



Resilient & Responsible

Annual Report 2020-21

EMKAY FINCAP LIMITED

Emkay®

Your success is our success

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

* Appointed as Whole Time Director w.e.f. November 02, 2020

COMPANY SECRETARY

Mr. Siddharth R. Mehta

STATUTORY AUDITORS

A. G. Mundra & Co., Chartered Accountants
115, Rewa Chambers, 31, New Marine Lines,
Mumbai- 400 023
(upto June 21, 2021)

S. K. Loonker & Co., Chartered Accountants
304, Kakkad Chambers, 132, Dr. Annie Beasant Road,
Worli, Mumbai – 400018
(from June 28, 2021)

BANKERS

HDFC Bank Limited
Kotak Mahindra Bank Limited
State Bank of India
Axis Bank Limited

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 Sixteenth Annual General Meeting of the Members of Emkay Fincap Limited will be held on Thursday, August 05, 2021 at 10.00 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, 2021 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Krishna Kumar Karwa (DIN: 00181055) who retires by rotation and being eligible, offers himself for re-appointment.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Krishna Kumar Karwa, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.

3. To approve the appointment of Statutory Auditors, M/s S. K. Loonker & Co, appointed by the Board of Directors in terms of provisions of Section 139 (8) of the Companies Act, 2013 and rules made thereunder.

“RESOLVED THAT pursuant to the provisions of Section 139 (8) 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), appointment of M/s. S. K. Loonker & Co., Chartered Accountants, Mumbai bearing Firm Registration Number 105653W with the Institute of Chartered Accountants of India (ICAI) made by the Board of Directors as the Statutory Auditors of the Company to hold office till the conclusion of the 16th Annual General Meeting held for the financial year 2020-21 in the casual vacancy caused due to resignation of earlier Statutory Auditor, on such remuneration as determined by the Board of Directors of the Company be and is hereby approved.”

4. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any,

of the Companies Act, 2013 (the “Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. S. K. Loonker & Co., Chartered Accountants, Mumbai bearing Firm Registration Number 105653W with the Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Statutory Auditors of the Company for a period of 3 years to hold office from conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held for the financial year 2023-24 on such remuneration as may be determined by the Board of Directors of the Company.”

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof, the Company be and hereby approves the appointment of Mr. Prakash Kacholia (DIN: 00002626) as a Whole-time Director & Chief Financial Officer of the Company for a period of five years w.e.f. November 02, 2020 upto November 01, 2025 on the terms and conditions as set out below, with the authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as the Board of Directors may deem fit and as may be acceptable to Mr. Prakash Kacholia.

- A. Tenure of Agreement: 5 years with effect from November 02, 2020 upto November 01, 2025
- B. Nature of Duties: The Whole-time Director & CFO shall oversee the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company.
- C. Remuneration: The Whole-time Director & CFO shall not be entitled to any remuneration for the whole period of his appointment.
- D. Other terms of Appointment:
 - i. The terms and conditions of the appointment of

the Whole-time Director & CFO may be altered and varied from time to time by the Board as it may, in its discretion deem fit within the provisions of the Companies Act, 2013.

- ii. This appointment may be terminated by either party by giving to the other party three months' notice of such termination.

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

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

By Order of the Board of Directors
For Emkay Fincap Limited

Siddharth R. Mehta
Company Secretary

Place : Mumbai
Date: June 28, 2021

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.

Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 5

The Nomination and Remuneration Committee in its meeting held on October 20, 2020 and the Board of Directors in its meeting held on October 29, 2020, subject to the approval of the Members had appointed Mr. Prakash Kacholia, Director & CFO of the Company as the Whole-time Director & CFO for a period of five years w.e.f. from November 02, 2020 to November 01, 2025.

Mr. Prakash Kacholia was appointed as Director of the company w.e.f. 27th January 2006 and as a CFO (KMP) in accordance with provision of Section 203 of the Companies Act 2013 of the company w.e.f 13th August 2014. Mr. Prakash Kacholia is holding the position of Managing Director in holding Company i.e. M/s Emkay Global Financial Services Limited. As per provision of section 203 of the Companies Act 2013, the whole time KMP can hold position as a KMP in its Subsidiary Company at the same time. Accordingly, it is proposed to appoint Mr. Prakash Kacholia as a Whole-time Director & CFO, being Director & CFO of the Company.

As per provisions of Section 203(2) of the Companies Act, 2013, every whole time KMP of a Company shall be appointed by means of a resolution of the Board containing the terms & conditions of the appointment.

The Directors recommend the resolution at item no. 5 of the accompanying notice for approval of the Members of the Company.

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

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

By Order of the Board of Directors
For Emkay Fincap Limited

Siddharth R. Mehta
Company Secretary

Place of Signature : Mumbai
Date: June 28, 2021



REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors present the Sixteenth Annual Report of your Company and the Audited Financial Statements for the year ended March 31, 2021.

