
Date: June 16, 2020

DIRECTORS' REPORT

Dear Members,

Your Directors present the Fifteenth Annual Report of your Company and the Audited Financial Statements for the year ended on March 31, 2020.

1. FINANCIAL RESULTS

An overview of the financial performance of the Company for financial year 2019-20 is as under:

(Rs. In Lakhs)

Particulars	31.03.2020 (Standalone)	31.03.2019 (Standalone)	31.03.2020 (Consolidated) 18.12.2019 to 31.03.2020	31.03.2019 (Consolidated) (Not Applicable)
Revenue from Operations	580.00	677.62	580.00	-
Other Revenue	6.96	-	6.96	-
Profit Before Tax	(68.77)	(142.46)	(68.77)	-
Less: Provision for Taxation	51.61	60.05	51.61	-
Less: Deferred Tax Charge /(Benefit)	(47.47)	(12.92)	(47.47)	-
Share of Profit / (Loss) from Associates	-	-	(41.59)	-
Profit After Tax	(72.91)	(189.59)	(114.50)	-
Other Comprehensive Income /(Loss) (net of tax)	(2.14)	(0.81)	(2.14)	-
Total Comprehensive Income	(75.05)	(190.40)	(116.64)	-

2. REVIEW OF OPERATIONS AND BUSINESS HIGHLIGHTS

During the year under review, your Company recorded a total income of Rs. 586.96 lacs as compared to Rs. 677.62 lacs in the previous financial year, lower by 13.38%.

COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The Indian Government announced a 21-day complete lockdown on March 24, 2020, across the country, to contain the spread of the virus. The lockdown has since been extended with gradual relaxations. The Company being registered as a Non-Banking Finance Company (NBFCs) with Reserve Bank of India (RBI) has been declared an essential services and accordingly the company's activity were exempted from lockdown. During the period, the Company faced no business interruption on account of the lockdown.

The Company had promoted, invested and acquired 27.43% of equity shares of the newly incorporated Company Finlearn Edutech Private Limited, which is formed for imparting training and providing certification courses in the financial market, managing online and offline educational testing systems and other trainings

such as soft-skills, communication skills, creative teaching, behavior skills, scientific and research.

3. RESERVES AND SURPLUS

The Company has not transferred any amount to Special Reserve u/s 45(I)(c) of RBI Act, 1934.

4. DIVIDEND

In order to conserve the resources for future business growth, your directors do not recommend any dividend for the financial year 2019-20.

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

There have been no material changes and commitments between the end of financial year 2019-20 and the date of this report adversely affecting the financial position of the Company.

6. DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and

Directors' Report (Contd.)

Articles of Association of the Company, Mr. Prakash Kacholia, Director & CFO of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment.

The above re-appointment forms part of the Notice of the forthcoming 15th Annual General Meeting and the respective resolution is recommended for your approval.

During the year under review, Company Secretary Ms. Trupti Bolke has resigned from the Company with effect from September 05, 2019. Mr. Siddharth R. Mehta was appointed as a Company Secretary & Compliance Officer of the Company with effect from February 01, 2020.

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

- Mr. Krishna Kumar Karwa - Whole Time Director
- Mr. Prakash Kacholia - Director & CFO
- Mr. Siddharth R. Mehta - Company Secretary

7. INDEPENDENT DIRECTORS

The Company has appointed two Independent Directors on the Board, Mr. G.C.Vasudeo and Mr. R.K.Krishnamurthi, for the second consecutive term of 5 years from August 13, 2019 upto August 12, 2024 in its fourteenth Annual General Meeting held on August 12, 2019.

The Company has received declaration of Independence from both the Independent Directors have submitted the declaration of Independence in accordance with the relevant provisions of Section 149(6) of Companies Act, 2013 stating that they meet the criteria of Independence and are not disqualified from continuing as Independent Directors.

8. CORPORATE GOVERNANCE

A. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2019-2020, 8 meetings of the Board of Directors were held i.e. on April 03, 2019, May 28, 2019, July 12, 2019, August 10, 2019, September 03, 2019, November 14, 2019, January 04, 2020 and January 24, 2020.

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

Name of the Director	Category	Board Meetings held during Financial Year 2019-20	
		Held	Attended
Mr. Krishna Kumar Karwa	Whole Time Director	8	8
Mr. Prakash Kacholia	Director & CFO	8	8
Mr. G. C. Vasudeo	Director	8	7
Mr. R. K. Krishnamurthi	Director	8	7

B. AUDIT COMMITTEE

The composition of Audit Committee is as under:

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

The Audit Committee comprises of two Independent Director and Director & CFO. The Chairman and the members of the Committee are financially literate. The Statutory Auditors, Internal Auditors of the Company are invited to the Audit Committee Meetings. The meeting of the Committee is held once in every quarter to review the financial results of the Company. During the Financial Year 2019-20, 4 meetings of the Audit Committee were held i.e. on May 28, 2019, August 10, 2019, November 14, 2019 and January 24, 2020.

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

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

C. NOMINATION AND REMUNERATION COMMITTEE

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

The composition of the Committee is as under:

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

Directors' Report (Contd.)

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

During the year, one meeting of the NRC Committee was held on May 28, 2019 which was attended by all the Members.

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

The composition of the Committee is as under:

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

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

During the year, one meeting of the CSR Committee was held on August 10, 2019 which was attended by all the Members.

9. EXTRACT OF ANNUAL RETURN

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

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- d) The directors have prepared the annual accounts on a going concern basis.
- e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had laid down systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate & operating effectively.

11. PUBLIC DEPOSITS

The Company is a Non-Banking Financial Company, non-deposit accepting, non-systemically important (NBFC-ND-NSI) registered with RBI. During the year, your Company has not accepted and/or renewed any public deposits in terms of the provisions of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

14. CORPORATE SOCIAL RESPONSIBILITY

The requirements of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 was applicable to the

Directors' Report (Contd.)

Company in FY 2018-19. The Company in the meeting of the Board held on May 28, 2018 had constituted a Corporate Social Responsibility Committee comprising three Directors of the Company including one Independent Director. The members of the Committee are Mr. G. C. Vasudeo, Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia. The Company has evolved a Corporate Social Responsibility Policy and is actively practicing the same. The objectives of the CSR Policy are to contribute to social and economic development of the communities in which the Company operates, to improve the quality of life of the communities through long term value creation for stakeholders and to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

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

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

Conservation of Energy, Technology Absorption do not have much relevance to the activities of the Company since it does not own any manufacturing facility and hence the disclosure of information to be disclosed in terms of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption are not given.

There were no foreign exchange earnings, during the year under review.

During the year under review, the Company has incurred and paid Rs.1.29 Lacs travelling expenses in foreign currency.

16 REGULATORY UPDATES

A. RBI GUIDELINES

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

B. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the financial year 2019-20 under review there were no significant material orders passed

by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by RBI/any other Regulators during the financial year under review.

17. CHANGE IN ACCOUNTING POLICY:

The company has adopted Indian Accounting Standard (IND AS) with effect from 1st April 2019 and the effective date of such transition is 1st April 2018.

18. AUDITORS AND AUDITORS' REPORT

A. STATUTORY AUDITORS' REPORT

There is no qualification, disclaimer and adverse remarks by the Statutory Auditor of the Company for the end of financial year 2019-20.

B. SECRETARIAL AUDITORS' REPORT

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

There is no qualification, disclaimer and adverse remarks by the Secretarial Auditor of the Company for the end of financial year 2019-20 and the report has been attached as “Annexure D”.

C. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company had appointed M/s. A. G. Mundra & Co., Chartered Accountants, bearing Firm Registration Number 114518W with the Institute of Chartered Accountants of India (ICAI), as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the 14th Annual General Meeting till the conclusion of the 19th Annual General Meeting to be held for the financial year 2023-24.

Directors' Report (Contd.)

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

D. SECRETARIAL AUDITORS

As required under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board hereby appointed M/s. Parikh and Associates, Practicing Company Secretary as the Secretarial Auditor of the Company for the financial year 2020-21.

E. COST RECORDS AND COST AUDIT

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

F. REPORTING OF FRAUDS BY AUDITORS

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

G. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Company has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively for the Financial Year 2019-20.

19. SECRETARIAL STANDARDS

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

20. HUMAN RESOURCE

A. PARTICULARS OF EMPLOYEES

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

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

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

21. ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Director & CFO
DIN: 00002626

Place: Mumbai
Date: June 16, 2020

Directors' Report (Contd.)**ANNEXURE "A"****EXTRACT OF THE ANNUAL RETURN**

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Products/Service	NIC Code of the Products/Service	% to total turnover of the Company
1	Margin Funding Activities and Investment activities	64990	98.81%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN Nos	Holding/Subsidiary/ Associates	% of shares held	Applicable Section
1	Emkay Global Financial Services Ltd	L67120MH1995PLC084899	Holding	100	2(46)
2	Finlearn Edutech Pvt. Ltd.	U80302MH2019PTC334626	Associate	27.43	2(6)

Directors' Report (Contd.)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category – wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year as on 01.04.2019				No. of Shares held at the end of the year as on 31.03.2020				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters	-	-	-	-	-	-	-	-	No Change during the year
1. Indian	-	-	-	-	-	-	-	-	
a) Individuals/HUF	-	-	-	-	-	-	-	-	
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt	-	-	-	-	-	-	-	-	
d) Bodies Corporate	-	21,999,400	21,999,400	99.99727	-	21,999,400	21,999,400	99.99727	
e) Bank/FI	-	-	-	-	-	-	-	-	
f) Any Other - Six Shareholders as a nominee of Emaky Global Financial Services Ltd.	-	600	600	0.00273	-	600	600	0.00273	
Sub Total A-1	-	22,000,000	22,000,000	100	-	22,000,000	22,000,000	100	
2. Foreign	-	-	-	-	-	-	-	-	
a) NRI-Individuals	-	-	-	-	-	-	-	-	
b) Others-Individuals	-	-	-	-	-	-	-	-	
c) Bodies Corp	-	-	-	-	-	-	-	-	
d) Bank/FI	-	-	-	-	-	-	-	-	
e) Any Others	-	-	-	-	-	-	-	-	
Sub Total (A) (2)	-	-	-	-	-	-	-	-	
Total Shareholding of Promoters A= A1+A2	-	22,000,000	22,000,000	100%	-	22,000,000	22,000,000	100%	
B. Public Shareholding	-	-	-	-	-	-	-	-	No Change during the year
1. Institution	-	-	-	-	-	-	-	-	
a) Mutual Fund	-	-	-	-	-	-	-	-	
b) Bank/FI	-	-	-	-	-	-	-	-	
c) Cent. Govt	-	-	-	-	-	-	-	-	
d) State Govt	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	
f) Insurance Comp	-	-	-	-	-	-	-	-	
g) FIIS	-	-	-	-	-	-	-	-	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub Total-B-1	-	-	-	-	-	-	-	-	

Directors' Report (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year as on 01.04.2019				No. of Shares held at the end of the year as on 31.03.2020				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
2. Non Institutions									-
a) Bodies Corp									-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Comp	-	-	-	-	-	-	-	-	-
f) FIIS	-	-	-	-	-	-	-	-	-
g) Foreign Vanture Capital Funds	-	-	-	-	-	-	-	-	-
h) Others (specify)									
a. Clearing member	-	-	-	-	-	-	-	-	-
b. Trust	-	-	-	-	-	-	-	-	-
c. NRIs	-	-	-	-	-	-	-	-	-
d. NRN	-	-	-	-	-	-	-	-	-
Sub Total B-2	-	-	-	-	-	-	-	-	-
Total Public Shareholding B=B1+B2	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	22,000,000	22,000,000	100	-	22,000,000	22,000,000	100	

Directors' Report (Contd.)**(ii) Shareholding of Promoters:**

Sr. No.	Shareholders Name	Shareholding at the Beginning of the Year as on 01.04.2019			Shareholding at the end of the year as on 31.03.2020			% change in share holding during the year
		No. of Shares	% of the total shares of the Company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of the total shares of the Company	% of Shares Pledged / Encumbered to total shares	
1	Emkay Global Financial Services Ltd.	21,999,400	99.99727	-	21,999,400	99.99727	-	No Change in % of Share holding during the year
2	Krishna Kumar Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
3	Prakash Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
4	Satyanarayan Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
5	Krishna Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
6	Priti Karwa as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	
7	Preeti Kacholia as a nominee of Emkay Global Financial Services Ltd.	100	0.000455	-	100	0.000455	-	

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

Directors' Report (Contd.)

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

Sr. No.		Shareholding at the beginning of the year as on 01.04.2019		Cumulative Shareholding during the year as on 31.03.2020	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the Beginning of the year				
A	Emkay Global Financial Services Ltd.	21,999,400	99.99727	21,999,400	99.99727
B	Krishna Kumar Karwa	100	0.000455	100	0.000455
C	as a nominee of Emkay Global Financial Services Ltd				
C	Prakash Kacholia	100	0.000455	100	0.000455
D	as a nominee of Emkay Global Financial Services Ltd.				
D	Satyanarayan Karwa	100	0.000455	100	0.000455
E	as a nominee of Emkay Global Financial Services Ltd.				
E	Krishna Kacholia	100	0.000455	100	0.000455
F	as a nominee of Emkay Global Financial Services Ltd.				
F	Priti Karwa	100	0.000455	100	0.000455
G	as a nominee of Emkay Global Financial Services Ltd.				
G	Preeti Kacholia	100	0.000455	100	0.000455
	as a nominee of Emkay Global Financial Services Ltd.				
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
3.	At the end of the year				
A	Emkay Global Financial Services Ltd.	21,999,400	99.99727	21,999,400	99.99727
B	Krishna Kumar Karwa	100	0.000455	100	0.000455
C	as a nominee of Emkay Global Financial Services Ltd				
C	Prakash Kacholia	100	0.000455	100	0.000455
D	as a nominee of Emkay Global Financial Services Ltd.				
D	Satyanarayan Karwa	100	0.000455	100	0.000455
E	as a nominee of Emkay Global Financial Services Ltd.				
E	Krishna Kacholia	100	0.000455	100	0.000455
F	as a nominee of Emkay Global Financial Services Ltd.				
F	Priti Karwa	100	0.000455	100	0.000455
G	as a nominee of Emkay Global Financial Services Ltd.				
G	Preeti Kacholia	100	0.000455	100	0.000455
	as a nominee of Emkay Global Financial Services Ltd.				

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

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

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year as on 01.04.2019		Cumulative Shareholding during the year as on 31.03.2020	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
		N.A.			

Directors' Report (Contd.)**V. INDEBTEDNESS**

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

(In Rs.)

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

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

(In Rs.)

Sr. No.	Particulars of Remuneration	Name of Managing Director	Total
		Krishna Kumar Karwa- WTD	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961z		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify...		
5.	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	-

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

Directors' Report (Contd.)**B. Remuneration to other directors:**

(In Rs.)

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

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

(Amt in Rs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Prakash Kacholia (Director & CFO)	Ms. Trupti Bolke (upto 05.09.2019)	Mr. Siddharth R. Mehta (01.02.2020 to 31.03.2020)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	2,99,668	1,04,126	4,03,794
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0	0	0
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of Profit	-	-	-	-
	- others, specify...				
5.	Others, please Specify	-	-	-	-
	Total	-	2,99,668	1,04,126	4,03,794

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

Directors' Report (Contd.)**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCE.- NIL**

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

On behalf of the Board of Directors

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Director & CFO
DIN: 00002626

Place: Mumbai
Date: June 16, 2020

Directors' Report (Contd.)**ANNEXURE "B"****Form No. AOC-2**

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

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

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

Sr. No	Particulars	Details of Transaction
a.	Name(s) of the related party and nature of relationship	Emkay Global Financial Services Limited – Holding Company
b.	Nature of contracts /arrangements / transactions	Reimbursement of Rent, Electricity, Water Charges, Telephone Expenses, Building Maintenance etc for the use of office premises of the Holding Company
c.	Duration of the contracts / arrangements /transactions	from 1st April, 2019 to 31st March, 2020
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Reimbursement of certain common expenses such as Rent, Electricity, Water Charges, Telephone Expenses, Building Maintenance etc to the Holding Company on the basis of cost incurred by the Holding Company and dividing the same by the total number of employees sitting in the premises to arrive at cost per employee and paying this to the Holding Company on the basis of number of employees of the Company.
e.	Justification for entering into such contracts or arrangements or transactions	The Company is not having its own office premises. Hence, it is using office premises of its Holding Company.
f.	Date(s) of approval by the Board	30.01.2019
g.	Amount paid as advances, if any	N.A
h.	Date on which the resolution was passed in general meeting as required under first proviso to section 188 ##	N.A

Note:

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

2. Necessary omnibus approval of the Audit Committee in its meeting dated January 30, 2019 has been obtained prior to entering into all the related party transactions.

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

Directors' Report (Contd.)**2. Details of material contracts or arrangement or transactions at arm's length basis**

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

On behalf of the Board of Directors

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Director & CFO
DIN: 00002626

Place: Mumbai
Date: June 16, 2020

Directors' Report (Contd.)**ANNEXURE "C"****DETAILS OF CSR ACTIVITIES****1. A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and project or programs.**

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

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

2. The Composition of the CSR Committee

The composition of CSR Committee is as under:

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

3. Average Net Profit of the Company for last three financial years - Rs. 6,49,51,551**4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) - Rs. 13,00,000 (Rs. 12,99,031)****5. Details of CSR spent during the financial year:**

- a) Total amount to be spent for the financial year - Rs. 13.00 lakhs
- b) Amount unspent, if any; - Rs. 13.00 lakhs
- c) Manner in which the amount spent during the financial year is detailed below

(Rs. In lakhs)

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

*Give details of implementing agency:

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

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

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

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

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

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Director & CFO
DIN: 00002626

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

Place: Mumbai

Date: June 16, 2020

ANNEXURE “D”

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

To,
 The Members,
 Emkay Fincap Limited

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 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; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:-
 - a) Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
 - b) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016
 - c) Relevant Sections of Reserve Bank of India Act, 1934

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings which have been complied by the Company.

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

The Company has an unspent amount of Rs. 12,99,031 /- during the year towards Corporate Social Responsibility.

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period no specific 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: June 16, 2020

Signature:

Akruti Shah

ACS No: 43371 CP No: 22955

UDIN: A043371B000345717

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

‘Annexure A’

To,
The Members
Emkay Fincap Limited

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

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

For Parikh & Associates

Company Secretaries

Place: Mumbai

Date: June 16, 2020

Signature:

Akruti Shah

ACS No: 43371 CP No: 22955

UDIN: A043371B000345717

INDEPENDENT AUDITOR'S REPORT

To The Members of **EMKAY FINCAP LIMITED**

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **EMKAY FINCAP LIMITED** ("the Company"), which comprises of Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the Act) in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its losses and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Board's Report including Annexures to the Board report, but does not include the standalone financial statement and our auditor's report thereon.

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

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

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

Opening balances as at April 1, 2018 and financial statements for the year ended March 31, 2019 considered while preparing these first financial statements in accordance with Indian Accounting Standards (Ind AS) are based on the audited financial statements for the year ended March 31, 2019 prepared under previous Generally Accepted Accounting Principles in India (Indian GAAP) which have been audited by the predecessor auditor who have expressed unmodified opinion on those statements vide audit report dated May 29, 2019.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books.

- (c) The Balance sheet, the Statement of Profit & Loss(including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
- (e) On the basis of the written representation received from the directors as on March 31, 2020 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2020 from being appointed as a Directors in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- (g) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For A. G. Mundra & Co.

Chartered Accountants

Firm Registration No.114518W

(CA. Anand Mundra)

Proprietor

Membership No.046024

Place : Mumbai

Date : June 16, 2020

UDIN :20046024AAAAABK7115

Annexure "A"

To Independent Auditor's report of even date to the members of EMKAY FINCAP LIMITED on the standalone financial statements as at and for the year ended March 31,2020

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, fixed assets of the Company have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property during the year. Accordingly, paragraph 3(i)(c) of the order is not applicable to the Company.
- (ii) In our opinion and according to the information and explanations given to us, the Company do not hold any inventory in connection with its trading in bonds. Accordingly, comments required under paragraph 3(ii) of the order regarding physical verification of inventory are not applicable to the Company.
- (iii) (a) The Company has granted unsecured loan to two companies covered in the register maintained under section 189 of the Act. The Company has not granted any secured or unsecured loan to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (b) In respect of the aforesaid loans, the terms and conditions under which the said loans were granted are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and full repayment of principal amount and interest there on has been received, as stipulated.
- (d) The said loans has been fully repaid with interest thereon as stipulated and hence comments required under paragraph 3(iii)(c) of the order regarding overdue amount of loans are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company being a Non-Banking finance company (NBFC) registered with Reserve Bank of India, the provisions of section 185 and section 186 of the Act are not applicable to the Company in respect of loans given ,investments made and securities provided. The Company has not given any guarantee.
- (v) In our opinion, and according to the information and explanations given to us, the company being a non-deposit taking Non-Banking finance company (NBFC) registered with Reserve Bank of India, is not required to comply with the provisions of 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company is not required to maintain cost records pursuant to the rules made by the Central Government under Section 148 (1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, goods and services tax, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as on March 31,2020 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise and value added tax.
- (b) As at March 31, 2020, according to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax and goods and services tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment

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

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.
- (x) Based on the audit procedures performed and according to the information and explanations given by the management, we report that no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year ended March 31, 2020 nor have we been informed of such case by the management during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration during the year. Accordingly paragraph 3(xi) of the order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a nidhi company. Accordingly paragraph 3(xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transaction have been disclosed in note 35 of the financial statements as

required under Accounting Standard (AS) 18, Related Party Disclosures specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

For A. G. Mundra & Co.

Chartered Accountants

Firm Registration No.114518W

(CA Anand Mundra)

Proprietor

Membership No.046024

Place: Mumbai

Date : June 16, 2020

UDIN: 20046024AAAAABK7115

Annexure “B”

To Independent Auditor’s report of even date to the members of EMKAY FINCAP LIMITED on the standalone financial statements for the year ended March 31,2020

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

1. We have audited the internal financial controls over financial reporting of **EMKAY FINCAP LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For A. G. Mundra & Co

Chartered Accountants

Firm Registration No.114518W

(CA Anand Mundra)

Proprietor

Membership No.046024

Place: Mumbai

Date : June 16, 2020

UDIN:20046024AAAABK7115



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STANDALONE BALANCE SHEET

As At 31st March, 2020

(₹)				
Particulars	Notes	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
I ASSETS				
1 Financial assets				
Cash and cash equivalents	3	248,666,757	6,213,055	6,998,794
Bank Balance other than Cash and cash equivalents	4	503,921	503,576	503,353
Trade Receivables	5	490,364	1,202,004	12,094,165
Loans	6	178,907,160	440,217,473	400,271,694
Investments	7	32,531,740	142,807,672	310,251,361
Other Financial assets	8	323,527	101,641	67,764
Total Financial Assets		461,423,469	591,045,421	730,187,131
2 Non-financial Assets				
Current tax assets (net)	9	1,327,032	2,780,661	2,282,370
Deferred tax Assets (net)	10	10,552,000	5,805,310	4,444,516
Property, Plant and Equipment	11	140,196	244,648	384,139
Other non financial assets	12	3,771,714	1,028,775	202,603
Total Non -financial Assets		15,790,942	9,859,394	7,313,628
Total assets		477,214,411	600,904,814	737,500,759
II LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial Liabilities				
Payables				
(I) Trade Payables	13(I)			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,308	1,093,222	1,577,607
(II) Other Payables	13(II)			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		770,532	1,793,588	1,907,758
Borrowings (Other than Debt Securities)	14	-	114,500,000	228,000,000
Other financial liabilities	15	1,401	1,776	1,919
Total Financial liabilities		773,241	117,388,586	231,487,284
2 Non-Financial Liabilities				
Current tax liabilities (net)	16	3,002,742	598,249	5,265,282
Provisions	17	1,205,058	3,418,117	2,284,885
Other non-financial liabilities	18	220,135	182,122	285,957
Total Non- financial liabilities		4,427,935	4,198,488	7,836,124
Total liabilities		5,201,176	121,587,074	239,323,408
EQUITY				
Equity share capital	19	220,000,000	220,000,000	220,000,000
Other Equity	20	252,013,235	259,317,740	278,177,351
Total equity		472,013,235	479,317,740	498,177,351
Total Liabilities and Equity		477,214,411	600,904,814	737,500,759

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

As per our Report of even date
For A. G. MUNDRA & COMPANY
 CHARTERED ACCOUNTANTS

For and on behalf of the Board of
EMKAY FINCAP LIMITED

(CA Anand Mundra)
 Proprietor
 Membership No: 046024

Krishna Kumar Karwa
 Whole Time Director

Prakash Kacholia
 Director and Chief Financial Officer

Siddharth Mehta
 Company Secretary

Place: Mumbai
 Date : June 16, 2020

Place: Mumbai
 Date : June 16, 2020

For The Year Ended 31st March, 2020(₹)

Standalone Statement of Profit and Loss (Contd.)

			(₹)		
Particulars			Notes	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
(IX)	Total Comprehensive Income/(loss) for the year			(7,505,601)	(19,040,342)
	Earnings per Equity Share of Nominal Value of Rs.10 each				
	- Basic			(0.33)	(0.86)
	- Diluted			(0.33)	(0.86)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES			2		

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

As per our Report of even date
For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

(CA Anand Mundra)
Proprietor
 Membership No: 046024

For and on behalf of the Board of
EMKAY FINCAP LIMITED

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Director and Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
 Date : June 16, 2020

Place: Mumbai
 Date : June 16, 2020

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31st March, 2020

1. Equity Share capital

Equity shares of Rs. 10/- each issued, subscribed and fully paid

(₹)

Particulars	Equity Share Capital	
	No. of Shares	Amount
As at 1st April, 2018	22,000,000	220,000,000
Changes during the year	-	-
As at 31st March, 2019	22,000,000	220,000,000
Changes during the year	-	-
As at 31st March, 2020	22,000,000	220,000,000

2. Other Equity

(₹)

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Retained Earnings	Special Reserve u/s 45-IC of the RBI Act 1934	Capital redemption Reserve	Equity settled share based payment reserve	Items that will not be Re-classified to Profit or Loss - Actuarial gains/ (losses) on Defined Benefit Plans	
Balance as at April 1, 2018	167,084,847	61,117,737	50,000,000	-	(25,233)	278,177,351
Share based payments to Employees	-	-	-	180,731	-	180,731
“ Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act, 1934 “	(4,736,996)	4,736,996	-	-	-	-
Profit (loss) for the year after income tax	(18,958,998)	-	-	-	-	(18,958,998)
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(81,344)	(81,344)
Total Comprehensive Income/(loss) for the year						(19,040,342)
Balance as at March 31, 2019	143,388,853	65,854,733	50,000,000	180,731	(106,577)	259,317,740
Balance as at April 1, 2019	143,388,853	65,854,733	50,000,000	180,731	(106,577)	259,317,740
Share based payments to Employees	-	-	-	201,096	-	201,096
Profit (loss) for the year after income tax	(7,291,268)	-	-	-	-	(7,291,268)
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(214,333)	(214,333)
Total Comprehensive Income/(loss) for the year						(7,505,601)
Balance as at March 31, 2020	136,097,585	65,854,733	50,000,000	381,827	(320,910)	252,013,235

Statement of changes in Equity (Contd.)

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

As per our Report of even date
For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

(CA Anand Mundra)
Proprietor
Membership No: 046024

Place: Mumbai
Date : June 16, 2020

For and on behalf of the Board of
EMKAY FINCAP LIMITED

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Director and Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
Date : June 16, 2020

STATEMENT OF CASHFLOW

For The Year Ended 31st March, 2020

		(₹)	
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items	(6,877,260)	(14,245,557)	
Adjustment for :			
Depreciation and Amortization Expense	103,565	191,439	
Loss on Disposal/Discard of Property, Plant and Equipment	142	-	
Impairment /(Impairment Gains) of financial instruments	(3,611,087)	692,605	
Net gain / (loss) on fair value changes	27,564,783	42,500,216	
Share based payments to Employees	201,096	180,731	
Interest on deposit with Bank	(35,555)	(35,382)	
Interest on Income Tax Refund	(695,706)	-	
	23,527,238	43,529,609	
Operating profit before working capital changes	16,649,978	29,284,052	
Adjustment for :			
Trade and other receivables	585,470	10,685,889	
Loans relating to Financing Activities	262,396,988	(39,630,250)	
Trade and other payables	(2,063,008)	(690,179)	(29,634,540)
Cash Generated from operations	277,569,428	(350,488)	
Direct taxes (Paid)/Refund	(4,058,878)	(11,862,158)	
Cash flow before extraordinary items	273,510,550	(12,212,646)	
Net Cash from/(used in) Operating Activities	273,510,550	(12,212,646)	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale/(Purchase) of Fixed Assets	742	(51,948)	
Sale/(Purchase) of Investments	82,711,149	124,943,473	
Interest on deposit with Bank	35,555	35,382	
Interest on Income Tax Refund	695,706	-	
	83,443,152	124,926,907	
Net Cash from/(used in) Investing Activities	83,443,152	124,926,907	
C. CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment)/Proceeds from Short Term Borrowings	(114,500,000)	(113,500,000)	
	(114,500,000)	(113,500,000)	
Net Cash from/(used in) Financing Activities	(114,500,000)	(113,500,000)	
Net Increase/(Decrease) in Cash and Cash Equivalents	242,453,702	(785,739)	
Cash and Cash Equivalents at the beginning of the year (Opening Balance)	6,213,055	6,998,794	
Cash and Cash Equivalents at the close of the year (Closing Balance)	248,666,757	6,213,055	

Statement of Cashflow (Contd.)

(₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Note: 1. Cash and cash equivalents comprise of :		
Balances with Scheduled Banks		
- In Current Accounts	248,590,899	6,159,367
Cash on hand	50,556	27,553
Balance in Prepaid Cards	25,302	26,135
	248,666,757	6,213,055
2. 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.		
3. Cash and cash equivalent excludes deposit with banks towards security for Corporate Credit Card.		
4. Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.		

The accompanying notes forming part of the standalone financial statements.

In terms of our report attached

For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

(CA Anand Mundra)
Proprietor
Membership No: 046024

For and on behalf of the Board of
EMKAY FINCAP LIMITED

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Director and Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
Date : June 16, 2020

Place: Mumbai
Date : June 16, 2020

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March, 2020

1. Corporate Information

Emkay Fincap Limited (the 'Company') is a public limited company domiciled in India and was incorporated under the provisions of the Companies Act, 1956 vide Certificate of Incorporation (CIN) U65990MH2005PLC153310 dated 16th May, 2005. The Company is a wholly owned subsidiary of Emkay Global Financial Services Limited ('the parent'). The registered office of the Company is situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028.

The Company is a Non-Banking Financial Company ('NBFC') without accepting public deposits registered with Reserve Bank of India vide Certificate of Registration No.N-13.01809 dated October 8, 2005 and engaged in financing and investment activities. RBI, vide the circular – 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC-Investment and Credit Company (NBFC-ICC).

2. Significant Accounting Policies

2.1 Basis of Preparation

(i) Statement of Compliance

The Company's financial statements up to and for the year ended 31st March, 2019 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other relevant provisions of the Act and Generally Accepted Accounting Principles in India ('Indian GAAP') and Master Direction-Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (RBI NBFC Directions).

With effect from April 1, 2019, the Company is required to prepare its financial statements in accordance with Indian Accounting Standards

('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Act and other relevant provisions of the Act and RBI NBFC Directions.

Accordingly, these financial statements for the year ended March 31, 2020 including comparative information are the first financial statements prepared in all material aspects in accordance with Ind AS, relevant provisions of the Act and RBI NBFC Directions. In preparing these financial statements under Ind AS, the Company's opening balance sheet was prepared as at April 1, 2018, the date of transition to Ind AS. These financial statements comprise the Balance Sheets as at March 31, 2020 and March 31, 2019, the Opening Balance Sheet as at April 1, 2018 (transition date), the Statements of Profit and Loss, the Statements of Cash Flows and the Statements of Changes in Equity for the year ended March 31, 2020 and for the year ended March 31, 2019, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as 'Financial Statements').

The transition to Ind AS has been carried out in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards". Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2018. Refer Note No.43 for an explanation of how the transition from previous Indian GAAP to Ind AS has affected the Company's financial position as at 31st March, 2019 and 1st April, 2018 and financial performance and cash flows for the year ended 31st March, 2019.

These financial statements have been prepared in accordance with Division III of Schedule III to the Act on going concern basis using the significant accounting policies and measurement bases summarized as below. These accounting policies have been applied consistently over all the periods presented in these financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

(ii) Historical Cost Convention

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

Notes forming part of Standalone Financial Statements (Contd.)

- certain financial instruments which are measured at fair value (refer Accounting Policy no.2.3 below);
- defined benefit plans- plan assets measured at fair value (refer Accounting Policy no.2.7(ii)(A) below); and
- share-based payment obligations (refer Accounting Policy no.2.8 below).

(iii) Functional and Presentation Currency

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

(iv) Preparation of Financial Statements

The financial statements of the Company are prepared in order of liquidity and in accordance with Division III of Schedule III to the Act applicable to NBFC's as notified by the Ministry of Corporate Affairs. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 46.

(v) Use of Estimates and Judgments

The preparation of the financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future period.

Areas involving critical estimates and Judgements are:

- Estimation of useful lives and residual values of property, plant and equipment
- Estimation of defined benefit obligations
- Estimation of tax expenses
- Provisions and contingent liabilities
- Measurement of fair values
- Allowance for impairment of financial and non-financial instruments

(vi) Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Notes forming part of Standalone Financial Statements (Contd.)

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

2.2 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.

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2018 measured as per previous Indian GAAP and use that carrying value as deemed cost of the property, plant and equipment.

Depreciation

Depreciation is calculated using the written down value (WDV) method to write down the cost of PPE to their residual values over their estimated useful lives which are in line with the estimated useful life as specified in Schedule II of the Act.

The estimated useful lives are as follows:

Particulars	Useful life estimated by Company
Computers	3 years

Derecognition

An item of PPE 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.

2.3 Financial Instruments

(i) Initial Recognition and Measurement

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

(ii) Subsequent Measurement

a) Financial Assets Carried at Amortized Cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets at Fair Value Through Other Comprehensive Income(FVOCI)

Debt Instruments

Investment in debt 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 where they have (i) 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 (ii) are held within a business

Notes forming part of Standalone Financial Statements (Contd.)

model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Gains and losses arising from changes in fair value are included in statement of profit and loss. Impairment losses or reversals and interest revenue are recognised in statement of profit and loss.

Equity Instruments

Investment in equity instruments are always 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 at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d) Investment in Associate

Investment in Associate are carried at cost in accordance with Ind AS 27 on "Separate Financial Statements" less impairment loss, if any as per point no. 2.4 (a)(iii) below.

e) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(iii) Derecognition of Financial Assets and Liabilities

The Company derecognizes a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

(iv) 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 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.

(v) Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased or sold primarily for trading activities. Held-for-trading assets are recorded and measured in the Balance Sheet at fair value.

2.4 Impairment**a) Financial Assets****(i) Loans**

The Company recognises loss allowances (provisions) for expected credit losses on loans (including non-fund exposures) that are measured at amortized costs. The Company applies a three-stage approach to measuring expected credit losses (ECLs) on loans.