1. FINANCIAL RESULTS

An overview of the financial performance of the Company for financial year 2020-21 is as under:

(₹ In Lakhs)

Particulars	31.03.2021 (Standalone)	31.03.2020 (Standalone)	31.03.2021 (Consolidated) 01.04.2019 to 31.03.2021	31.03.2020 (Consolidated) 18.12.2019 to 31.03.2020
Revenue from Operations	704.57	580.00	704.57	580.00
Other Revenue	1.78	6.96	1.78	6.96
Profit Before Tax	446.50	(68.77)	446.50	(68.77)
Less: Provision for Taxation	99.16	51.61	99.16	51.61
Less: Deferred Tax Charge /(Benefit)	14.37	(47.47)	14.37	(47.47)
Share of Profit/(Loss) from Associates	--	--	(75.25)	(41.59)
Profit After Tax	332.97	(72.91)	257.72	(114.50)
Other Comprehensive Income /(Loss) (net of tax)	(0.47)	(2.14)	(1.01)	(2.14)
Total Comprehensive Income	332.51	(75.05)	256.71	(116.64)

2. REVIEW OF OPERATIONS AND BUSINESS HIGHLIGHTS

During the year under review, your Company recorded a total income of Rs.706.35 Lakhs as compared to Rs.586.96 Lakhs in the previous financial year, increase of 20.34%. The Company had recorded net profit of Rs.332.97 Lakhs as compared to previous year Loss of Rs.(72.91) Lakhs.

The Company is a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India and continues to hold its membership under NBFC – Investment and Credit Company (NBFC-ICC) categorization. The Company is mainly into an Investing activities and also extends Margin Funding facilities to stock broking clients registered with holding Company, M/s Emkay Global Financial Services Limited.

During the year under review, COVID-19 outbreak was declared as pandemic and the effect of the same was faced by the countries across the globe and Indian Government from time to time has imposed lockdown with certain relaxations. The Company faced no major business interruption on account of this pandemic lockdown.

3. RESERVE AND SURPLUS

During the year, the Company had transferred Rs.66.59 Lakhs to Special Reserve u/s 45(I)(c) of RBI Act, 1934.

4. DIVIDEND

During the year under review, the Company had paid Interim Dividend of Rs.1/- per share i.e. 10% on the face value to its members, amounting to Rs. 2.20 crores. The Company had complied with relevant applicable provisions of the Companies Act, 2013 and rules made thereunder and the Income Tax Act, 1961.

The Interim Dividend paid is to be considered as Final Dividend for the financial year 2020-21.

5. ASSOCIATE COMPANY:

The Company had promoted, invested and acquired stake of 27.43% in an Associate Company, Finlearn Edutech Private Limited in previous financial year 2019-20. During the year under review, the Company had further subscribed to entire 10,00,000 equity shares each of Rs.10/- per share offered by Finlearn Edutech Private Limited to its members on Right Offer basis.

6. 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 2020-21 and the date of this report adversely affecting the financial position of the Company.

7. DIRECTORS & KEY MANAGERIAL PERSONNEL

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

Mr. Prakash Kacholia is a Director & CFO in the Company. In the meeting of Nomination and Remuneration Committee held on October 20, 2020 and in meeting of the Board of Directors held on October 29, 2020, subject to approval of the shareholders in the Annual General Meeting, Mr. Prakash Kacholia was appointed as Whole-Time Director & CFO w.e.f. November 02, 2020. Your Directors recommend the appointment of Mr. Prakash Kacholia as a Whole-Time Director and CFO of the Company.

The above re-appointment of Mr. Krishna Kumar Karwa and appointment of Mr. Prakash Kacholia as Whole-Time Director & CFO forms part of the Notice of the forthcoming 16th Annual General Meeting and the respective resolution is recommended for your approval.

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

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

8. 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 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.

9. CORPORATE GOVERNANCE

A. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2020-21, 8 meetings of the Board of Directors were held i.e. on June 16, 2020, August 13, 2020, September 25, 2020, October 29, 2020 (8.30 a.m.), October 29, 2020 (10.30 a.m.), November 27, 2020, February 03, 2021 and March 02, 2021.

Name of the Director	Category	Board Meetings held during Financial Year 2020-21	
		Held	Attended
Mr. Krishna Kumar Karwa	Whole Time Director	8	8
Mr. Prakash Kacholia	Whole Time Director & CFO*	8	8
Mr. G. C. Vasudeo	Director	8	8
Mr. R. K. Krishnamurthi	Director	8	8

*Mr. Prakash Kacholia was appointed as a Whole-Time Director & CFO w.e.f. November 02, 2020.