The ECL allowance is based on the credit losses expected to arise over the life of the loan (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 loan. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a loan 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 loans. The Company has classified its loan portfolio into Corporates / Firms, Individuals (HNIs) and Individuals (Retail).

Notes forming part of Standalone Financial Statements (Contd.)

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether credit risk of loan has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the loan. The Company does the assessment of significant increase in credit risk at a borrower level.

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 loans upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

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 loan commitments, the ECL is recognised within Provisions.

The final ECL allowance arrived as above is subject to the minimum provisioning requirement as per RBI NBFC Directions.

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.

(ii) Trade Receivables and Other Financial Assets

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is done so as an impairment gain or loss in statement of profit and loss.

Notes forming part of Standalone Financial Statements (Contd.)**(iii) Investment in Associate**

Investment in Associate is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognized for the amount by which the carrying amount of the investment exceeds its recoverable amount.

b. Non-Financial Assets**Property, Plant and Equipment**

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.

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 recognized for the asset in prior years.

2.5 Cash and Cash Equivalents

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

2.6 Revenue Recognition

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

Revenue is measured at fair value of the consideration received or receivable.

(i) Interest Income

Interest income on financial assets (other than credit impaired) is recognised on a time proportion basis taking into account the amount outstanding and the contractual rate. The contractual rate after netting off the fees received and cost incurred, if any, approximates the effective interest rate method of return. The future cash flows are estimated taking into account all the contractual terms of the instrument and any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets. For credit-impaired financial assets the interest income is recognized on receipt basis and interest income recognized before the assets became credit-impaired and remained unrealised is reversed.

(ii) Fees & Commission Income

Client Referral Fees is recognised when the performance obligation is completed.

(iii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iv) Net gain on Fair value changes

Any realised gain or loss on sale of financial assets being investments and securities held for trading measured on the trade date at FVTPL is recognised in net gain / loss on fair value changes.

Similarly, Any differences between the fair values of financial assets being investments, and securities held for trading classified as 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 in "Net gains 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.

In case of securities held for trading being debt instruments, accrued interest component comprised in fair value is bifurcated and such accrued interest is netted and reckoned as expense/income.

Notes forming part of Standalone Financial Statements (Contd.)

2.7 Employee Benefits

(i) Short Term Benefits

All employee benefits including short term non vesting compensated absences and statutory bonus/ performance bonus/incentives payable wholly within twelve months of rendering the service are classified as short term employee benefits and are charged to the statement of profit and loss of the year.

(ii) Long Term Benefits

A. Post-employment Benefits

Defined Benefit Plan

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 recognised 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.

B. Other Long Term Benefits

As per present policy of the Company, there are no other long term benefits to which its employees are entitled.

2.8 Share Based Payments

Equity-settled share-based payments to

employees are measured at the fair value of the equity instruments/option at the grant date.

The fair value 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. The fair value of options is determined under Black-Scholes-Merton Model by an Independent Valuer. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding reserve.

2.9 Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.10 Operating Leases

For leases with a term of twelve months or less (short-term leases) and leases of low value assets, the Company elects to exercise recognition exemption as prescribed under Ind AS 116 –Leases for the same and recognises the lease payments as an operating expense on accrual basis in accordance with the respective Lease and License agreements.

2.11 Other Income and Expenses

(i) Finance Costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed: (i) as the rate that exactly discounts estimated future cash payments through the expected life of

Notes forming part of Standalone Financial Statements (Contd.)

the financial liability to the gross carrying amount of the amortised cost of a financial liability, (ii) by considering all the contractual terms of the financial instrument in estimating the cash flows, and (iii) 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 Statements of Profit and Loss with the corresponding adjustment to the carrying amount of the assets.

- (ii) **All other income and expenses are recognized in the period they occur.**

2.12 Taxes**(i) 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 for the relevant year.

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).

(ii) 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.

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.

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).

(iii) 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 issued by the Institute of Chartered Accountants of India, 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.

Notes forming part of Standalone Financial Statements (Contd.)

(iv) **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:

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

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.

2.13 Earnings Per Share (EPS)

The Company reports basic and diluted EPS in accordance with Ind AS 33 on Earnings per share. Net profit or loss for the year attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the year for calculating basic EPS and by the weighted average number of shares outstanding during the year adjusted for the effects of all dilutive potential equity shares for calculating diluted EPS.

2.14 Foreign Currency Transactions

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.

2.15 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.

2.16 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

As At 31st March, 2020

3. Cash and cash equivalents

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Cash on hand	50,556	27,553	47,170
Balances with Banks			
- In current accounts	248,590,899	6,159,367	6,951,624
Others			
- Balance in Prepaid Cards	25,302	26,135	-
Total	248,666,757	6,213,055	6,998,794

4. Bank Balance other than Cash and Cash Equivalents

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Balances with Banks			
- In deposit accounts towards security for Corporate Credit Card	503,921	503,576	503,353
Total	503,921	503,576	503,353

5. Trade Receivables

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Receivables considered good - Unsecured	490,364	1,202,004	12,094,165
Total	490,364	1,202,004	12,094,165

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

6. Loans

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Term Loans			
At amortised cost			
Secured			
- Secured by Tangible assets (Securities)	171,236,836	441,299,923	401,360,781
Total (I) - Gross	171,236,836	441,299,923	401,360,781
Less : Impairment loss allowance	(131,640)	(1,329,016)	(1,641,168)
Total (I) - Net	171,105,196	439,970,907	399,719,613
Un-secured			
i) Others	7,913,826	247,723	556,615
ii) Loan to Holding Company	-	-	-
Total (II) - Gross	7,913,826	247,723	556,615

Notes to the Standalone Financial Statements (Contd.)

As At 31st March, 2020

6. Loans (Contd.)

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Less : Impairment loss allowance	(111,862)	(1,157)	(4,534)
Total (II) - Net	7,801,964	246,566	552,081
Loans in India	178,907,160	440,217,473	400,271,694
i) Public Sector	-	-	-
ii) Others (to be specified)	179,150,662	441,547,646	401,917,396
Total - Gross	179,150,662	441,547,646	401,917,396
Less: Impairment loss allowance	(243,502)	(1,330,173)	(1,645,702)
Total - Net	178,907,160	440,217,473	400,271,694
Loans outside India	-	-	-
Total	178,907,160	440,217,473	400,271,694

7. Investments

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
(A) At Fair value through Profit & Loss			
In Equity instruments	21,559,240	142,807,672	310,251,361
(B) At Cost			
Investment in associate	10,972,500	-	-
Total	32,531,740	142,807,672	310,251,361
ii) Investments in India	32,531,740	142,807,672	310,251,361
ii) Investments outside India	-	-	-
Total	32,531,740	142,807,672	310,251,361

Notes:

(a) Disclosure under Ind AS 27 for Investment in Associates

Name of Associate	% of ownership interest	Method used to account for Investment
Finlearn Edutech Private Limited	27.43%	At Cost

(b) The said Associate has incurred substantial losses (majorly comprising of one-time exceptional item) during the period ended 31st March, 2020 (i.e. date of incorporation 18th December, 2019 to 31st March, 2020) which is its first financial period of operations. In the opinion of the Management, the business of the said Associate is in incubating stage having high growth potential and therefore the carrying value of the investment in the said Associate approximate to the recoverable amount.

8. Other financial assets

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Other Recoverable	320,827	98,545	3,474
Other Receivable	2,700	-	-
Income Receivable	-	3,096	4,266
Dividend Receivable	-	-	60,024
Total	323,527	101,641	67,764

Notes to the Standalone Financial Statements (Contd.)

As At 31st March, 2020

9. Current tax assets (net)

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Advance income tax (net of provision for tax)	1,327,032	2,780,661	2,282,370
Total	1,327,032	2,780,661	2,282,370

10. Deferred tax assets (net)

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Deferred tax assets:			
Provision for impairment allowance	244,300	1,248,907	1,105,581
Fair Valuation on Investments	6,775,100	4,561,303	3,355,835
Unabsorbed Capital Losses	3,533,900	-	-
Total	10,553,300	5,810,210	4,461,416
Deferred tax liabilities			
Fixed asset: Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting period	1,300	4,900	16,900
Total	1,300	4,900	16,900
Net Deferred tax assets	10,552,000	5,805,310	4,444,516

11 Property, Plant and Equipment

(₹)

	Computers	Total
Gross Block (At Cost)		
Deemed cost as at 1st April 2018	384,139	384,139
Additions	51,948	51,948
Disposals	-	-
At 31st March, 2019	436,087	436,087
Additions	-	-
Disposals	887	887
At 31st March, 2020	435,200	435,200
Accumulated depreciation		
Charge for the year	191,439	191,439
Disposals	-	-
At 31st March, 2019	191,439	191,439
Charge for the year	103,565	103,565
Disposals	-	-
At 31st March, 2020	295,004	295,004
Net Block		
At 31st March, 2019	244,648	244,648
At 31st March, 2020	140,196	140,196

Notes to the Standalone Financial Statements (Contd.)
As At 31st March, 2020

12 Other non financial assets

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Deposits - Others	160,000	160,000	-
Prepaid expenses	118,714	214,775	202,603
Mat Credit Entitlement	3,493,000	654,000	-
Total	3,771,714	1,028,775	202,603

13. Payables

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,308	1,093,222	1,577,607
Total	1,308	1,093,222	1,577,607
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	770,532	1,793,588	1,907,758
Total	770,532	1,793,588	1,907,758

Notes:

1. The details of amount outstanding to Micro, Small and Medium Enterprises defined under "Micro, Small and Medium Enterprises Development Act, 2006" (as identified based on information available with the company and relied upon by the Auditors) is as under -

Principal amount due and remaining unpaid	-	-	-
Interest due on above and the unpaid interest	-	-	-
Interest paid	-	-	-
Payment made beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-

Notes to the Standalone Financial Statements (Contd.)
As At 31st March, 2020

14. Borrowings (Other than debt securities)

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
(A) In India			
At Amortised Cost			
- Term Loan from Other Parties	-	114,500,000	228,000,000
Total (A)	-	114,500,000	228,000,000
Borrowings in India	-	114,500,000	228,000,000
Borrowings outside India	-	-	-
(B) Out of above			
Secured (against pledge of clients securities)	-	114,500,000	228,000,000
Unsecured	-	-	-
Total (B)	-	114,500,000	228,000,000

15. Other financial liabilities

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Other liabilities	1,401	1,776	1,919
Total	1,401	1,776	1,919

16. Current tax liabilities(net)

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
For taxation (net of taxes paid)	3,002,742	598,249	5,265,282
Total	3,002,742	598,249	5,265,282

17. Provisions

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Provision for Employees Benefits			
- Gratuity	449,012	259,048	133,950
- Compensated expenses	121,393	-	-
Others			
- Provision for Non-fund based Exposure	634,653	3,159,069	2,150,935
Total	1,205,058	3,418,117	2,284,885

18. Other non financial liabilities

(₹)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
Statutory dues payable	220,135	182,122	285,957
Total	220,135	182,122	285,957

Notes to the Standalone Financial Statements (Contd.)
As At 31st March, 2020

19. Equity

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
EQUITY SHARE CAPITAL			
Authorised:			
22,000,000 (31st March,2019: 22,000,000 and 1st April,2018: 22,000,000) Equity Shares of Rs.10/- each	220,000,000	220,000,000	220,000,000
5,000,000 (31st March,2019: 5,000,000 and 1st April,2018: 5,000,000) 9% Non-convertible Redeemable Preference shares of Rs.10/- each	50,000,000	50,000,000	50,000,000
	270,000,000	270,000,000	270,000,000
Issued, subscribed and fully paid up			
Equity shares			
22,000,000 (31st March,2019: 22,000,000 and 1st April,2018: 22,000,000) Equity Shares of Rs.10/- each fully paid up	220,000,000	220,000,000	220,000,000
	220,000,000	220,000,000	220,000,000
Total Equity	220,000,000	220,000,000	220,000,000

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

(₹)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Equity Shares						
At the beginning of the year	22,000,000	220,000,000	22,000,000	220,000,000	22,000,000	220,000,000
Add: Shares issued during the year	-	-	-	-	-	-
At the end of the year	22,000,000	220,000,000	22,000,000	220,000,000	22,000,000	220,000,000

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

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pay dividends in Indian Rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

In the event of liquidation of the company, the holders of Equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

The entire 22,000,000 (As at 31st March,2019 :22,000,000 and 1st April,2018:22,000,000) equity shares of Rs. 10 each fully paid up are held by Holding Company Emkay Global Financial Services Limited.

Notes to the Standalone Financial Statements (Contd.)

As At 31st March, 2020

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

(₹)

Name of the shareholder	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	No of Shares	% held	No of Shares	% held	No of Shares	% held
Equity Shares of Rs.10 each fully paid						
Emkay Global Financial Services Limited (Holding Company) and its nominees.	22,000,000	100	22,000,000	100	22,000,000	100

20. Other Equity

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Retained Earnings			
Balance at the Beginning of the Reporting Period	143,388,853	167,084,847	162,351,738
Add: Profit/(Loss) for the year	(7,291,268)	(18,958,998)	-
Add: Ind AS Adjustments	-	-	4,733,109
Amount Available for Appropriation	136,097,585	148,125,849	167,084,847
Less: Appropriations			
Less: Amount transferred to Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	-	4,736,996	-
Balance at the End of the Reporting Period	136,097,585	143,388,853	167,084,847
Special Reserve u/s 45-IC of the RBI Act 1934			
Balance at the Beginning of the Reporting Period	65,854,733	61,117,737	61,117,737
Add: Transfer from Other Equity	-	4,736,996	-
Balance at the End of the Reporting Period	65,854,733	65,854,733	61,117,737
Capital Redemption Reserve			
Balance at the Beginning of the Reporting Period	50,000,000	50,000,000	50,000,000
Balance at the End of the Reporting Period	50,000,000	50,000,000	50,000,000
Equity-settled Share Based Payment Reserve			
Balance at the Beginning of the Reporting Period	180,731	-	-
Add: Share Based Payments to Employees during the year	201,096	180,731	-
Balance at the End of the Reporting Period	381,827	180,731	-
Other Comprehensive Income			
Balance at the Beginning of the Reporting Period	(106,577)	(25,233)	-
Add: Ind AS Adjustments	-	-	(25,233)
Add: Movement in Other Comprehensive Income (Net) during the year	(214,333)	(81,344)	-
Balance at the End of the Reporting Period	(320,910)	(106,577)	(25,233)
Total	252,013,235	259,317,740	278,177,351

Notes to the Standalone Financial Statements (Contd.) As At 31st March, 2020

Nature and purpose of reserve

a) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, special reserve under RBI Act 1934, capital redemption reserve, dividends or other distributions paid to shareholders.

b) Special reserve under u/s 45-IC of the RBI Act 1934

The Company 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.

c) 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.

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 of the Company by the Parent Company.

e) Other comprehensive income

Other comprehensive income consist of remeasurement gains/losses on employees defined benefit plans.

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

21. Interest Income

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
On financial assets measured at amortised cost:		
- On loans	52,230,913	62,030,776
- On deposits with Banks	35,555	35,382
Total	52,266,468	62,066,158

22. Dividend Income

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Dividend on Investments	1,265,618	1,184,339
Total	1,265,618	1,184,339

23. Fee and Commission Income

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Referral fees	856,932	4,511,011
Total	856,932	4,511,011

24. Impairment /(Impairment Gains) of financial instruments

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
At amortised cost		
- On Loans	(3,611,087)	692,605
Total	(3,611,087)	692,605

25. Other Operating Income

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other Miscellaneous Income	-	519
Total	-	519

26. Other Income

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other Interest Income	695,706	-
Total	695,706	-

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

27. Finance Costs

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
On financial liabilities measured at amortised cost:		
- On borrowings other than debt securities	15,225,812	28,346,420
Total	15,225,812	28,346,420

28. Net gain / (loss) on fair value changes

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	(39,590,481)	(37,263,625)
- Inventory (Corporate Bonds)	4,297,195	1,022,533
Total Net gain/(loss) on fair value changes (A)	(35,293,286)	(36,241,092)
Fair Value changes:		
- Realised - Investments	(12,025,698)	5,236,591
- Realised - Inventory (Corporate Bonds)	4,297,195	1,022,533
	(7,728,503)	6,259,124
- Unrealised	(27,564,783)	(42,500,216)
(B) Total Net gain/(loss) on fair value changes to tally with (A)	(35,293,286)	(36,241,092)

29. Fee and commission Expense

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Brokerage Fees	430,076	1,500,000
Total	430,076	1,500,000

30. Employee Benefit Expense

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Salaries and Wages	8,450,056	9,975,430
Share based payments to Employees	201,096	180,731
Gratuity	151,979	146,304
Staff Welfare Expenses	133,726	34,175
Total	8,936,857	10,336,640

31. Depreciation Expense

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Depreciation of Tangible Assets	103,565	191,439
Total	103,565	191,439

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

32. Other expenses:

(₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Electricity	146,241	166,733
Rent	601,329	614,376
Repairs and Maintenance		
- Others	604,944	541,427
Communication Expenses	45,388	34,294
Travelling and Conveyance	1,975,549	1,476,899
Advertisement & Business Promotion	535,389	259,576
Printing and Stationery	30,728	14,927
Loss on Disposal/Discard of Property, Plant and Equipment	142	-
Loss in Share Trading	177	3
Legal and Professional Fees	812,743	617,405
Subscription Charges	71,747	43,597
Payments to Statutory Auditors		
- Statutory Audit	162,250	162,250
- Tax Audit	-	53,100
- Income Tax	-	81,420
- Other Services	23,600	60,180
Miscellaneous Expenses	289,404	177,105
Depository Charges	226,944	349,846
Fees & Stamps (Net)	56,900	46,250
Total	5,583,475	4,699,388

33. EARNINGS PER SHARE

(₹)

Sr. No.	Particulars	for The Year Ended 31st March, 2020	for The Year Ended 31st March, 2019
a)	Net Profit/(Loss) after tax available for Equity Shareholders (₹)	(7,291,268)	(18,958,998)
b)	Weighted average number of Equity Shares of ₹ 10/- each outstanding during the period (No. of Shares)		
-	For Basic Earnings	22,000,000	22,000,000
-	For Diluted Earnings	22,000,000	22,000,000
c)	Basic Earnings per Equity Share (₹)	(0.33)	(0.86)
d)	Diluted Earnings per Equity Share (₹)	(0.33)	(0.86)

Notes to the Standalone Financial Statements (Contd.) For The Year Ended 31st March, 2020

34. The Disclosures as per Ind AS 19 - Employee Benefits are as follow:

Defined Benefit Plan

The company has a 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 company in the form of a qualifying insurance policy. The following tables 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:

		(₹)	
Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the period	821,481	522,314
	Current Service Cost	134,067	136,667
	Interest Expense or Cost	56,802	37,579
	Re-measurement (or Actuarial) (Gain)/Loss arising from:-		
	-change in demographic assumptions	108	18,188
	-change in financial assumptions	105,451	36,562
	-experience variance (i.e. Actual experience vs assumptions)	180,698	117,000
	Benefits Paid	(54,040)	(46,829)
	Acquisition Adjustment	(94,085)	-
	Present Value of Obligations at end of the period	1,150,482	821,481
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the period	562,433	388,364
	Investment Income	38,890	27,942
	Employer's Contribution	259,048	133,950
	Acquisition Adjustment	(94,085)	-
	Benefits Paid	(54,040)	(46,829)
	Return on plan assets, excluding amount recognized in net interest expense	(10,776)	59,006
	Fair Value of Plan Assets at end of the period	701,470	562,433
III	Reconciliation of net liability/asset		
	Net defined benefit liability/(asset) as at the beginning	(259,048)	(133,950)
	Expenses charged to statement of profit and loss	151,979	(146,304)
	Amount recognized in other comprehensive income	(297,033)	(112,744)
	Employer contribution	259,048	133,950
	Net defined benefit liability/(asset) as at the end	(449,012)	(259,048)
IV	Expenses recognized in Statement of Profit and Loss		
	Current Service Cost	134,067	136,667
	Net Interest Cost / (Income) on the net defined benefit liability/(Asset)	17,912	9,637
	Expenses recognized in Statement of Profit and Loss	151,979	146,304

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

		(₹)	
Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
V	Change in the Effect of Asset Ceiling		
	Effect of Asset Ceiling at the beginning	-	-
	Interest Expense or Cost (to the extent not recognized in net interest expense)	-	-
	Re-measurements (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
	Effect of Asset Ceiling as at the end	-	-
VI	Other Comprehensive Income		
	Actuarial (gains)/losses	-	-
	-change in demographic assumptions	108	18,188
	-change in financial assumptions	105,451	36,562
	-experience variance (i.e. actual experience vs assumptions)	180,698	117,000
	Return on plan assets, excluding amount recognized in net interest expense	10,776	(59,006)
	Components of defined benefit costs recognized in other comprehensive income	297,033	112,744
VII	Amount recognized in Balance Sheet		
	Present value of obligation	1,150,482	821,481
	Fair value of plan assets	701,470	562,433
	Surplus/(Deficit)	(449,012)	(259,048)
	Effects of asset ceiling, if any	-	-
	Net Asset / (Liability)	(449,012)	(259,048)
VIII	Key actuarial assumptions		
	Discount rate (p.a.)	5.55%	6.90%
	Salary growth rate (p.a.)	10.00%	9.00%
	Attrition/Withdrawal rates, based on age: (per annum)		
	-Upto 45 years	25.00%	25.00%
	-Above 45 years	15.00%	15.00%
	Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08
IX	Category of plan assets		
	Insurer managed funds	98.40%	98.00%
	Bank Balance	1.60%	2.00%
X	Sensitivity analysis for significant assumptions is as shown below		
	Discount Rate (- 1%) : % Change compared to base due to sensitivity	4.90%	32.50%
	Discount Rate (+ 1%) : % Change compared to base due to sensitivity	-4.50%	21.10%
	Salary Growth (- 1%) : % Change compared to base due to sensitivity	-3.50%	21.80%

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

(₹)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Salary Growth (+ 1%) : % Change compared to base due to sensitivity	3.50%	31.40%
	Attrition Rate (- 50%) : % Change compared to base due to sensitivity	10.00%	37.20%
	Attrition Rate (+ 50%) : % Change compared to base due to sensitivity	-5.30%	20.20%
	Mortality Rate (- 10%) : % Change compared to base due to sensitivity	0.00%	26.60%
	Mortality Rate (+ 10%) : % Change compared to base due to sensitivity	0.00%	26.50%
XI	Expected Contribution during the next annual reporting period		
	The Company's best estimate of Contribution during the next year	569,993	388,390
XII	Maturity Profile of Defined Benefit Obligation		
	Weighted average duration (based on discounted cash flows)	4 years	4 years
	Expected cash flows over the next (valued on undiscounted basis):		
	1 year	263,951	191,525
	2 to 5 years	635,901	508,335
	6 to 10 years	332,550	238,719
	more than 10 years	321,783	251,039

3.5 RELATED PARTY DISCLOSURES

A. List of related parties

Sr. No.	Name of Related Party	Nature of Relationship
(i)	Directors a) G C Vasudeo b) Ravikumar Krishnamurthi	Directors
(ii)	Key Management Personnel / Individuals having significant influence a) Krishna Kumar Karwa b) Prakash Kacholia c) Siddharth Mehta (w.e.f. 1 st February, 2020) d) Trupti Bolke (upto 4 th September, 2019)	Whole-Time Director/ Individual having significant influence Director/ CFO/ Individual having significant influence Company Secretary Company Secretary
(iii)	Emkay Global Financial Services Limited	Holding Company
(iv)	Emkay Commotrade Limited	Fellow Subsidiary
(v)	Finlearn Edutech Private Limited	Associate
(vi)	Emkay Corporate Services Private Limited	Enterprises owned/controlled by Key Management Personnel/ Individuals having control or significant influence or their relatives
(vii)	Emkay Fincap Ltd Employees Group Gratuity Assurance Fund	Others

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

B. Transactions with related parties where transactions have occurred during the year

(₹)

Sr. No.	Particulars	Holding Company i.e. Emkay Global Financial Services Ltd		Fellow Subsidiary Company i.e. Emkay Commotrade Ltd		Associate Company i.e. Finlearn Edutech Pvt Ltd		Key Management Personnel / Individuals having significant influence		Others i.e. Emkay Fincap Ltd Employees Group Gratuity Assurance Fund	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
I	Income										
	Interest Received	5,073,770	100,960	-	-	5,464	-	-	-	-	-
II	Expenditure										
a)	Depository Charges	186,894	311,207	-	-	-	-	-	-	-	-
b)	Rent	405,587	405,585	-	-	-	-	-	-	-	-
c)	Interest Paid	161,644	-	-	-	-	-	-	-	-	-
d)	Salaries and Other Benefits - Trupti Bolke	-	-	-	-	-	-	299,668	582,542	-	-
e)	Salaries and Other Benefits - Siddharth Mehta	-	-	-	-	-	-	104,126	-	-	-
III	Others										
a)	Expenses Reimbursed	407,438	442,551	-	-	-	-	-	-	-	-
b)	Loans Granted	600,000,000	335,000,000	-	-	20,000,000	-	-	-	-	-
c)	Repayment received of loans granted	600,000,000	335,000,000	-	-	20,000,000	-	-	-	-	-
d)	Brokerage on shares bought/sold	286,068	761,708	-	-	-	-	-	-	-	-
e)	Loans Taken	60,000,000	-	-	-	-	-	-	-	-	-
f)	Repayment made of loans Taken	60,000,000	-	-	-	-	-	-	-	-	-
g)	Expenses paid on their behalf	-	-	1,800	-	-	-	-	-	-	-
h)	Expenses paid on their behalf	-	-	-	-	612,631	-	-	-	-	-

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

(₹)

Sr. No.	Particulars	Holding Company i.e. Emkay Global Financial Services Ltd		Fellow Subsidiary Company i.e. Emkay Commotrade Ltd		Associate Company i.e. Finlearn Edutech Pvt Ltd		Key Management Personnel / Individuals having significant influence		Others i.e. Emkay Fincap Ltd Employees Group Gratuity Assurance Fund	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
i)	Investments made	-	-	-	-	10,972,500	-	-	-	-	-
j)	Gratuity Contribution	-	-	-	-	-	-	-	-	449,012	259,048
k)	Share Based payments	201,096	180,731	-	-	-	-	-	-	-	-
l)	Securities provided and released	-	564,979,788	-	-	-	-	-	-	-	-
IV	Outstanding as on 31.03.2020										
	Other Financial Assets - Other Receivable	-	-	-	-	2,000	-	-	-	-	-
	Loans	-	-	-	-	4,917	-	-	-	-	-
	Investment	-	-	-	-	10,972,500	-	-	-	-	-
	Provisions - Provision for Employee Benefits – Gratuity	-	-	-	-	-	-	-	-	449,012	259,048
	Share Based payments	381,827	180,731	-	-	-	-	-	-	-	-
	Other Payables	-	190,448	-	-	-	-	-	-	-	-
	Trade Payables	1,308	-	-	-	-	-	-	-	-	-
	Trade Receivables	-	1,202,004	-	-	-	-	-	-	-	-

C. Related Parties are identified by Management and relied upon by the auditor.

D. No balance in respect of related parties has been written off.

E. Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions and in case of other related parties, the said disclosure has been made wherever transactions have taken place.

Notes to the Standalone Financial Statements (Contd.)

For The Year Ended 31st March, 2020

36. SHARE BASED PAYMENTS

Share based payments are provided to certain employees of the Company in the form of equity-settled scheme managed by the Parent Company. The Employees Stock Options Plan (ESOP), 2018 has been established by the Parent Company. The Scheme provides that certain employees of the Company are granted an option to subscribe to equity share of the Parent Company that vests on the satisfaction of vesting conditions.

The charge for the year in respect of such plan is included in employee benefits expense amounting to ₹201,096/- (P.Y. ₹180,731/-) with a corresponding credit to Equity settled Share Based Payment Reserve in Other equity based on fair value of options determined by an Independent valuer appointed by the Parent Company for the purpose and relied upon by the Auditors.

37. SEGMENT INFORMATION

a) Business Segment

The Company operates only in one segment i.e. "Financing and Investment Activities" and hence business segment disclosures as per Ind AS 108 on Operating Segments is not applicable.

b) Geographical Segment

The Company operated in India and hence there is no reportable geographical segment.

38. OPERATING LEASE

The company is occupying part of a premises owned by the Parent company for which rent of ₹405,587/- (P.Y. ₹405,585/-) has been paid to it and is also occupying part of another premises taken on operating lease by the Parent company for which ₹195,741/- (P.Y. ₹208,791/-) has been reimbursed to it.

39. FINANCIAL INSTRUMENTS:

I. The carrying value and financial instruments by categories as of March 31, 2020 is as follows:

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
Financial assets				
Cash and cash equivalents	248,666,757	-	-	248,666,757
Bank balance other than above	503,921	-	-	503,921
Trade receivables	490,364	-	-	490,364
Loans	178,907,160	-	-	178,907,160
Investments (excluding associate)	-	21,559,240	-	21,559,240
Other financial assets	323,527	-	-	323,527
Total	428,891,729	21,559,240	-	450,450,969
Financial liabilities				
Trade payables	1,308	-	-	1,308
Other payables	770,532	-	-	770,532
Other financial liabilities	1,401	-	-	1,401
Total	773,241	-	-	773,241

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

II. The carrying value and financial instruments by categories as of March 31, 2019 is as follows:

(₹)

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
Financial assets				
Cash and cash equivalents	6,213,055	-	-	6,213,055
Bank balance other than above	503,576	-	-	503,576
Trade receivables	1,202,004	-	-	1,202,004
Loans	440,217,473	-	-	440,217,473
Investments	-	142,807,672	-	142,807,672
Other financial assets	101,641	-	-	101,641
Total	448,237,749	142,807,672	-	591,045,421
Financial liabilities				
Trade payables	1,093,222	-	-	1,093,222
Other payables	1,793,588	-	-	1,793,588
Borrowings (other than Debt securities)	114,500,000	-	-	114,500,000
Other financial liabilities	1,776	-	-	1,776
Total	117,388,586	-	-	117,388,586

III. The carrying value and financial instruments by categories as of April 1, 2018 is as follows:

(₹)

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
Financial assets				
Cash and cash equivalents	6,998,794	-	-	6,998,794
Bank balance other than above	503,353	-	-	503,353
Trade receivables	12,094,165	-	-	12,094,165
Loans	400,271,694	-	-	400,271,694
Investments	-	310,251,361	-	310,251,361
Other financial assets	67,764	-	-	67,764
Total	419,935,770	310,251,361	-	730,187,131
Financial liabilities				
Trade payables	1,577,607	-	-	1,577,607
Other payables	1,907,758	-	-	1,907,758
Borrowings (other than Debt securities)	228,000,000	-	-	228,000,000
Other financial liabilities	1,919	-	-	1,919
Total	231,487,284	-	-	231,487,284

Notes to the Standalone Financial Statements (Contd.)

For The Year Ended 31st March, 2020

Fair value hierarchy:

Financial Assets Measured at Fair Value-

(₹)				
As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial instruments				
Investments: Equity Shares	21,559,240	-	-	21,559,240
			(* refer note below)	
Total	21,559,240	-	-	21,559,240

(₹)				
As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial instruments				
Investments : Equity Shares	142,807,672	-	-	142,807,672
			(* refer note below)	
Total	142,807,672	-	-	142,807,672

(₹)				
As at April 1, 2018	Level 1	Level 2	Level 3	Total
Financial instruments				
Investments : Equity Shares	310,251,361	-	-	310,251,361
			(* refer note below)	
Total	310,251,361	-	-	310,251,361

* Investments under level 3 above includes investment in unquoted equity shares of ₹50,04,996/- 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

II. 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 trade and other payables, borrowings and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short term nature.

40. Disclosure as per Ind AS 107 of nature and extent of risks from financial instruments and its management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Notes to the Standalone Financial Statements (Contd.)

For The Year Ended 31st March, 2020

a) Credit risk

It is risk of financial loss that the Company will incur a loss because its customers or counterparties to financial instruments fail 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 income and other receivables.

The maximum exposure to credit risk at the reporting date is primarily from Company's trade receivable and loans.

Following provides exposure to credit risks for trade receivables and loans:

Trade receivable:

The Company has followed simplified method of ECL in case of Trade receivables and the Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. At each reporting date, the Company assesses the impairment requirements.

Loans:

(₹)

Particulars	As at		
	31st March, 2020	31st March, 2019	1st April, 2018
Loans (net of impairment)	178,907,160	440,217,473	400,271,694

Loans comprise of Loan against securities (LAS) for which staged approach is followed for determination of ECL.

Stage 1 : All standard loans in LAS loan book upto 30 days past due (DPD) are considered as Stage 1 assets for computation of expected credit loss.

Stage 2 : Exposure under stage 2 include under-performing loans having 31 to 90 days past due (DPD).

Stage 3 : Exposures under stage 3 include non-performing loans with overdue more than 90 days past due (DPD).

Based on historical data, the company assigns Probability of Default (PD) to stage 1 and stage 2 and applies it to the Exposure at Default (EAD) to compute the ECL. For Stage 3 assets PD is considered as 100%.

Following table provides information about exposure to credit risk and ECL on Loan

(₹)

Bucketing (Stage)	As at 31st March, 2020		As at 31st March, 2019	
	Carrying Value	ECL	Carrying Value	ECL
Stage 1	179,150,662	243,502	441,391,295	1,291,086
Stage 2	-	-	-	-
Stage 3	-	-	156,351	39,087
Total	179,150,662	243,502	41,547,646	1,330,173

Movement in the allowances for impairment in respect of loans is as follows:

(₹)

Particulars	Fund Based		Non-Fund Based	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	1,330,173	1,645,702	3,159,069	2,150,935
Net re-measurement of loss allowance	(1,086,671)	(315,529)	(2,524,416)	1,008,134
Closing Balance	243,502	1,330,173	634,653	3,159,069

Notes to the Standalone Financial Statements (Contd.) For The Year Ended 31st March, 2020

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 ratings. Investments comprise of Quoted Equity instruments of good companies and diversified portfolio and Mutual Funds which are market tradable.

a) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to entity's reputation.

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and close out market positions.

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets such as bank deposits and/or short term liquid debt funds of Mutual Funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

Refer note no.46 for analysis of maturities of financial assets and financial liabilities.

b) Market Risk

Market risk arises when movements in market factors (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, and interest 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 own investment which it manages by investing in quoted Equity instruments of good companies and diversified portfolio and Mutual Funds tradable in market. The risk on account of equity shares placed by the clients with the Company as margin, is managed by following the selection criteria as approved by the board in Company's Risk Policy for such equity shares.

(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.

41. Disclosure as per Ind-AS 1 on Capital Management

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on its business needs and believes in conservative leverage policy. The funding requirements are met through equity, operating cash flows generated and need based borrowings for short term.

In addition to above the Company is required to maintain a minimum net owned fund as prescribed by Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time. The management ensures that this is complied with at all times.