B. AUDIT COMMITTEE

The composition of Audit Committee is as under:

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

The Audit Committee comprises of two Independent Director and Whole-Time Director & CFO. The Chairman and the members of the Committee are financially literate. Mr. R. K. Krishnamurthi, Independent Director is the Chairman of the Committee. 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 2020-21, 4 meetings of the Audit Committee were held i.e. on June 16, 2020, August 13, 2020, October 29, 2020 and February 03, 2021.

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



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

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:

Mr. G. C. Vasudeo - Chairman

Mr. R. K. Krishnamurthi - Director

Mr. Prakash Kacholia - Director

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

During the year, two meetings of the NRC Committee were held on June 16, 2020 and October 20, 2020, 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:

Mr. G. C. Vasudeo - Chairman

Mr. Krishna Kumar Karwa - Director

Mr. Prakash Kacholia - Director

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

During the year, two meetings of the CSR Committee were held on June 16, 2020 and October 29, 2020, which was attended by all the Members.

10. ANNUAL RETURN

The Annual Return pursuant to Section 92(3) and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of Holding Company i.e.

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

the Companies Act, 2013, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis.
- The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The directors had laid down systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate & operating effectively.

12. 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.

13. 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.

14. 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 2020-21. 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 A".

15. CORPORATE SOCIAL RESPONSIBILITY

The requirements of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 was applicable to the Company in FY 2018-19. The Company in the meeting of the Board held on May 28, 2018 had constituted a Corporate Social Responsibility Committee comprising three Directors of the Company including one Independent Director. The members of the Committee are Mr. G. C. Vasudeo, Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia. The 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.

During FY 2020-21 the Company has spent an amount of Rs. 36,65,264/- on its own and through a company established section 8 of the Companies Act, 2013. There was an unspent amount of Rs.10,673/- as on March 31, 2021. The Company had contributed Rs. 10,673/- to P M Care Fund on May 05, 2021 as per schedule VII of the Companies Act, 2013 through M/s Emkay Charitable Foundation. The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in "Annexure B" and forms an integral part of this report.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS

AND OUTGO

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

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

17. 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 2020-21 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.

18. 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.

19. 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 2020-21.

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 2020-21 and the report has been attached as "Annexure C".

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 5 years from the conclusion of the 14th Annual General Meeting held on August 12, 2019, till the conclusion of the 19th Annual General Meeting to be held for the financial year 2023-24.

The Statutory Auditors, M/s A. G. Mundra & Co. have tendered their resignation from the Company w.e.f. June 21, 2021. The Auditor has submitted its Resignation Letter to the Company and also complied with SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019 on Company's request in this regards. The Statutory Auditor has filed e-form ADT 3 with ROC on June 25, 2021.

The Audit Committee and the Board of Directors have at their has held its meeting held on June 28, 2021 and appointed M/s S. K. Loonker, Chartered Accountants, Mumbai bearing Firm Registration No. 105653W as a Statutory Auditors of the Company under section 139 (8) of the Companies Act, 2013 and rules made thereunder, to fill the casual vacancy. The Statutory Auditor, M/s S. K. Loonker has submitted their consent letter and certificate under section 139(1) and 141 of the Companies Act, 2013 dated June 24, 2021 for their appointment as a Statutory Auditors for the period of 3 financial years from F.Y. 2021-22 to F.Y. 2023-24. As per section 139 (8) of the Companies Act, 2013 and rules made thereunder, shareholders of the Company shall approve the appointment within 3 months from the date of such appointment and Statutory Auditors should hold the office till the next Annual General Meeting.

Pursuant to section 139(8) and 139(1), your Directors recommend appointment of M/s S. K. Loonker, Chartered Accountants, Mumbai bearing Firm Registration No. 105653W as the Statutory Auditors of the Company to hold the office from the conclusion of 16th Annual General Meeting till the conclusion of 19th Annual General Meeting.

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 2021-22.

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, the Statutory Auditor has not 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 2020-21.

20. SECRETARIAL STANDARDS

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

21. 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.

C. 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

For Emkay Fincap Limited

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Whole Time Director & CFO
DIN: 00002626

Place: Mumbai
Date: June 28, 2021

ANNEXURE "A"

FORM NO. AOC-2

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

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

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

Sr No	Particulars	Details of Transaction
ii	Name(s) of the related party and nature of relationship	Emkay Global Financial Services Limited – Holding Company
iii	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
iv	Duration of the contracts / ar-rangements /transactions	from 1st April, 2020 to 31st March, 2021
vi	Salient terms of the contracts or arrangements or transactions in-cluding 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.
vii	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.
	Date(s) of approval by the Board	24.01.2020
	Amount paid as advances, if any	N.A
	Date on which the resolution was passed in general meeting as re-quired under first proviso to section 188 ##	N.A.

Note:

1. As per 4th proviso to section 188(1) of the Companies Act, 2013 passing of share-holders 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 24, 2020 has been obtained prior to entering into all the related party transactions.