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

42. TAX RECONCILIATION DISCLOSURE

A. Income tax expense consists of the following:

(₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current Income Tax	7,999,700	6,659,400
MAT Credit Entitlement	(2,839,000)	(654,000)
Deferred Tax	(4,746,692)	(1,360,794)
Tax Relating to Earlier Years	-	68,834
Tax expense for the year	414,008	4,713,440

B. Amounts recognised in other comprehensive income

(₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit plans	(297,033)	(112,744)
Income tax relating to items that will not be reclassified to profit or loss	82,700	31,400
Total	(214,333)	(81,344)

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:

(₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit Before Tax	(6,877,260)	(14,245,557)
Indian Statutory Income Tax Rate (%)	27.82%	27.82%
Expected Income Tax Expenses	(1,913,254)	(3,963,114)
Tax Effect of Adjustments to Reconcile Expected Income Tax Expenses to Reported Income Tax Expenses		
Income Exempt From Income Taxes	(89,592)	-
Expenses Allowable	(126,546)	(88,389)
Expenses Not Deductible	115,412	194,031
Impairment Gain / (Loss) on Financial Instruments	-	231,663
Net Gain/(Loss) on Fair Value Changes – Investments	5,266,428	8,924,716
MAT Credit Entitlement adjustment	(2,839,000)	(654,000)
Others (Net)	560	301
Tax Relating to Earlier Years	-	68,834
Total Income Tax Expenses	414,008	4,713,440

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

D. Deferred Tax Disclosure

Movement in deferred tax balances

					(₹)
Particulars	Provisions	Depreciation and Amortisation	Investments at Fair Value through Profit & Loss	Unabsorbed losses	Total
As at 1st April, 2018	1,105,581	(16,900)	3,355,835	-	4,444,516
Credited/(Charged) to Statement of Profit and Loss	143,326	12,000	1,205,468	-	1,360,794
As at 31st March, 2019	1,248,907	(4,900)	4,561,303	-	5,805,310
Credited/(Charged) to Statement of Profit and Loss	(1,004,607)	3,600	2,213,797	3,533,900	4,746,690
As at 31st March, 2020	244,300	(1,300)	6,775,100	3,533,900	10,552,000

43. DISCLOSURE PURSUANT TO IND AS 101 "FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS"

A. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

a. Reconciliation of Equity as per Indian GAAP and Ind AS financial statements

				(₹)
Particulars	Note	As at		
		31st March, 2019	1st April, 2018	
Equity under Indian GAAP		517,154,450	493,469,475	
GAAP adjustments:				
Gain/(Loss) on fair value of investments	(i)	(39,662,156)	3,781,956	
Impairment of financial instruments	(ii)	(3,381,063)	(2,604,196)	
Deferred tax impact on above adjustments	(iv)	5,206,510	3,530,116	
Equity under Ind AS		479,317,741	498,177,351	

b) Reconciliation of total comprehensive income as per Ind AS with profit reported under previous GAAP:

			(₹)
Particulars	Note	For the year ended 31st March, 2019	
Net profit as per the Indian GAAP		23,684,975	
GAAP adjustments:			
Gain/(Loss) on fair value of investments	(i)	(43,444,112)	
Impairment of financial instruments	(ii)	(776,867)	
Share based payments to Employees	(iii)	(180,731)	

**Notes to the Standalone Financial Statements (Contd.)
 For The Year Ended 31st March, 2020**

(₹)

Particulars	Note	For the year ended 31st March, 2019
Deferred tax on above	(iv)	1,676,394
Reclassification of net actuarial loss on employee defined benefit obligation to Other Comprehensive Income (Net of tax)	(v)	81,344
Net profit after tax (before OCI) as per Ind AS		(18,958,998)
Other Comprehensive Income (Net of tax)	(vi)	(81,344)
Total Comprehensive Income as per Ind AS		(19,040,342)

c) Reconciliation of Statement of Cash flows

There were no material differences between the statement of cash flows presented under Ind AS and the Indian GAAP.

B. Notes to first time adoption:

a) Fair value of Investments

Under the Indian GAAP, investments in equity instruments and mutual funds, were classified as non-current investments or current investments based on intended holding period and realizability. Non-current investments were carried at cost less provision for other than temporary diminution in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in other equity as at the date of transition and subsequently in the statement of profit or loss for the year ended March 31, 2019.

This has resulted in an increase in retained earnings in April 2018 by ₹ 3,781,956/- and reduction in retained earnings in March 2019 by ₹ 39,662,156/- and a decrease in the net profit as per Indian GAAP for the year ended March 2019 of ₹ 43,444,112/-.

(i) Impairment of financial instruments

Under Ind AS provisions for losses are required to be computed as per the impairment principles laid out in Ind AS 109 'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between provisions as computed under Indian GAAP and as computed under Ind AS is adjusted in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended 31st March, 2019.

This has resulted in a reduction in the retained earnings by ₹ 2,604,196/- and ₹ 3,381,063/- in April 2018 and March 2019 respectively and decrease in the net profit as per Indian GAAP of ₹ 776,867/- for the year ended March 31, 2019.

(ii) Share based payments to Employees

Under Ind AS, the Company has accounted for the fair value of ESOP's on the grant date of the unvested portion of the equity share options granted to its employees by the Parent Company on the transition date in its statement of profit and loss.

As a result of this change, the net profit as per Indian GAAP for the year ended 31st March, 2019 decreased by ₹ 180,731/-. There is no impact on the total equity as at 31st March, 2019.

(iv) Deferred tax

Indian GAAP required deferred tax accounting using profit and loss approach, which focused on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount

Notes to the Standalone Financial Statements (Contd.)

For The Year Ended 31st March, 2020

of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under Indian GAAP.

In addition, the various transitional adjustments have led to temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

As a result of this, the net profit as per Indian GAAP for the year ended March 31, 2019 increased by ₹ 16,76,394/-

(v) Re-measurement of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in the other comprehensive income instead of statement of profit or loss under the Indian GAAP.

As a result of this change, the net profit as per Indian GAAP for the year ended March 31, 2019 increased by ₹ 81,344/- . There is no impact on the total equity as at 31st March, 2019.

(vi) Other Comprehensive Income (OCI)

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

As a result of this, the total comprehensive income for the year ended March 31, 2019 decreased by ₹ 81,344/-.

C. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- (i) The Company has adopted the carrying value determined in accordance with previous GAAP for all of its property, plant and equipment as deemed cost of such assets at the transition date.
- (ii) The Company has opted not to re-evaluate financial assets or financial liabilities which were derecognised in accordance with the previous GAAP as a results of transactions that occurred before the transition date.
- (iii) An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

44. Additional information required pursuant to Part II of Schedule III to the Companies Act, 2013

a) FOREIGN CURRENCY TRANSACTIONS

(₹)		
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Expenditure in Foreign Currency		
- Travelling Expenses	129,490	-

- b) Other additional information required pursuant to Part II of Schedule III of the Companies Act, 2013 are not applicable to the Company.

Notes to the Standalone Financial Statements (Contd.)

For The Year Ended 31st March, 2020

45. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold needs to spend at least 2% of its average net profit for the immediately three preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been formed by the Company as per Act.

- Gross amount required to be spent by the Company during the year is ₹ 1,300,000/- (P.Y. ₹ 1,373,000/-)
- Amount spent during the year – ₹ NIL (P. Y. ₹ NIL)

46. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(₹)

Particulars	As at 31st March, 2020		
	Total	Within 12 months	After 12 Months
Assets			
Financial Assets			
Cash and cash equivalents	248,666,757	248,666,757	-
Bank balance other than above	503,921	-	503,921
Trade receivables	490,364	490,364	-
Loans	178,907,160	178,907,160	-
Investments	32,531,740	-	32,531,740
Other financial assets	323,527	323,527	-
	461,423,469	428,387,808	33,035,661
Non-Financial Assets			
Current tax assets (net)	1,327,032	-	1,327,032
Deferred tax assets (net)	10,552,000	-	10,552,000
Property, plant and equipment	140,196	-	140,196
Other non-financial assets	3,771,714	77,444	3,694,270
	15,790,942	77,444	15,713,498
Total Assets	477,214,411	428,465,252	48,749,159
Liabilities			
Financial Liabilities			
Trade payable	1,308	1,308	-
Other payable	770,532	770,532	-
Other financial liabilities	1,401	1,401	-
	773,241	773,241	-
Non-Financial Liabilities			
Current tax liabilities (net)	3,002,742	3,002,742	-
Provisions	1,205,058	1,205,058	-
Other non-financial liabilities	220,135	220,135	-
	4,427,935	4,427,935	-
Total Liabilities	5,201,176	5,201,176	-
Net	472,013,235	423,264,076	48,749,159

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

(₹)

Particulars	As at 31st March, 2019		
	Total	Within 12 months	After 12 Months
Assets			
Financial Assets			
Cash and cash equivalents	6,213,055	6,213,055	-
Bank balance other than above	503,576	-	503,576
Trade receivables	1,202,004	1,202,004	-
Loans	440,217,473	440,217,473	-
Investments	142,807,672	-	142,807,672
Other financial assets	101,641	101,641	-
	591,045,421	447,734,173	143,311,248
Non-Financial Assets			
Current tax assets (net)	2,780,661	-	2,780,661
Deferred tax assets (net)	5,805,310	-	5,805,310
Property, plant and equipment	244,648	-	244,648
Other non-financial assets	1,028,775	123,179	905,596
	9,859,393	123,179	9,736,214
Total Assets	600,904,814	447,857,352	153,047,462
Liabilities			
Financial Liabilities			
Trade payable	1,093,222	1,093,222	-
Other payable	1,793,588	1,793,588	-
Borrowings (Other than Debt securities)	114,500,000	114,500,000	-
Other financial liabilities	1,776	376	1,400
	117,388,586	117,387,186	1,400
Non-Financial Liabilities			
Current tax liabilities (net)	598,249	598,249	-
Provisions	3,418,117	3,418,117	-
Other non-financial liabilities	182,122	182,122	-
	4,198,488	4,198,488	-
Total Liabilities	121,587,074	121,585,674	1,400
Net	479,317,740	326,271,678	153,046,062

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

(₹)

Particulars	As at 1st April, 2018		
	Total	Within 12 months	After 12 Months
Assets			
Financial Assets			
Cash and cash equivalents	6,998,794	6,998,794	-
Bank balance other than above	503,353	-	503,353
Trade receivables	12,094,165	12,094,165	-
Loans	400,271,694	400,271,694	-
Investments	310,251,361	-	310,251,361
Other financial assets	67,764	67,764	-
	730,187,131	419,432,417	310,754,714
Non-Financial Assets			
Current tax assets (net)	2,282,370	-	2,282,370
Deferred tax assets (net)	4,444,516	-	4,444,516
Property, plant and equipment	384,139	-	384,139
Other non-financial assets	202,603	58,187	144,416
	7,313,628	58,187	7,255,441
Total Assets	737,500,759	419,490,604	318,010,155
Liabilities			
Financial Liabilities			
Trade payable	1,577,607	1,577,607	-
Other payable	1,907,758	1,907,758	-
Borrowings (Other than Debt securities)	228,000,000	228,000,000	-
Other financial liabilities	1,919	519	1,400
	231,487,284	231,485,884	1,400
Non-Financial Liabilities			
Current tax liabilities (net)	5,265,282	5,265,282	-
Provisions	2,284,885	2,284,885	-
Other non-financial liabilities	285,957	285,957	-
	7,836,124	7,836,124	-
Total Liabilities	239,323,408	239,322,008	1,400
Net	498,177,351	180,168,596	318,008,755

47. Other liabilities under Other financial liabilities includes ₹1,401/- (P.Y. ₹1,400/-) being aggregate amount of deposits in Company's bank accounts made directly by Clients whose details are awaited.

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

Loans Given	- Refer note no. 6
Investments made	- Refer note no.7
Guarantee given	- NIL
Security Provided	- Refer note no. 35(B)(III)(I)

Notes to the Standalone Financial Statements (Contd.)

For The Year Ended 31st March, 2020

49. (I) The disclosures as required by RBI NBFC Directions (Disclosures are made as per Ind AS financial statements except otherwise stated)

(A) Investments

(₹)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
Non-current				
- Quoted		21,559,240		114,372,192
- Unquoted	15,977,496		5,004,996	
Less: Provision for diminution in value of investment	5,004,996	10,972,500	5,004,996	-
Total Non-current		32,531,740		114,372,192
Current				
- Quoted		-		28,435,480
- Unquoted		-		-
Total Current		-		28,435,480
Total Investments		32,531,740		142,807,672

(B) Provisions made in Statement of Profit and Loss

(₹)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
Provision for sub-standard assets		(39,087)		(466,250)
Provision for standard assets		(1,047,584)		150,721
Provision for non-fund exposure		(2,524,416)		1,008,134
		(3,611,087)		692,605

(C) Movement of NPAs

(₹)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
(I) Movement of NPAs (Gross)				
(a) Opening Balance		156,351		2,021,346
(b) Additions during the year		-		156,351
(c) Reductions during the year (Including loans written-off)		156,351		2,021,346
(d) Closing Balance		-		156,351
(II) Movement of net NPAs				
(a) Opening Balance		117,264		1,516,009
(b) Additions during the year		-		117,264
(c) Reductions during the year		117,264		1,516,009
(d) Closing Balance		-		117,264
(III) Movement of provisions for NPAs				
(a) Opening Balance		39,087		505,337
(b) Provisions made during the year		-		39,087
(c) Write-off/Write-back of excess provisions		39,087		505,337
(d) Closing Balance		-		39,087

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

- II. Disclosure pursuant to RBI notification – RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 – A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 “Financial Instruments”.

(₹)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms *	Difference between Ind AS 109 provision and IRACP norms
(a) Performing Assets						
Standard	Stage 1	179,150,662	243,502	178,907,160	243,502	-
	Stage 2	-	-	-	-	-
Sub-total (a)		179,150,662	243,502	178,907,160	243,502	-
(b) Non-performing Assets (NPA)						
(i) Substandard	Stage 3	-	-	-	-	-
(ii) Doubtful - upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Sub-total (ii)		-	-	-	-	-
(iii) Loss	Stage 3	-	-	-	-	-
Sub-total (b)		-	-	-	-	-
(c) Other items						
	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub-total (c)		-	-	-	-	-
Total (a+b+c)	Stage 1	179,150,662	243,502	178,907,160	243,502	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	179,150,662	243,502	178,907,160	243,502	-

* Total provision of ₹447,877/- required as per the IRACP norms. Balance ₹ 204,375/- included in “Provision for non-fund based exposure” under “Provisions”.

**Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020**

- III. Disclosures pursuant to RBI Notification – RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 – These disclosures are not applicable since no moratorium / deferment was extended.
- IV. The particulars as required in terms of paragraph 18 of Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016 are given in the note appended hereto
50. Net Loss on fair value changes for the previous year ended 31.03.2019 is net of realized gain of ₹. 71,01,721/- which pertains to prior period i.e., financial year ended 31.03.2018, since the same has arisen due to non-accounting of Investment in shares of Talwalkars Lifestyles Ltd which came into existence at the end of the financial year 2017-18 due to demerger of Talwalkars Better Value Fitness Ltd held by the company.
51. Figures of the previous year have been regrouped, re-casted and rearranged wherever necessary to make them comparable with the figures of the current year.
52. Figures in brackets represents for previous year.
53. Figures have been rounded off to the nearest rupees.
54. **Events after reporting date**
There have been no events after the reporting date that requires disclosure in these financial statements.
55. **Approval of Financial Statements**
These financial statements were approved for the issue by the Board of Directors at their meeting held on June 16, 2020.

As per our report of even date
A. G. MUNDRA & COMPANY
Chartered Accountants

(CA Anand Mundra)
Proprietor
Membership No.: 046024

Place: Mumbai
Date: June 16, 2020

For and on behalf of the Board of
EMKAY FINCAP LIMITED

Krishna Kumar Karwa
Whole time Director

Siddharth Mehta
Company Secretary

Place: Mumbai
Date: June 16, 2020

Prakash Kacholia
Director and
Chief Financial Officer

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

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

(₹) in Lacs

	Particulars	Amount outstanding As on 31.03.2020	Amount overdue As on 31.03.2020
	Liabilities Side :		
(1)	Loans and Advances Availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures :Secured	-	-
	:Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
	(b) Deferred credits	-	-
	(c)Term Loans	-	-
	(d) Intercompany Loans and Borrowings	-	-
	(e) Commercial paper	-	-
	(f) Other loans (specify nature)	-	-
	<i>*Please see Note 1 below</i>		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

(₹) in Lacs

	Particulars	Amount outstanding as on 31.03.2020
	Assets side:	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below)	
	(a) Secured	1711.05
	(b) Unsecured	78.02
(4)	Break up of Leased Assets and stock on hire and other assets counting towards Asset Financing activities	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards Asset Financing activities	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

(₹) in Lacs

	Particulars	Amount outstanding as on 31.03.2020
(5)	Break up of Investments:	
	Current Investments:	
	1. Quoted :	
	(I) Shares : (a) Equity	-
	(b) Preference	-
	(II) Debentures and Bonds	-
	(III) Units of mutual funds	-
	(IV) Government Securities	-
	(V) Others (please specify)	-
	2. Unquoted :	
	(I) Shares : (a) Equity	-
	(b) Preference	-
	(II) Debentures and Bonds	-
	(III) Units of mutual funds	-
	(IV) Government Securities	-
	(V) Others (please specify)	-
	Long term Investments:	
	1. Quoted	
	(I) Shares : (a) Equity	215.59
	(b) Preference	-
	(II) Debentures and Bonds	-
	(III) Units of mutual funds	-
	(IV) Government Securities	-
	(V) Others (please specify)	-
	2. Unquoted :	
	(I) Shares : (a) Equity	109.73
	(b) Preference	-
	(II) Debentures and Bonds	-
	(III) Units of mutual funds	-
	(IV) Government Securities	-
	(V) Others (please specify)	-

(₹)

	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
(6)	Borrower Group-wise Classification of Assets Financed as in (3) and (4) above			
	Please see Note 2 below			
	1. Related Parties**			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	1711.05	78.02	1789.07
	Total	1711.05	78.02	1789.07

Notes to the Standalone Financial Statements (Contd.)
For The Year Ended 31st March, 2020

(₹) in Lacs

	Category	Market value/Break-up or Fair Value or NAV	Book Value (Net of Provisions)
(7)	Investor group-wise classification of all investment (current and long term) in shares and securities (both quoted and unquoted)		
	<i>Please see note 3 below</i>		
	1. Related Parties**		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	109.73	109.73
	(c) Other related parties	-	-
	2. Other than related parties	215.59	215.59
	Total	325.32	325.32

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

(₹) in Lacs

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

Notes:

- As defined in point xix of Paragraph 3 of Chapter - 2 of the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in column(5) above.

INDEPENDENT AUDITOR'S REPORT

To the Members of **EMKAY FINCAP LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **EMKAY FINCAP LIMITED** ("the Company") and its associate, which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement 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 the report of the other auditor on separate financial statements and on the other financial information of the associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its associate as at March 31, 2020, of consolidated losses (including Other Comprehensive losses), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the preparation of other information. The Other information

comprises the information included in the Board's Report including Annexures to the Board report, but does not include the consolidated financial statement 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associate 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its associate are responsible for assessing the ability of the Company and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its associate are responsible for overseeing the financial reporting process of the Company and its associate.

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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company and its associate has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company and its associate 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 Company and its associate 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.

We communicate with those charged with governance of the Company 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.

Other Matter

1. The consolidated financial statements also include the Company's share of net loss (including other comprehensive income) of Rs.41,59,337/- for the period ended March 31,2020, as considered in the consolidated financial statements, in respect of the associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work

done by and the report of the other auditor.

2. Standalone financial statements of the Company for the year ended March 31, 2019 considered while preparing these first consolidated financial statements have been audited by the predecessor auditor who have expressed unmodified opinion on those statements vide audit report dated May 29, 2019.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the associate, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant 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 Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and the report of the statutory auditor of its associate company, none of the directors of the Company and its Associate Company is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and its associate company and the operating effectiveness of such controls, refer to our separate report in Annexure "A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 auditor on separate financial statements as also the other financial information of the associate:
 - i) There were no pending litigations which would impact the consolidated financial position of the Company and its associate.
 - ii) The Company and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and its associate.
 - iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For A. G. Mundra & Co.
Chartered Accountants
Firm Registration No.114518W

Anand Mundra
Proprietor
Membership No.046024

Place : Mumbai
Date : June 16, 2020
UDIN : 20046024AAAABL5822

ANNEXURE "A"

TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF EMKAY FINCAP LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

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

1. In conjunction with our audit of the consolidated financial statements of EMKAY FINCAP LIMITED (the 'Company') and its associate, as at and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of the Company and its associate company, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Company and its associate company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and its associate company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') 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 the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its associate company as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting of the Company and one of its associate company, as aforesaid.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and based on the consideration of the report of the other auditor on internal financial controls over financial reporting of the associate company, the Company and its associate company, have, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company and its associate company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matter

The consolidated financial statements include the Company's share of net loss (including other comprehensive income) of Rs.41,59,337/- for the year ended 31st March, 2020, in respect of the associate company, whose internal financial controls over financial reporting has not been audited by us. The internal financial controls over financial reporting in so far as it relates to such associate company has been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting for the Company and its associate company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such associate company, is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this above matter with respect to our reliance on the work done by and the report of the other auditor.

For **A. G. Mundra & Co.**

Chartered Accountants

Firm Registration No.114518W

Anand Mundra

Proprietor

Membership No.046024

Place : Mumbai

Date : June 16, 2020

UDIN : 20046024AAAABL5822

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CONSOLIDATED BALANCE SHEET

As At 31st March, 2020

Particulars	Notes	(₹) As at 31st March, 2020
I ASSETS		
1 Financial assets		
Cash and cash equivalents	3	248,666,757
Bank Balance other than Cash and cash equivalents	4	503,921
Trade Receivables	5	490,364
Loans	6	178,907,160
Investments	7	28,372,403
Other Financial assets	8	323,527
Total Financial Assets		457,264,132
2 Non-financial Assets		
Current tax assets (net)	9	1,327,032
Deferred tax Assets (net)	10	10,552,000
Property, Plant and Equipment	11	140,196
Other non financial assets	12	3,771,714
Total Non -financial Assets		15,790,942
Total assets		473,055,074
II LIABILITIES AND EQUITY		
LIABILITIES		
1 Financial Liabilities		
Payables		
(I) Trade Payables	13(I)	-
(i) total outstanding dues of micro enterprises and small enterprises		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,308
(II) Other Payables	13(II)	-
(i) total outstanding dues of micro enterprises and small enterprises		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		770,532
Borrowings (Other than Debt Securities)		-
Other financial liabilities	14	1,401
Total Financial liabilities		773,241
2 Non-Financial Liabilities		
Current tax liabilities (net)	15	3,002,742
Provisions	16	1,205,058
Other non-financial liabilities	17	220,135
Total Non- financial liabilities		4,427,935
Total liabilities		5,201,176
EQUITY		
Equity share capital	18	220,000,000
Other Equity	19	247,853,898
Total equity		467,853,898
Total Liabilities and Equity		473,055,074

The accompanying notes forms an integral part of the consolidated financial statements.

As per our Report of even date
For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

For and on behalf of the Board of
EMKAY FINCAP LIMITED

(CA Anand Mundra)
 Proprietor
 Membership No: 046024

Krishna Kumar Karwa
 Whole Time Director

Prakash Kacholia
 Director and Chief Financial Officer

Siddharth Mehta
 Company Secretary

Place: Mumbai
 Date : June 16, 2020

Place: Mumbai
 Date : June 16, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Year Ended 31st March, 2020

(₹)

Particulars	Notes	For the year ended 31st March, 2020
Revenue from operations		
(i) Interest income	20	52,266,468
(ii) Dividend income	21	1,265,618
(iii) Fee and commission income	22	856,932
(iv) Impairment gains of financial instruments	23	3,611,087
(I) Total Revenue from operations		58,000,105
(II) Other Income	24	695,706
(III) Total Income (I + II)		58,695,811
Expenses		
(i) Finance costs	25	15,225,812
(ii) Net loss on fair value changes	26	35,293,286
(iii) Fee and commission expense	27	430,076
(iv) Employee benefits expenses	28	8,936,857
(v) Depreciation, amortization and impairment	29	103,565
(vi) Other expenses	30	5,583,475
(IV) Total Expenses (IV)		65,573,071
(V) Profit/(loss) before tax and share of profit/(loss) from associate (III- IV)		(6,877,260)
(VI) Tax Expense:		
(1) Current tax		7,999,700
Less: MAT Credit Entitlement		(2,839,000)
		5,160,700
(2) Deferred tax		(4,746,692)
(3) Earlier years adjustments		-
Total Tax Expense		414,008
(VII) Profit/(loss) after tax but before share of profit/(loss) from associate (V-VI)		(7,291,268)
Share of (Loss) from Associate		(1,416,337)
Share of Exceptional items (expenses) of Associate		(2,743,000)
Total Share of (Loss) from Associate		(4,159,337)
(VIII) Profit/(loss) for the year		(11,450,605)
(IX) Other Comprehensive Income/(loss)		
A (i) Items that will not be classified to profit or loss		
- Acturial Gain/(Loss) on Defined Benefit Plans		(297,033)
(ii) Income tax relating to items that will not be classified to profit or loss		82,700
(iii) Share of other comprehensive income of Associate (net of tax)		-
Sub total (A)		(214,333)

Consolidated Statement of Profit and Loss (Contd.)

			(₹)
Particulars	Notes	For the year ended 31st March, 2020	
B (i) Items that will be classified to profit or loss			-
(ii) Income tax relating to items that will be reclassified to profit or loss			-
(iii) Share of other comprehensive income of Associate (net of tax)			-
Sub total (B)			-
Other Comprehensive Income/(loss) (A + B)			(214,333)
(X) Total Comprehensive Income/(loss) for the year			(11,664,938)
Earnings per Equity Share of Nominal Value of Rs.10 each			
- Basic			(0.52)
- Diluted			(0.52)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2		

The accompanying notes forms an integral part of the consolidated financial statements.

As per our Report of even date
For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

For and on behalf of the Board of
EMKAY FINCAP LIMITED

(CA Anand Mundra)
Proprietor
 Membership No: 046024

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Director and Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
 Date : June 16, 2020

Place: Mumbai
 Date : June 16, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As At 31st March, 2020

1. Equity Share capital

Equity shares of Rs. 10/- each issued, subscribed and fully paid

(₹)

Particulars	Equity Share Capital	
	No. of Shares	Amount
As at 1st April, 2019*	22,000,000	220,000,000
Changes during the year	-	-
As at 31st March, 2020	22,000,000	220,000,000

2. Other Equity

(₹)

	Reserves and Surplus				Other Comprehensive Income	Total
	Retained Earnings	Special Reserve u/s 45-IC of the RBI Act 1934	Capital redemption 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 April 1, 2019*	143,388,853	65,854,733	50,000,000	180,731	(106,577)	259,317,740
Share based payments to Employees	-	-	-	201,096	-	201,096
Profit (loss) for the year after income tax	(11,450,605)	-	-	-	-	(11,450,605)
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(214,333)	(214,333)
Total Comprehensive Income/(loss) for the year						(11,664,938)
Balance as at March 31, 2020	131,938,248	65,854,733	50,000,000	381,827	(320,910)	247,853,898

*Refer note No.31.

The accompanying notes forms an integral part of the consolidated financial statements.

As per our Report of even date
For **A. G. MUNDRA & COMPANY**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of
EMKAY FINCAP LIMITED

(CA Anand Mundra)
Proprietor
Membership No: 046024

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Director and Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
Date : June 16, 2020

Place: Mumbai
Date : June 16, 2020

CONSOLIDATED STATEMENT OF CASH FLOW

For The Year Ended 31st March, 2020

(₹)

Particulars	For the year ended 31st March, 2020	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax , extraordinary items and Share of Profit/(Loss) from Associate		(6,877,260)
Adjustment for :		
Depreciation and Amortization Expense	103,565	
Loss on Disposal/Discard of Property, Plant and Equipment	142	
Impairment /(Impairment Gains) of financial instruments	(3,611,087)	
Net gain / (loss) on fair value changes	27,564,783	
Share based payments to Employees	201,096	
Interest on deposit with Bank	(35,555)	
Interest on Income Tax Refund	(695,706)	
		23,527,238
Operating profit before working capital changes		16,649,978
Adjustment for :		
Trade and other receivables	585,470	
Loans relating to Financing Activities	262,396,988	
Trade and other payables	(2,063,008)	260,919,450
Cash Generated from operations		277,569,428
Direct taxes (Paid)/Refund		(4,058,878)
Cash flow before extraordinary items		273,510,550
Net Cash from/(used in) Operating Activities		273,510,550
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	742	
Sale/(Purchase) of Investments	82,711,149	
Interest on deposit with Bank	35,555	
Interest on Income Tax Refund	695,706	
		83,443,152
Net Cash from/(used in) Investing Activities		83,443,152
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from Short Term Borrowings	(114,500,000)	
Net Cash from/(used in) Financing Activities		(114,500,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		242,453,702
Cash and Cash Equivalents at the beginning of the year (Opening Balance)		6,213,055
Cash and Cash Equivalents at the close of the year (Closing Balance)		248,666,757

Consolidated Statement of Cash Flow (Contd.)

(₹)

Particulars	For the year ended 31st March, 2020
Note: 1. Cash and cash equivalents comprise of :	
Balances with Scheduled Banks	
- In Current Accounts	248,590,899
Cash on hand	50,556
Balance in Prepaid Cards	25,302
	248,666,757
2. The above consolidated 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.	
3. Cash and cash equivalent excludes deposit with banks towards security for Corporate Credit Card.	
4. Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.	

The accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

As per our Report of even date
For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

For and on behalf of the Board of
EMKAY FINCAP LIMITED

(CA Anand Mundra)
Proprietor
 Membership No: 046024

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Director and Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
 Date : June 16, 2020

Place: Mumbai
 Date : June 16, 2020

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31st March, 2020

1. Corporate Information

Emkay Fincap Limited (the 'Company') is a public limited company domiciled in India and was incorporated under the provisions of the Companies Act, 1956 vide Certificate of Incorporation (CIN) U65990MH2005PLC153310 dated 16th May, 2005. The Company is a wholly owned subsidiary of Emkay Global Financial Services Limited ('the parent'). The registered office of the Company is situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028.

The Company is a Non-Banking Financial Company ('NBFC') without accepting public deposits registered with Reserve Bank of India vide Certificate of Registration No.N-13.01809 dated October 8, 2005 and engaged in financing and investment activities. RBI, vide the circular – 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC-Investment and Credit Company (NBFC-ICC).

The Company has acquired 27.43% ownership interest in Finlearn Edutech Private Limited (FEPL) on investment in 10,97,250 equity shares of Rs.10/- each of FEPL during the year ended 31st March, 2020 and hence FEPL has become an Associate of the Company. The said Associate is engaged in the business of conducting and managing online and offline courses for financial markets.

2. Significant Accounting Policies

2.1 Basis of Preparation

(i) Statement of Compliance

These consolidated financial statements comprise the Balance Sheets as at March 31, 2020, the Statements of Profit and Loss, the Statements of Cash Flows and the Statements of Changes in Equity for the year ended March 31, 2020, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as 'Consolidated Financial Statements').

These consolidated financial statements for the year ended 31st March, 2020 have been prepared in all material aspects in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act and Master Direction-Non-Banking Financial Company – Non -Systemically Important Non- Deposit taking Company (Reserve Bank) Directions, 2016 (RBI NBFC Directions) .

(ii) Principles of Consolidation:

- (a) Entity consolidated as an Associate in accordance with Ind AS-28 – Investments in Associates and Joint Ventures in these consolidated financial statements.

Name of Associate	Date of Incorporation	Country of Incorporation	Proportion of Ownership Interest	Nature of Business
Finlearn Edutech Private Limited	18/12/2019	India	27.43%	Conducting and managing online and offline courses for financial markets

(b) Investment in associate

Associate is an entity over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% to 50% of the voting rights or the Company has power to participate in the financial and operating policy decision of the investee. Investment in associate are accounted for using equity method of accounting.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105.

Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

of the profit or loss and other comprehensive income of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

Distributions received from an associate reduce the carrying amount of the investment. Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment of the assets transferred.

When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

- (c) Accounting policies of equity accounted investee have been changed wherever necessary to ensure consistency with the policies adopted by the Company.
- (d) The carrying amount of equity accounted investments are tested for impairment in accordance with the Accounting Policy no.2.4(a) (iii) below.

(iii) Historical Cost Convention

These consolidated financial statements have been prepared under historical cost convention on accrual basis of accounting, except for the following:

- certain financial instruments which are measured at fair value (refer Accounting Policy no.2.3 below);

- defined benefit plans- plan assets measured at fair value (refer Accounting Policy no.2.7(ii)(A) below); and
- share-based payment obligations (refer Accounting Policy no.2.8 below).

(iv) Functional and Presentation Currency

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

(v) Preparation of consolidated Financial Statements

These consolidated financial statements of the Company are prepared in order of liquidity and in accordance with Division III of Schedule III to the Act applicable to NBFC's as notified by the Ministry of Corporate Affairs. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 44.

(vi) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the consolidated financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the consolidated financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future period.

Areas involving critical estimates and Judgements are:

- Estimation of useful lives and residual values of property, plant and equipment
- Estimation of defined benefit obligations
- Estimation of tax expenses

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

- Provisions and contingent liabilities
- Measurement of fair values
- Allowance for impairment of financial and non-financial instruments

(vii) Fair Value Measurement

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 economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

2.1 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.

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2018 measured as per previous Indian GAAP and use that carrying value as deemed cost of the property, plant and equipment.

Depreciation

Depreciation is calculated using the written down value (WDV) method to write down the cost of PPE to their residual values over their estimated useful lives which are in line with the estimated useful life as specified in Schedule II of the Act.

The estimated useful lives are as follows:

Particulars	Useful life estimated by Company
Computers	3 years

Derecognition

An item of PPE 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

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

other income / expense in the statement of profit and loss in the year the asset is derecognised.

2.3 Financial Instruments

(i) Initial Recognition and Measurement

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

(ii) Subsequent Measurement

a. Financial Assets Carried at Amortized Cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial Assets at Fair Value Through Other Comprehensive Income(FVOCI)

Debt Instruments

Investment in debt 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 where they have (i) 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 (ii) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Gains and losses arising from changes in fair value are included in statement of profit and loss. Impairment losses or reversals and interest revenue are recognised in statement of profit and loss.

Equity Instruments

Investment in equity instruments are always 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 at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d. Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(iii) Derecognition of Financial Assets and Liabilities

The Company derecognizes a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

(iv) 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 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.

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

(v) Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased or sold primarily for short-term profit making through trading activities. Held-for-trading assets are recorded and measured in the Balance Sheet at fair value.

2.4 Impairment

a. Financial Assets

Loans

The Company recognises loss allowances (provisions) for expected credit losses on loans (including non-fund exposures) that are measured at amortised costs. The Company applies a three-stage approach to measuring expected credit losses (ECLs) on loans.

The ECL allowance is based on the credit losses expected to arise over the life of the loan (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 loan. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a loan 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 loans. 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 credit risk of loan has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the loan. The Company does the assessment of significant increase in credit risk at a borrower level.

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 loans upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

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 loan commitments, the ECL is recognised within Provisions.

The final ECL allowance arrived as above is subject to the minimum provisioning requirement as per RBI NBFC Directions.

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

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

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.

(ii) **Trade Receivables and Other Financial Assets**

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is done so as an impairment gain or loss in statement of profit and loss.

(iii) **Investment in Associate**

Investment in Associate is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognized for the amount by which the carrying amount of the investment exceeds its recoverable amount.

b. **Non-Financial Assets**

Property, Plant and Equipment

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.

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.

2.5 **Cash and Cash Equivalents**

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

2.6 **Revenue Recognition**

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

Revenue is measured at fair value of the consideration received or receivable.