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

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship –N.A

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

On behalf of the Board of Directors

Emkay Fincap Limited

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Whole Time Director & CFO
DIN: 00002626

Place : Mumbai
Date : June 28, 2021

ANNEXURE "B"

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

[ANNEXURE -II]

1. Brief outline on CSR Policy of the Company -

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

2. Composition of CSR Committee

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

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company - Separate website not available.
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) - Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1			
2			
3			
	Total		

- Average net profit /(Loss) of the company as per section 135(5): **Rs. 4,96,13,223/-**
- Two percent of average net profit /(Loss) of the company as per section 135(5): **Rs. 9,92,264/-**
 - Surplus arising out of the CSR projects or programmes or activities of the Previous financial years : NIL
 - Amount required to be set off for the financial year, if any : NIL
 - Total CSR obligation for the financial year (7a+7b-7c) : **Rs. 9,92,264/-**
- CSR amount spent or unspent for the financial year : 2020-21

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
9,92,264	NIL			NIL	
*26,73,000	NIL			NIL	

Note : * Unspent CSR amount pertaining to previous years spent during FY 2020-21.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	Dis-trict.						Name	CSR Reg-istration number.
1.												
2.												
3.												
	Total											

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	Dis-trict.			Name	CSR Reg-istration number.
1.	S.M.B.T. Sevabhavi Trust	(iii)	Yes	Maha-rashtra	Ah-med-nagar	5,00,000	Yes	N.A.	N.A.
2.	M M Patel Public Charitable Trust	(i, ii)	Yes	Maha-rashtra	Sola-pur	5,00,000	Yes	N.A.	N.A.
3.	Aadhar Foundation	(iii)	Yes	Gujarat	Ah-med-abad	1,000,000	Yes	N.A.	N.A.
4.	Omkar Andh Apang Samajik Sanstha	(i ,ii, iii)	Yes	Maha-rashtra	Mum-bai	16,00,000	Yes	N.A.	N.A.
5.	Santacruz West Education Society	(ii)	Yes	Maha-rashtra	Mum-bai	17,000	No.	Emkay Charitable Founda-tion (ECF)	CSR00003579



6.	The Vishal Mumbai Shikshan Prasarak Mandal	(ii)	Yes	Maha-rashtra	Mum-bai	12,261	No.	Emkay Charitable Foundation (ECF)	CSR00003579
7.	Harmony Leminates	(i)	Yes	Maha-rashtra	Mum-bai	25,330	No.	Emkay Charitable Foundation (ECF)	CSR00003579
8.	P M Cares Fund	(viii)	N.A.	N.A.	N.A.	10,673*	No.	Emkay Charitable Foundation (ECF)	CSR00003579
	Total					36,65,264			

*M/s Emkay Charitable Foundation was required to spend Rs.10,673/- out of contribution made by the Company. However, M/s Emkay Charitable Foundation has contributed has Rs.11,000/- to PM Cares Fund.

(d) Amount spent in Administrative Overheads: NIL

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 36,65,264/-

(g) Excess amount for set off, if any -

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	9,92,264
(ii)	Total amount spent for the Financial Year 2020-21	9,92,264
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1	2019-20		13,00,000				
2	2018-19		13,73,000				
	Total		26,73,000				

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the re-ported Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
1								
2								
3								
	Total							

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

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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

On behalf of the Board of Directors

Emkay Fincap Limited

Krishna Kumar Karwa
Whole Time Director
DIN: 00181055

Prakash Kacholia
Whole Time Director & CFO
DIN: 00002626

G. C. Vasudeo
Chairman – CSR Committee
DIN: 00021772

Place: Mumbai

Date : June 28, 2021

**ANNEXURE “C”****FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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, 2021, 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, 2021 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. (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.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. However, the Company has an unspent amount of Rs. 10, 673 /- during the year towards Corporate Social Responsibility and the same have been transferred to 'PMCARES' Fund on May 05, 2021.

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.

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 event occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For Parikh & Associates
Company Secretaries

Place : Mumbai
Date : May 19, 2021

Signature:
Akruti Shah
ACS No: 43371 CP No: 22955
UDIN: A043371C000343649

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

**ANNEXURE “A”**

To,

The Members

Emkay Fincap Limited

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

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

For Parikh & Associates

Company Secretaries

Place : Mumbai

Date : May 19, 2021

Signature:

Akruti Shah

ACS No: 43371 CP No: 22955

UDIN: A043371C000343649

AUDITOR'S ADDITIONAL REPORT

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

1. This report is issued in accordance with the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the "Directions") .
2. We have audited the accompanying financial statements of EMKAY FINCAP LIMITED (hereinafter referred to as the "Company") comprising Balance Sheet as at 31st March, 2021 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, on which we have issued our report dated 19th May ,2021.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013, as amended ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities ; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
4. The Management is also responsible for compliance with the Reserve Bank of India (hereinafter RBI or Bank) Act, 1934 and other relevant RBI directions and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to RBI.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions , it is our responsibility to examine the audited books and records of the Company for the year ended 31st March,2021 and report on the matters specified in the Directions to the extent applicable to the Company.
6. We conducted our examination in accordance with the "Guidance Note on Reports and Certificates for Special Purposes" issued by the Institute of Chartered Accountants of India.