Interest Income

Interest income on financial assets (other than credit impaired) is recognised on a time proportion basis taking into account the amount outstanding and the contractual rate. The contractual rate after netting off the fees received and cost incurred, if any, approximates the effective interest rate method of return. The future cash flows are estimated taking into account all the contractual terms of the instrument and any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets. For credit-impaired financial assets the interest income is recognized on receipt basis and interest income recognized before the assets became credit-impaired and remained unrealised is reversed.

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

(ii) Fees & Commission Income

Client Referral Fees is recognised when the performance obligation is completed.

(iii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iv) Net gain on Fair value changes

Any realised gain or loss on sale of financial assets being investments and securities held for trading measured on the trade date at FVTPL is recognised in net gain / loss on fair value changes.

Similarly, Any differences between the fair values of financial assets being investments, and securities held for trading classified as 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 in "Net gains 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.

In case of securities held for trading being debt instruments, accrued interest component comprised in fair value is bifurcated and such accrued interest is netted and reckoned as expense/income.

2.7 Employee Benefits

(i) Short Term Benefits

All employee benefits including short term non vesting compensated absences and statutory bonus/ performance bonus/incentives payable wholly within twelve months of rendering the service are classified as short term employee benefits and are charged to the statement of profit and loss of the year.

(ii) Long Term Benefits

A. Post-employment Benefits

Defined Benefit Plan

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 recognised 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.

B. Other Long Term Benefits

As per present policy of the Company, there are no other long term benefits to which its employees are entitled.

2.9 Share Based Payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments/option at the grant date.

The fair value 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. The fair value of options is determined under Black-Scholes-Merton Model by an Independent Valuer. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding reserve.

2.9 Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.10 Operating Leases

For leases with a term of twelve months or less (short-term leases) and leases of low value assets, the Company elects to exercise recognition exemption as prescribed under Ind AS 116 –Leases for the same and recognises the lease payments as an operating expense on accrual basis in accordance with the respective Lease and License agreements.

2.11 Other Income and Expenses

(i) Finance Costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed: (i) 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, (ii) by considering all the contractual terms of the financial instrument in estimating the cash flows, and (iii) 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 Statements of Profit and Loss with the corresponding adjustment to the carrying amount of the assets.

- (ii) All other income and expenses are recognized in the period they occur.

2.12 Taxes

(i) 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 for the relevant year.

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).

(ii) 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.

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.

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).

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March, 2020

(iii) 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 issued by the Institute of Chartered Accountants of India, 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.

(iv) 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:

- 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
- 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.

2.13 Earnings Per Share (EPS)

The Company reports basic and diluted EPS in accordance with Ind AS 33 on Earnings per share. Net profit or loss for the year attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the year for calculating basic EPS and by the weighted average number of shares outstanding during the year adjusted for the effects of all dilutive potential equity shares for calculating diluted EPS.

2.14 Foreign Currency Transactions

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.

2.15 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 consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

2.16 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 consolidated 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.

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

3. Cash and cash equivalents

(₹)

Particulars	As at 31st March, 2020
Cash on hand	50,556
Balances with Banks	
- In current accounts	248,590,899
Others	
- Balance in Prepaid Cards	25,302
Total	248,666,757

4. Bank Balance other than Cash and Cash Equivalents

(₹)

Particulars	As at 31st March, 2020
Balances with Banks	
- In deposit accounts towards security for Corporate Credit Card	503,921
Total	503,921

5. Trade Receivables

(₹)

Particulars	As at 31st March, 2020
Receivables considered good - Unsecured	490,364
Total	490,364

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

6. Loans

(₹)

Particulars	As at 31st March, 2020
Term Loans	
At amortised cost	
Secured	
- Secured by Tangible assets (Securities)	171,236,836
Total (I) - Gross	171,236,836
Less : Impairment loss allowance	(131,640)
Total (I) - Net	171,105,196
Un-secured	
i) Others	7,913,826
ii) Loan to Holding Company	-
Total (II) - Gross	7,913,826

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

(₹)	
Particulars	As at 31st March, 2020
Less : Impairment loss allowance	(111,862)
Total (II) - Net	7,801,964
Loans in India	178,907,160
i) Public Sector	-
ii) Others (to be specified)	179,150,662
Total - Gross	179,150,662
Less: Impairment loss allowance	(243,502)
Total - Net	178,907,160
Loans outside India	-
Total	178,907,160

7. Investments

(₹)	
Particulars	As at 31st March, 2020
(A) At Fair value through Profit & Loss	
In Equity instruments	21,559,240
(B) At Cost - using equity method	
Investment in associate	6,813,163
Total	28,372,403
ii) Investments in India	28,372,403
ii) Investments outside India	-
Total	28,372,403

Note:

Summarised aggregated financial information of the Company's share in associate: Finlearn Edutech Private Limited (incorporated in India)

(₹)	
Particulars	As at 31st March, 2020
Non current assets	29,052,849
Current assets	8,245,555
Non current liabilities	-
Current liabilities	(12,461,863)
Net Assets	24,836,541
Proportion of the Company's ownership	27.43%
Company's share of net assets / Carrying amount of interest in associate	6,813,163

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

(₹)

Particulars	As at 31st March, 2020
Revenue	2,528,829
Profit/(loss)	(15,163,459)
Other comprehensive income	-
Total comprehensive income	(15,163,459)
Company's share of profit/(loss)	(4,159,337)
Company's share of other comprehensive income	-
Company's share of total comprehensive income	(4,159,337)

8. Other financial assets

(₹)

Particulars	As at 31st March, 2020
Other Recoverable	320,827
Other Receivable	2,700
Total	323,527

9. Current tax assets (net)

(₹)

Particulars	As at 31st March, 2020
Advance income tax (net of provision for tax)	1,327,032
Total	1,327,032

10. Deferred tax assets (net)

(₹)

Particulars	As at 31st March, 2020
Deferred tax assets:	
Provision for impairment allowance	244,300
Fair Valuation on Investments	6,775,100
Unabsorbed Capital Losses	3,533,900
Total	10,553,300
Deferred tax liabilities	
Fixed asset: Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting period	1,300
Total	1,300
Net Deferred tax assets	10,552,000

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

11 Property, Plant and Equipment

(₹)

Particulars	Computers	Total
Gross Block (At Cost)		
As at 31st March, 2019*	436,087	436,087
Additions	-	-
Disposals	887	887
At 31st March, 2020	435,200	435,200
Accumulated depreciation		
As at 31st March, 2019*	191,439	191,439
Charge for the year	103,565	103,565
Disposals	-	-
At 31st March, 2020	295,004	295,004
Net Block		
At 31st March, 2019	244,648	244,648
At 31st March, 2020	140,196	140,196

*Refer note No.31.

12. Other non financial assets

(₹)

Particulars	As at 31st March, 2020
Deposits - Others	160,000
Prepaid expenses	118,714
Mat Credit Entitlement	3,493,000
Total	3,771,714

13. Payables

(₹)

Particulars	As at 31st March, 2020
(I) Trade Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,308
Total	1,308
(II) Other Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	770,532
Total	770,532

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

(₹)

Particulars	As at 31st March, 2020
Notes:	
1. 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	-

14. Other financial liabilities

(₹)

Particulars	As at 31st March, 2020
Other liabilities	1,401
Total	1,401

15. Current tax liabilities(net)

(₹)

Particulars	As at 31st March, 2020
For taxation (net of taxes paid)	3,002,742
Total	3,002,742

16. Provisions

(₹)

Particulars	As at 31st March, 2020
Provision for Employees Benefits	
- Gratuity	449,012
- Compensated expenses	121,393
Others	
- Provision for Non-fund based Exposure	634,653
Total	1,205,058

Notes to the Consolidated Financial Statements (Contd.)

As At 31st March, 2020

17. Other non financial liabilities

(₹)

Particulars	As at 31st March, 2020
Statutory dues payable	220,135
Total	220,135

18. Equity

(₹)

Particulars	As at 31st March, 2020
EQUITY SHARE CAPITAL	
Authorised:	
22,000,000 Equity Shares of Rs.10/- each	220,000,000
5,000,000 9% Non-convertible Redeemable Preference shares of Rs.10/- each	50,000,000
	270,000,000
Issued, subscribed and fully paid up	
Equity shares	
22,000,000 Equity Shares of Rs.10/- each fully paid up	220,000,000
	220,000,000
Total Equity	220,000,000

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

(₹)

Particulars	As at 31st March, 2020	
	No of Shares	Amount
Equity Shares		
At the beginning of the year*	22,000,000	220,000,000
Add: Shares issued during the year	-	
At the end of the year	22,000,000	220,000,000

*Refer note No.31.

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

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pay dividends in Indian Rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

In the event of liquidation of the company, the holders of Equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

The entire 22,000,000 (as at 31st March, 2019 : 22,000,000) equity shares of Rs. 10 each fully paid up are held by Holding Company, Emkay Global Financial Services Limited.

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

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

(₹)

Name of the shareholder	As at 31st March, 2020	
	No of Shares	% held
Equity Shares of Rs.10 each fully paid		
Emkay Global Financial Services Limited	22,000,000	100
(Holding Company) and its nominees.		

19. Other Equity

(₹)

Particulars	As at 31st March, 2020
Retained Earnings	
Balance at the Beginning of the Reporting Period*	143,388,853
Add: Profit/(Loss) for the year	(11,450,605)
Add: Ind AS Adjustments	-
Amount Available for Appropriation	131,938,248
Less: Appropriations	
Less: Amount transferred to Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	-
Balance at the End of the Reporting Period	131,938,248
Special Reserve u/s 45-IC of the RBI Act 1934	
Balance at the Beginning of the Reporting Period*	65,854,733
Add: Transfer from Other Equity	-
Balance at the End of the Reporting Period	65,854,733
Capital Redemption Reserve	
Balance at the Beginning of the Reporting Period*	50,000,000
Balance at the End of the Reporting Period	50,000,000
Equity-settled Share Based Payment Reserve	
Balance at the Beginning of the Reporting Period*	180,731
Add: Share Based Payments to Employees during the year	201,096
Balance at the End of the Reporting Period	381,827
Other Comprehensive Income	
Balance at the Beginning of the Reporting Period*	(106,577)
Add: Ind AS Adjustments	-
Add: Movement in Other Comprehensive Income (Net) during the year	(214,333)
Balance at the End of the Reporting Period	(320,910)
Total	247,853,898

*Refer note No.31.

Notes to the Consolidated Financial Statements (Contd.)
As At 31st March, 2020

Nature and purpose of reserve

a) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, special reserve under RBI Act 1934, capital redemption reserve, dividends or other distributions paid to shareholders.

b) Special reserve under u/s 45-IC of the RBI Act 1934

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.

c) 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.

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 of the Group by the Parent Company.

e) Other comprehensive income

Other comprehensive income consist of remeasurement gains/losses on employees defined benefit plans.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31st March 2020

20. Interest Income

(₹)

Particulars	For the year ended 31st March, 2020
On financial assets measured at amortised cost:	
- On loans	52,230,913
- On deposits with Banks	35,555
Total	52,266,468

21. Dividend Income

(₹)

Particulars	For the year ended 31st March, 2020
Dividend on Investments	1,265,618
Total	1,265,618

22. Fee and Commission Income

(₹)

Particulars	For the year ended 31st March, 2020
Referral fees	856,932
Total	856,932

23. Impairment Gain of financial instruments

(₹)

Particulars	For the year ended 31st March, 2020
At amortised cost	
- On Loans	3,611,087
Total	3,611,087

24. Other Income

(₹)

Particulars	For the year ended 31st March, 2020
Other Interest Income	695,706
Total	695,706

25. Finance Costs

(₹)

Particulars	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost:	
- On borrowings other than debt securities	15,225,812
Total	15,225,812

**Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020**

26. Net loss / (gain) on fair value changes

(₹)

Particulars	For the year ended 31st March, 2020
(A) Net loss/(gain) on financial instruments at fair value through profit or loss	
(i) On trading portfolio	
- Investments	39,590,481
- Inventory (Corporate Bonds)	(4,297,195)
Total Net loss/(gain) on fair value changes (A)	35,293,286
Fair Value changes:	
- Realised - Investments	12,025,698
- Realised - Inventory (Corporate Bonds)	(4,297,195)
	7,728,503
- Unrealised	27,564,783
(B) Total Net loss/(gain) on fair value changes to tally with (A)	35,293,286

27. Fee and commission Expense

(₹)

Particulars	For the year ended 31st March, 2020
Brokerage Fees	430,076
Total	430,076

28. Employee Benefit Expense

(₹)

Particulars	For the year ended 31st March, 2020
Salaries and Wages	8,450,056
Share based payments to Employees	201,096
Gratuity	151,979
Staff Welfare Expenses	133,726
Total	8,936,857

29. Depreciation expense

(₹)

Particulars	For the year ended 31st March, 2020
Depreciation of Tangible Assets	103,565
Total	103,565

**Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020**

30. Other expenses:

		(₹)
Particulars		For the year ended 31st March, 2020
Electricity		146,241
Rent		601,329
Repairs and Maintenance		
- Others		604,944
Communication Expenses		45,388
Travelling and Conveyance		1,975,549
Advertisement & Business Promotion		535,389
Printing and Stationery		30,728
Loss on Disposal/Discard of Property, Plant and Equipment		142
Loss in Share Trading		177
Legal and Professional Fees		812,743
Subscription Charges		71,747
Payments to Statutory Auditors		
- Statutory Audit		162,250
- Other Services		23,600
Miscellaneous Expenses		289,404
Depository Charges		226,944
Fees & Stamps (Net)		56,900
Total		5,583,475

31. The preparation of consolidated financial statements became applicable to the Company for the first time for the year ended 31st March, 2020. In view of this, comparative consolidated figures for the previous year are not applicable. However, wherever figures as at 1st April, 2019 or 31st March, 2019 or at the beginning of the year /reporting period are required to be given in these consolidated financial statements, the same have been taken from standalone financial statements of the Company for the year ended 31st March, 2020 which are first financial statements prepared in accordance with Ind As. Accordingly, opening balance sheet as at 1st April, 2018 and disclosure required under Ind AS 101 "First Time Adoption of Indian Accounting Standards" are also not applicable for these consolidated financial statements.

32. EARNINGS PER SHARE

		(₹)
Sr. No.	Particulars	For the year ended 31 st March, 2020
a)	Net Profit/(Loss) after tax available for Equity Shareholders (₹)	(11,450,605)
b)	Weighted average number of Equity Shares of ₹ 10/- each outstanding during the period (No. of Shares)	
	- For Basic Earnings	22,000,000
	- For Diluted Earnings	22,000,000
c)	Basic Earnings per Equity Share (₹)	(0.52)
d)	Diluted Earnings per Equity Share (₹)	(0.52)

**Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020**

33. The Disclosures as per Ind AS 19 - Employee Benefits are as follow:

Defined Benefit Plan

The Company has a 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 company in the form of a qualifying insurance policy. The following tables 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:

		(₹)
Sr. No.	Particulars	As at 31st March, 2020
I	Changes in present value of obligations	
	Present Value of Obligations at beginning of the period	821,481
	Current Service Cost	134,067
	Interest Expense or Cost	56,802
	Re-measurement (or Actuarial) (Gain)/Loss arising from:-	
	-change in demographic assumptions	108
	-change in financial assumptions	105,451
	-experience variance (i.e. Actual experience vs assumptions)	180,698
	Benefits Paid	(54,040)
	Acquisition Adjustment	(94,085)
	Present Value of Obligations at end of the period	1,150,482
II	Changes in fair value of plan assets	
	Fair Value of Plan Assets at beginning of the period	562,433
	Investment Income	38,890
	Employer's Contribution	259,048
	Acquisition Adjustment	(94,085)
	Benefits Paid	(54,040)
	Return on plan assets, excluding amount recognized in net interest expense	(10,776)
	Fair Value of Plan Assets at end of the period	701,470
III	Reconciliation of net liability/asset	
	Net defined benefit liability/(asset) as at the beginning	(259,048)
	Expenses charged to statement of profit and loss	(151,979)
	Amount recognized in other comprehensive income	(297,033)
	Employer contribution	259,048
	Net defined benefit liability/(asset) as at the end	(449,012)
IV	Expenses recognized in Statement of Profit and Loss	
	Current Service Cost	134,067
	Net Interest Cost / (Income) on the net defined benefit liability/(Asset)	17,912
	Expenses recognized in Statement of Profit and Loss	151,979

Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020

		(₹)
Sr. No.	Particulars	As at 31st March, 2020
V	Change in the Effect of Asset Ceiling	
	Effect of Asset Ceiling at the beginning	-
	Interest Expense or Cost (to the extent not recognized in net interest expense)	-
	Re-measurements (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-
	Effect of Asset Ceiling as at the end	-
VI	Other Comprehensive Income	
	Actuarial (gains)/losses	-
	-change in demographic assumptions	108
	-change in financial assumptions	105,451
	-experience variance (i.e. actual experience vs assumptions)	180,698
	Return on plan assets, excluding amount recognized in net interest expense	10,776
	Components of defined benefit costs recognized in other comprehensive income	297,033
VII	Amount recognized in Balance Sheet	
	Present value of obligation	1,150,482
	Fair value of plan assets	701,470
	Surplus/(Deficit)	(449,012)
	Effects of asset ceiling, if any	-
	Net Asset / (Liability)	(449,012)
VIII	Key actuarial assumptions	
	Discount rate (p.a.)	5.55%
	Salary growth rate (p.a.)	10.00%
	Attrition/Withdrawal rates, based on age: (per annum)	
	-Upto 45 years	25.00%
	-Above 45 years	15.00%
	Mortality rate	100% of IALM 2012-14
IX	Category of plan assets	
	Insurer managed funds	98.40%
	Bank Balance	1.60%
X	Sensitivity analysis for significant assumptions is as shown below	
	Discount Rate (- 1%) : % Change compared to base due to sensitivity	4.90%
	Discount Rate (+ 1%) : % Change compared to base due to sensitivity	-4.50%
	Salary Growth (- 1%) : % Change compared to base due to sensitivity	-3.50%
	Salary Growth (+ 1%) : % Change compared to base due to sensitivity	3.50%

Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020

		(₹)
Sr. No.	Particulars	As at 31st March, 2020
	Attrition Rate (- 50%) : % Change compared to base due to sensitivity	10.00%
	Attrition Rate (+ 50%) : % Change compared to base due to sensitivity	-5.30%
	Mortality Rate (- 10%) : % Change compared to base due to sensitivity	0.00%
	Mortality Rate (+ 10%) : % Change compared to base due to sensitivity	0.00%
XI	Expected Contribution during the next annual reporting period	
	The Company's best estimate of Contribution during the next year	569,993
XII	Maturity Profile of Defined Benefit Obligation	
	Weighted average duration (based on discounted cash flows)	4 years
	Expected cash flows over the next (valued on undiscounted basis):	
	1 year	263,951
	2 to 5 years	635,901
	6 to 10 years	332,550
	more than 10 years	321,783

34. RELATED PARTY DISCLOSURES

A) List of related parties

Sr. No.	Name of Related Party	Nature of Relationship
(i)	Directors a) G C Vasudeo b) Ravikumar Krishnamurthi	Directors
(ii)	Key Management Personnel / Individuals having significant influence a) Krishna Kumar Karwa b) Prakash Kacholia c) Siddharth Mehta (w.e.f. 1 st February, 2020) d) Trupti Bolke (upto 4 th September, 2019)	Whole-Time Director/ Individual having significant influence Director/ CFO/ Individual having significant influence Company Secretary Company Secretary
(iii)	Emkay Global Financial Services Limited	Holding Company
(iv)	Emkay Commotrade Limited	Fellow Subsidiary
(v)	Finlearn Edutech Private Limited	Associate
(vi)	Emkay Corporate Services Private Limited	Enterprises owned/controlled by Key Management Personnel/ Individuals having control or significant influence or their relatives
(vii)	Emkay Fincap Ltd Employees Group Gratuity Assurance Fund	Others

**Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020**

B. Transactions with related parties where transactions have occurred during the year

(₹)

Sr. No.	Particulars	Holding Company i.e. Emkay Global Financial Services Ltd	Fellow Subsidiary Company i.e. Emkay Commotrade Ltd	Associate Company i.e. Finlearn Edutech Pvt Ltd	Key Management Personnel / Individuals having significant influence	Others i.e. Emkay Fincap Ltd Employees Group Gratuity Assurance Fund
I	Income					
	Interest Received	5,073,770	-	5,464	-	-
II	Expenditure					
a)	Depository Charges	186,894	-	-	-	-
b)	Rent	405,587	-	-	-	-
c)	Interest Paid	161,644	-	-	-	-
d)	Salaries and Other Benefits - Trupti Bolke	-	-	-	299,668	-
e)	Salaries and Other Benefits - Siddharth Mehta	-	-	-	104,126	-
III	Others					
a)	Expenses Reimbursed	407,438	-	-	-	-
b)	Loans Granted	600,000,000	-	20,000,000	-	-
c)	Repayment received of loans granted	600,000,000	-	20,000,000	-	-
d)	Brokerage on shares bought/sold	286,068	-	-	-	-
e)	Loans Taken	60,000,000	-	-	-	-
f)	Repayment made of loans Taken	60,000,000	-	-	-	-
g)	Expenses paid on their behalf	-	1,800	612,631	-	-
h)	Investments made	-	-	10,972,500	-	-
i)	Gratuity Contribution	-	-	-	-	449,012
j)	Share Based payments	201,096	-	-	-	-
IV	Outstanding as on 31.03.2020					
	Other Financial Assets - Other Receivable	-	-	2,000	-	-
	Loans	-	-	4,917	-	-
	Investment	-	-	6,813,163	-	-
	Provisions - Provision for Employee Benefits - Gratuity	-	-	-	-	449,012
	Share Based payments	381,827	-	-	-	-
	Trade Payables	1,308	-	-	-	-

C. Related Parties are identified by Management and relied upon by the auditor.

D. No balance in respect of related parties has been written off.

E. Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions and in case of other related parties, the said disclosure has been made wherever transactions have taken place.

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March 2020

35. SHARE BASED PAYMENTS

Share based payments are provided to certain employees of the Company in the form of equity-settled scheme managed by the Parent Company. The Employees Stock Options Plan (ESOP), 2018 has been established by the Parent Company. The Scheme provides that certain employees of the Company are granted an option to subscribe to equity share of the Parent Company that vests on the satisfaction of vesting conditions.

The charge for the year in respect of such plan is included in employee benefits expense amounting to ₹ 201,096/- with a corresponding credit to Equity settled Share Based Payment Reserve in Other equity based on fair value of options determined by an Independent valuer appointed by the Parent company for the purpose and relied upon by the Auditors.

36. SEGMENT INFORMATION

a. Business Segment

The Company operates only in one segment i.e. "Financing and Investment Activities" and hence business segment disclosures as per Ind AS 108 on Operating Segments is not applicable.

b. Geographical Segment

The Company operated in India and hence there is no reportable geographical segment.

37. OPERATING LEASE

The Company is occupying part of a premises owned by the Parent company for which rent of ₹ 405,587/- has been paid to it and is also occupying part of a premises taken on operating lease by the Parent company for which ₹ 195,741/- has been reimbursed to it.

38. FINANCIAL INSTRUMENTS:

The carrying value and financial instruments by categories as of March 31, 2020 is as follows:

Particulars	Measured at			Total Carrying Value
	Amortised Cost	Fair value through P&L	Fair value through OCI	
Financial assets				
Cash and cash equivalents	248,666,757	-	-	248,666,757
Bank balance other than above	503,921	-	-	503,921
Trade receivables	490,364	-	-	490,364
Loans	178,907,160	-	-	178,907,160
Investments (excluding associate)	-	21,559,240	-	21,559,240
Other financial assets	323,527	-	-	323,527
Total	428,891,729	21,559,240	-	450,450,969
Financial liabilities				
Trade payables	1,308	-	-	1,308
Other payables	770,532	-	-	770,532
Other financial liabilities	1,401	-	-	1,401
Total	773,241	-	-	773,241

(₹)

**Notes forming part of Consolidated Financial Statements (Contd.)
 For The Year Ended 31st March 2020**

Fair value hierarchy:

Financial Assets Measured at Fair Value-

(₹)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial instruments				
Investments : Equity Shares	21,559,240	-	-	21,559,240
			(* refer note below)	
Total	21,559,240	-	-	21,559,240

* Investments under level 3 above includes investment in unquoted equity shares of ₹ 50,04,996/- 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

II. 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 trade and other payables, borrowings and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short term nature.

39. Disclosure as per Ind AS 107 of nature and extent of risks from financial instruments and its management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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 income and other receivables.

The maximum exposure to credit risk at the reporting date is primarily from Company's trade receivable and loans.

Following provides exposure to credit risks for trade receivables and loans:

Trade receivable:

The Company has followed simplified method of ECL in case of Trade receivables and the Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. At each reporting date, the Company assesses the impairment requirements.

Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020

Loans:

(₹)

Particulars	As at
	31 st March 2020
Loans (net of impairment)	178,907,160

Loans comprise of Loan against securities (LAS) for which staged approach is followed for determination of ECL.

Stage 1 : All standard loans in LAS loan book upto 30 days past due (DPD) are considered as Stage 1 assets for computation of expected credit loss.

Stage 2 : Exposure under stage 2 include under-performing loans having 31 to 90 days past due (DPD).

Stage 3 : Exposures under stage 3 include non-performing loans with overdue more than 90 days past due (DPD).

Based on historical data, the Company assigns Probability of Default (PD) to stage 1 and stage 2 and applies it to the Exposure at Default (EAD) to compute the ECL. For Stage 3 assets PD is considered as 100%.

Following table provides information about exposure to credit risk and ECL on Loan

(₹)

Bucketing (Stage)	As at 31 st March 2020	
	Carrying Value	ECL
Stage 1	179,150,662	243,502
Stage 2	-	-
Stage 3	-	-
Total	179,150,662	243,502

Movement in the allowances for impairment in respect of loans is as follows:

(₹)

Particulars	As at 31 st March, 2020	
	Fund Based	Non-fund Based
Opening Balance	1,330,173	3,159,069
Net re-measurement of loss allowance	(1,086,671)	(2,524,416)
Closing Balance	243,502	634,653

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 ratings. Investments comprise of Quoted Equity instruments of good companies and diversified portfolio and Mutual Funds which are market tradable.

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and close out market positions.

**Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020**

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 such as bank deposits and/or short term liquid debt funds of Mutual Funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

Refer note no. 44 for analysis of maturities of financial assets and financial liabilities.

a) Market Risk

Market risk arises when movements in market factors (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, and interest 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 own investment which it manages by investing in quoted Equity instruments of good companies and diversified portfolio and Mutual Funds tradable in market. The risk on account of equity shares placed by the clients with the Company as margin, is managed by following the selection criteria as approved by the board in Company's Risk Policy for such equity shares.

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.

40. Disclosure as per Ind-AS 1 on Capital Management

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on its business needs and believes in conservative leverage policy. The funding requirements are met through equity, operating cash flows generated and need based borrowings for short term.

In addition to above the Company is required to maintain a minimum net owned fund as prescribed by Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time. The management ensures that this is complied with at all times.

41. Tax Reconciliation Disclosure**A. Income tax expense consists of the following:**

(₹)

Particulars	For the year ended 31st March, 2020
Current Income Tax	7,999,700
MAT Credit Entitlement	(2,839,000)
Deferred Tax	(4,746,692)
Tax expense for the year	414,008

Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020

B. Amounts recognised in other comprehensive income

(₹)

Particulars	For the year ended 31st March, 2020
Items that will not be reclassified to profit or loss	
Actuarial gain/(loss) on defined benefit plans	(297,033)
Income tax relating to items that will not be reclassified to profit or loss	82,700
	(214,333)

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:

(₹)

Particulars	For the year ended 31st March, 2020
Profit Before Tax	(6,877,260)
Indian Statutory Income Tax Rate (%)	27.82%
Expected Income Tax Expenses	(1,913,254)
Tax Effect of Adjustments to Reconcile Expected Income Tax Expenses to Reported Income Tax Expenses	
Income Exempt From Income Taxes	(89,592)
Expenses Allowable	(126,546)
Expenses Not Deductible	115,412
Net Gain/(Loss) on Fair Value Changes – Investments	5,266,428
MAT Credit Entitlement adjustment	(2,839,000)
Others (Net)	560
Total Income Tax Expenses	414,008

D. Deferred Tax Disclosure

Movement in deferred tax balances

(₹)

Particulars	Provisions	Depreciation and Amortisation	Investments at Fair Value through Profit & Loss	Unabsorbed losses	Total
As at 1st April, 2019	1,248,907	(4,900)	4,561,303	-	5,805,310
Credited/(Charged) to Statement of Profit and Loss	(1,004,607)	3,600	2,213,797	3,533,900	4,746,690
As at 31st March, 2020	244,300	(1,300)	6,775,100	3,533,900	10,552,000

42. Additional information required pursuant to Part II of Schedule III to the Companies Act, 2013

a) Foreign Currency Transactions

(₹)

Particulars	For the year ended 31st March, 2020
Expenditure in Foreign Currency	
- Travelling Expenses	129,490

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March 2020

- b) Other additional information required pursuant to Part II of Schedule III of the Companies Act, 2013 are not applicable to the Company.

43. 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.

- a) Gross amount required to be spent by the Company during the year is ₹ 1,300,000/-
b) Amount spent during the year – ₹ NIL

44. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(₹)

Particulars	As at 31st March, 2020		
	Total	Within 12 months	After 12 Months
Assets			
Financial Assets			
Cash and cash equivalents	248,666,757	248,666,757	-
Bank balance other than above	503,921	-	503,921
Trade receivables	490,364	490,364	-
Loans	178,907,160	178,907,160	-
Investments	28,372,403	-	28,372,403
Other financial assets	323,527	323,527	-
	457,264,132	428,387,808	28,876,324
Non-Financial Assets			
Current tax assets (net)	1,327,032	-	1,327,032
Deferred tax assets (net)	10,552,000	-	10,552,000
Property, plant and equipment	140,196	-	140,196
Other non-financial assets	3,771,714	77,444	3,694,270
	15,790,942	77,444	15,713,498
Total Assets	473,055,074	428,465,252	44,589,822
Liabilities			
Financial Liabilities			
Trade payable	1,308	1,308	-
Other payable	770,532	770,532	-
Other financial liabilities	1,401	1,401	-
	773,241	773,241	-

Notes forming part of Consolidated Financial Statements (Contd.)
For The Year Ended 31st March 2020

(₹)

Particulars	As at 31st March, 2020		
	Total	Within 12 months	After 12 Months
Non-Financial Liabilities			
Current tax liabilities (net)	3,002,742	3,002,742	-
Provisions	1,205,058	1,205,058	-
Other non-financial liabilities	220,135	220,135	-
	4,427,935	4,427,935	-
Total Liabilities	5,201,176	5,201,176	-
Net	467,853,898	423,264,076	44,589,822

45. Other liabilities under Other financial liabilities includes ₹ 1,401/- being aggregate amount of deposits in Company's bank accounts made directly by Clients whose details are awaited.

46. Additional disclosure pertaining to Associate required under part III of division III of Schedule III to the Companies Act, 2013.

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	₹	As % of Consolidated Profit or Loss	₹	As % of Consolidated Other Comprehensive income	₹	As % of Consolidated Total Comprehensive income	₹
Parent								
Emkay Fincap Limited	98.54%	461,040,735	63.68%	(7,291,268)	100.00%	(214,333)	64.34%	(7,505,601)
Associate								
Finlearn Edutech Private Limited	1.46%	6,813,163	36.32%	(4,159,337)	0.00%	-	35.66%	(4,159,337)
Total	100.00%	467,853,898	100.00%	(11,450,605)	100.00%	(214,333)	100.00%	(11,664,938)

47. Salient features of Financial Statements of Subsidiaries/Associates/Joint Ventures as per Companies Act, 2013 (AOC-1):-

Part – A : Subsidiaries – This part is not applicable to the Company.

Part – B : Associate

Name of associate	Latest audited balance sheet date	The date on which the associate was acquired or was associated	Shares of the Associate held by the Company on the year end			Net worth attributable to shareholding as per latest audited balance sheet (₹)	Profit/(loss) for the year Considered in consolidation (₹)
			Nos.	Amount of investment in associate (₹)	Extent of holding %		
Finlearn Edutech Private Limited	31/03/2020	31/12/2019	1,097,250	10,972,500	27.43%	6,813,163	(4,159,337)

There has been a significant influence due to percentage (%) of voting power.

Notes forming part of Consolidated Financial Statements (Contd.) For The Year Ended 31st March 2020

48. Net Loss on fair value changes for the previous year ended 31.03.2019 is net of realized gain of ₹ 71,01,721/- which pertains to prior period i.e., financial year ended 31.03.2018, since the same has arisen due to non-accounting of Investment in shares of Talwalkars Lifestyles Ltd which came into existence at the end of the financial year 2017-18 due to demerger of Talwalkars Better Value Fitness Ltd held by the company.

49. Figures have been rounded off to the nearest rupees.

50. Events after reporting date

There have been no events after the reporting date that requires disclosure in these consolidated financial statements.

51. Approval of consolidated Financial Statements

These consolidated financial statements were approved for the issue by the Board of Directors at their meeting held on June 16, 2020.

As per our report of even date
A. G. MUNDRA & COMPANY
 Chartered Accountants

For and on behalf of the Board of
EMKAY FINCAP LIMITED

(CA Anand Mundra)
Proprietor
 Membership No.: 046024

Krishna Kumar Karwa
Whole time Director

Prakash Kacholia
Director and
Chief Financial Officer

Siddharth Mehta
Company Secretary

Place: Mumbai
 Date: June 16, 2020

Place: Mumbai
 Date: June 16, 2020

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EMKAY FINCAP LIMITED

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

CIN- U65990MH2005PLC153310

ATTENDANCE SLIP

I hereby record my presence at the 15th Annual General Meeting of the Company held on Thursday, August 27, 2020 at 11.00 a.m. at Registered Office of the Company situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar(West), Mumbai – 400 028.

Folio No. DP ID No. Client ID No.

Name of Member

Name of Proxyholder.....

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

Signature of Member/Proxy

Notes:

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

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EMKAY FINCAP LIMITED

CIN No. U65990MH2005PLC153310

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

Website: www.emkayglobal.com Tel: 022-66299299

Email: compliance@emkayglobal.com

PROXY FORM

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

Name of the Member (s):
Registered Address:
E-mail ID:
Folio No./ Client ID:
DP ID:

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

1. Name:
Address:

E-mail ID:

Signature: or failing him
2. Name:
Address:

E-mail ID:

Signature: or failing him
3. Name:
Address:

E-mail ID:

Signature:

(P.T.O)

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15th Annual General Meeting of the Company, to be held on Thursday, August 27, 2020 at 11.00 a.m. at the Registered Office of the Company situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

S r . No.	Resolutions
1	To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2020 together with the reports of the Board of Directors and Auditors thereon.
2	To appoint a director in place of Mr. Prakash Kacholia, (DIN: 00002626) who retires by rotation and being eligible, offers himself for re-appointment.

Signed this ____ day of _____, 2020

Signature of the Shareholder: _____

Signature of the Proxy Holder(s): _____

Affix
Revenue
Stamp of
Re.1

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



Emkay[®]

Your success is our success

Emkay Fincap Limited

CIN: U65990MH2005PLC153310

Registered Office: The Ruby, 7th Floor,

Senapati Bapat Marg,

Dadar West, Mumbai - 400028.

Tel: +91 22 66121212