Opinion

7. Based on our examination of the audited books and records of the Company for the year ended 31st March,2021 as produced for our examination and the information and explanations given to us we report that:
 - 7.1 The Company is engaged in the business of non-banking financial institution and has obtained a certificate of registration (CoR) N-13.01809 dated 8th day of October,2005 from the Bank's Department of Non –Banking Supervision ,Mumbai Regional Office.
 - 7.2. The Company is entitled to continue to hold such CoR in terms of its asset and income pattern as on 31st March,2021.
 - 7.3. The Company is meeting the required Net Owned Fund requirement as laid down in Non-Banking Financial Company – Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 ,as amended up to the date of this report.



7.4. The Board of Directors of the Company has passed a resolution in its meeting held on 24th January, 2020 for non-acceptance of public deposits.

7.5. The Company has not accepted any public deposits during the year ended 31st March, 2021.

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

Restriction on use

8. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as auditors of the Company or otherwise. Nothing said in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
9. This report is issued pursuant to our obligations under Directions to submit a report on additional matters as stated in the above Directions, to the Board of Directors of the Company and should not be used by any other person or for any other purpose. A.G.Mundra & Co., Chartered Accountants neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For A.G.Mundra & Co.

Chartered Accountants

Firm Registration No. 114518W

(CA Anand Mundra)

Proprietor

Membership No. 046024

UDIN: 21046024AAAAFA4982

Place : Mumbai

Date : May 19, 2021

INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, its profits 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 are 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.



INDEPENDENT AUDITOR'S REPORT (Contd.)

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

INDEPENDENT AUDITOR'S REPORT
AS AT 31ST MARCH, 2021 (Contd.)

Rule 7 of the Companies (Account) Rules, 2014.

- (e) On the basis of the written representation received from the directors as on March 31, 2021 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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 matter to be included in the Auditor's Report in terms of section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us, the remuneration paid/provided by the Company to its directors by way of commission during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Company is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us
- (h) 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 has disclosed the impact of pending litigations on its financial position in Note 28- Contingent Liabilities of its financial statements.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) No amounts are required to be transferred to the Investor Education and Protection Fund by the Company
- iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying upon

management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

- 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
UDIN : 21046024AAAAEY5413
Place of Signature : Mumbai
Date : May 19, 2021



INDEPENDENT AUDITOR'S REPORT AS AT 31ST MARCH, 2021 (Contd.)

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, 2021

- (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 securities. 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 its holding company, a company covered in the register maintained under section 189 of the Act. The Company has not granted any secured or unsecured loan to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (b) In respect of the aforesaid loan, the terms and conditions under which the said loan was granted are not prejudicial to the Company’s interest.
- (c) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated, and full repayment of principal amount and interest thereon has been received, as stipulated.
- (d) The said loan has been fully repaid with interest thereon as stipulated and hence comments required under paragraph 3(iii)(c) of the order regarding overdue amount of 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 and investments made. The Company has neither given any guarantee nor provided any security in connection with a loan to any other body corporate or person during the year.
- (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 there under to the extent notified. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company is not required to maintain cost records pursuant to the rules made by the Central Government under Section 148 (1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, goods and services tax, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as on March 31, 2021 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, 2021, 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.

INDEPENDENT AUDITOR'S REPORT
AS AT 31ST MARCH, 2021 (Contd.)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowings to the bank. The Company has not obtained any loan or borrowings from any financial institution 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, 2021 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 managerial remuneration paid/provided for by the Company to director by way of commission is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (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 33 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 Number :046024

UDIN: 21046024AAAAEY5413

Place of Signature : Mumbai

Date : May 19, 2021



INDEPENDENT AUDITOR'S REPORT AS AT 31ST MARCH, 2021 (Contd.)

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, 2021

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, 2021 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.

INDEPENDENT AUDITOR'S REPORT
AS AT 31ST MARCH, 2021 (Contd.)

**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, 2021 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 Number :046024

UDIN: 21046024AAAAEY5413

Place of Signature : Mumbai

Date : May 19, 2021



STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2021

(₹)			
Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
A ASSETS			
1 Financial assets			
a) Cash and cash equivalents	3	7,21,28,797	24,86,66,757
b) Bank Balance other than Cash and cash equivalents	4	17,29,18,997	5,03,921
Trade Receivables	5	22,90,981	4,90,364
Loans	6	27,54,71,398	17,89,07,160
Investments	7	5,52,12,455	3,25,31,740
Other Financial assets	8	4,58,453	3,23,527
Total Financial Assets		57,84,81,081	46,14,23,469
2 Non-Current Liabilities			
a) Current tax assets (net)	9	8,65,761	13,27,032
b) Deferred tax Assets (net)	40(D)	91,14,700	1,05,52,000
c) Property, Plant and Equipment	10	88,528	1,40,196
d) Other non financial assets	11	35,54,702	37,71,714
Total Non -financial Assets		1,36,23,691	1,57,90,942
Total assets		59,21,04,772	47,72,14,411
B LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
c)			
Derivative financial instruments		-	-
Payables			
I) Trade Payables	12(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		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
II) Other Payables	12(II)		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		33,30,972	6,90,005
Borrowings (Other than Debt Securities)	13	10,00,01,164	-
Other financial liabilities	14	-	1,401
Total Financial liabilities		10,33,32,136	6,92,714
2 Non-Financial Liabilities			
Current tax liabilities (net)	15	30,36,387	30,02,742
Provisions	16	14,81,482	12,85,585
Other non-financial liabilities	17	8,54,376	2,20,135
Total Non- financial liabilities		53,72,245	45,08,462
Total liabilities		10,87,04,381	52,01,176

STANDALONE BALANCE SHEET
AS AT 31ST MARCH, 2021 (Contd.)

			(₹)
Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
EQUITY			
Equity share capital	18	22,00,00,000	22,00,00,000
Other Equity	19	26,34,00,391	25,20,13,235
Total equity		48,34,00,391	47,20,13,235
Total Liabilities and Equity		59,21,04,772	47,72,14,411

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

As per our report of even date

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

For A. G. MUNDRA & COMPANY
CHARTERED ACCOUNTANTS

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021



STANDALONE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2021

(₹)			
Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1 REVENUE FROM OPERATIONS			
(i) Interest income	20	2,36,98,303	5,22,66,468
(ii) Dividend income	21	2,23,125	12,65,618
(iii) Fee and commission income	22	10,90,143	8,56,932
(iv) Net gain on fair value changes	23	4,54,45,563	-
(v) Impairment gains of financial instruments	24	-	36,11,087
1 TOTAL REVENUE FROM OPERATIONS		7,04,57,134	5,80,00,105
2 OTHER INCOME	25	1,77,977	6,95,706
3 TOTAL INCOME (I + II)		7,06,35,111	5,86,95,811
EXPENSES			
(i) Finance costs	26	2,01,164	1,52,25,812
(ii) Net loss on fair value changes	23	-	3,52,93,286
(iii) Fee and commission expense	27	69,67,397	4,30,076
(iv) Impairment of financial instruments	24	2,16,712	-
(v) Employee benefits expenses	28	1,18,98,615	89,36,857
(vi) Depreciation, amortization and impairment	29	51,668	1,03,565
(vii) Other expenses	30	66,49,564	55,83,475
4 Total Expenses (IV)		2,59,85,120	6,55,73,071
5 Profit/(loss) before tax (III- IV)		4,46,49,991	(68,77,260)
6 Tax Expense:			
(1) Current tax		99,15,700	79,99,700
Less: MAT Credit Entitlement		-	(28,39,000)
		99,15,700	51,60,700
(2) Deferred tax/(benefit)		14,37,300	(47,46,692)
Total Tax Expense		1,13,53,000	4,14,008
7 Profit/(loss) for the year		3,32,96,991	(72,91,268)
8 Other Comprehensive Income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
- Actuarial Gain/(Loss) on Defined Benefit Plan		(62,138)	(2,97,033)
(ii) Income tax relating to items that will not be reclassified to profit or loss		15,700	82,700
Sub total (A)		(46,438)	(2,14,333)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Sub total (B)		-	-
Other Comprehensive Income/(loss) (A + B)		(46,438)	(2,14,333)

STANDALONE STATEMENT OF PROFIT & LOSS
AS AT 31ST MARCH, 2021 (Contd.)

(₹)			
Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Earnings per Equity Share of Nominal Value of Rs.10 each			
- Basic		1.51	(0.33)
- Diluted		1.51	(0.33)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2		

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2021

1. EQUITY SHARE CAPITAL

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

Particulars	Equity Share Capital	
	No. of Shares	Amount in ₹
As at 1st April, 2019	2,20,00,000	22,00,00,000
Changes during the year	-	-
As at 31st March, 2020	2,20,00,000	22,00,00,000
Changes during the year	-	-
As at 31st March, 2021	2,20,00,000	22,00,00,000

2. OTHER EQUITY

(₹)

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Retained Earnings	Special Reserve under section 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 Plan	
Balance as at April 1, 2019	14,33,88,853	6,58,54,733	5,00,00,000	1,80,731	(1,06,577)	25,93,17,740
Share based payments to Employees	-	-	-	2,01,096	-	2,01,096
Profit (loss) for the year after income tax	(72,91,268)	-	-	-	-	(72,91,268)
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(2,14,333)	(2,14,333)
Total Comprehensive Income/(loss) for the year						(75,05,601)
Balance as at March 31, 2020	13,60,97,585	6,58,54,733	5,00,00,000	3,81,827	(3,20,910)	25,20,13,235
Balance as at April 1, 2020	13,60,97,585	6,58,54,733	5,00,00,000	3,81,827	(3,20,910)	25,20,13,235
Share based payments to Employees	-	-	-	1,36,603	-	1,36,603
“ Transfer to Special Reserve under section 45-IC of the RBI Act, 1934 “	(66,59,398)	66,59,398				-
Dividend paid	(2,20,00,000)	-	-	-	-	(2,20,00,000)
Profit (loss) for the year after income tax	3,32,96,991	-	-	-	-	3,32,96,991

STANDALONE STATEMENT OF CHANGES IN EQUITY
AS AT 31ST MARCH, 2021 (Contd.)

(₹)						
Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Retained Earnings	Special Reserve under section 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 Plan	
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(46,438)	(46,438)
Total Comprehensive Income/(loss) for the year						3,32,50,553
Balance as at March 31, 2021	14,07,35,178	7,25,14,131	5,00,00,000	5,18,430	(3,67,348)	26,34,00,391

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH, 2021

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	4,46,49,991	(68,77,260)
Add: (less) : Adjustment for :		
Depreciation and Amortization Expense	51,668	1,03,565
Loss on Disposal/Discard of Property, Plant and Equipment	-	142
Impairment /(Impairment Gains) of financial instruments	2,16,712	(36,11,087)
Net gain / (loss) on fair value changes	(3,32,686)	2,75,64,783
Share based payments to employees	1,36,603	2,01,096
Interest on deposit with Bank	(31,69,157)	(35,555)
Interest on Income Tax Refund	(55,132)	(6,95,706)
	(31,51,992)	2,35,27,238
Operating profit before working capital changes	4,14,97,999	1,66,49,978
Add: (less) : Adjustment for changes in working capital:		
Increase/(decrease) in bank balance other than cash and cash equivalents	(17,24,15,076)	-
(Increase)/decrease in trade receivables	(18,00,617)	7,11,640
(Increase)/decrease in other financial assets	25,074	(2,22,231)
(Increase)/decrease in other non financial assets	57,012	96,061
(Increase)/decrease in Loans	(9,70,11,141)	26,23,96,988
Increase/(decrease) in trade payables	(1,308)	(10,91,914)
	26,40,967	6,90,005
Increase/(decrease) in other financial liabilities	(1,401)	(375)
Increase/(decrease) in provisions	3,63,950	(16,98,737)
Increase/(decrease) in other non financial liabilities	6,34,241	38,013
	(26,75,08,299)	26,09,19,450
Cash Generated from operations	(22,60,10,300)	27,75,69,428
Income tax (Paid)/Refund	(94,05,084)	(40,58,878)
Cash flow before exceptional / extraordinary items	(23,54,15,384)	27,35,10,550
Exceptional / extraordinary items	-	-
Net cash (used in) / generated from operating activities (A)	(23,54,15,384)	27,35,10,550
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	-	742
Sale/(Purchase) of Investments	(2,23,48,029)	8,27,11,149
Interest on deposit with Bank	31,69,157	35,555
Interest on Income Tax Refund	55,132	6,95,706
	(1,91,23,740)	8,34,43,152
Net cash (unused in)/generated from investing activities (B)	(1,91,23,740)	8,34,43,152

STANDALONE STATEMENT OF CASHFLOW
AS AT 31ST MARCH, 2021 (Contd.)

(₹)			
Particulars	As at 31st March, 2021		As at 31st March, 2020
C CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment)/Proceeds from Short Term Borrowings	10,00,01,164		(11,45,00,000)
Dividend paid	(2,20,00,000)		-
		7,80,01,164	(11,45,00,000)
Net cash (unused in)/generated from financing activities (C)		7,80,01,164	(11,45,00,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		(17,65,37,960)	24,24,53,702
Cash and Cash Equivalents at the beginning of the year (Opening Balance)		24,86,66,757	62,13,055
Cash and Cash Equivalents at the close of the year (Closing Balance)		7,21,28,797	24,86,66,757
1. Cash and cash equivalents comprise of :			
Balances with Scheduled Banks			
- In Current Accounts		7,20,84,420	24,85,90,899
Cash on hand		44,377	50,556
Balance in Prepaid Cards		-	25,302
		7,21,28,797	24,86,66,757

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. Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

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

These financial statements comprise the Balance Sheets as at March 31, 2021 and 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, 2021 and for the year ended March 31, 2020, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as 'Financial Statements').

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

2015 as amended 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) .

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.

ii) Historical Cost Convention

The 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).

(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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

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:

- 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 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.

2.2 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. The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2018 as the deemed cost under Ind AS. Hence, regarded thereafter as historical cost.

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.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

Depreciation

Depreciation is calculated using the written down value (WDV) method to write down the cost of Property, Plant and Equipment 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 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

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).

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



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

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.

(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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT 31ST MARCH, 2021 (Contd.)

2.5 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and balances with banks (other than earmarked and fixed deposits with bank (free from encumbrances that are readily convertible to known amounts of cash with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

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



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

(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 Leave 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

(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.

(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



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021 (Contd.)

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.

2.17 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to its equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a dividend distribution is authorised when it is approved by the shareholders and in case of interim dividend distribution when it is approved by the board of directors. A corresponding amount is recognised directly in equity.

2.18 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

3. CASH AND CASH EQUIVALENTS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	44,377	50,556
Balances with Banks		
- In current accounts	7,20,84,420	24,85,90,899
Others		
- Balance in Prepaid Cards	-	25,302
Total	7,21,28,797	24,86,66,757

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
- Fixed deposits with bank (with origial maturity of more than 3 months)*	17,29,18,997	5,03,921
Total	17,29,18,997	5,03,921
* Fixed deposits lien marked as security against bank overdraft facility (March 31, 2020 :As security for corporate credit card.) .		

5. TRADE RECEIVABLES

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Receivables considered good - Unsecured	22,90,981	4,90,364
Total	22,90,981	4,90,364
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, 2021	As at 31st March, 2020
Term Loans		
At amortised cost		
Secured		
- Secured by Tangible assets (Securities)	27,61,61,603	17,12,36,836



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Total (I) - Gross	27,61,61,603	17,12,36,836
Less : Impairment loss allowance	(6,90,404)	(1,31,640)
Total (I) - Net	27,54,71,199	17,11,05,196
Un-secured		
i) Others	200	79,13,826
Total (II) - Gross	200	79,13,826
Less : Impairment loss allowance	(1)	(1,11,862)
Total (II) - Net	199	78,01,964
Loans in India	27,54,71,398	17,89,07,160
i) Public Sector	-	-
ii) Others	27,61,61,803	17,91,50,662
Total - Gross	27,61,61,803	17,91,50,662
Less: Impairment loss allowance	(6,90,405)	(2,43,502)
Total - Net	27,54,71,398	17,89,07,160
Loans outside India	-	-
Total	27,54,71,398	17,89,07,160

7. INVESTMENTS

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) At Fair value through Profit & Loss		
In Equity instruments	3,42,39,955	2,15,59,240
(B) At Cost		
Investment in associate	2,09,72,500	1,09,72,500
Total	5,52,12,455	3,25,31,740
ii) Investments in India	5,52,12,455	3,25,31,740
ii) Investments outside India	-	-
Total	5,52,12,455	3,25,31,740
Notes:		
(a) Disclosure under Ind AS 27 for Investment in Associates		
Name of Associate	% of ownership interest	
Finlearn Edutech Private Limited	41.94500%	27.43125%
(b) Method used to account for Investment in Associate	At Cost	At Cost

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

8. OTHER FINANCIAL ASSETS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Advances	1,26,899	3,20,827
Other Receivable	-	2,700
Income Receivable	3,31,554	-
Total	4,58,453	3,23,527

9. CURRENT TAX ASSETS (NET)

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Income tax paid (net of provision for tax)	8,65,761	13,27,032
Total	8,65,761	13,27,032

10. PROPERTY, PLANT AND EQUIPMENT

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Gross Block (At Cost)		
As at 1st April 2019	4,36,087	4,36,087
Additions	-	-
Disposals	887	887
As at 31st March, 2020	4,35,200	4,35,200
Additions	-	-
Disposals	-	-
As at 31st March, 2021	4,35,200	4,35,200
Accumulated depreciation		
As at 1st April 2019	1,91,439	1,91,439
Charge for the year	1,03,565	1,03,565
Disposals	-	-
As at 31st March, 2020	2,95,004	2,95,004
Charge for the year	51,668	51,668
Disposals	-	-
As at 31st March, 2021	3,46,672	3,46,672
Net Block		
As at 31st March, 2020	1,40,196	1,40,196
As at 31st March, 2021	88,528	88,528



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

11. OTHER NON FINANCIAL ASSETS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits - Others	-	1,60,000
Prepaid expenses	61,702	1,18,714
Mat Credit Entitlement	34,93,000	34,93,000
Total	35,54,702	37,71,714

12. PAYABLES

(₹)

Particulars	As at 31st March, 2021	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

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(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	33,30,972	6,90,005
Total	33,30,972	6,90,005

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	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Amount of further interest remaining due and payable in succeeding years	-	-
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13. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) In India		
At Amortised Cost		
Loan Repayable on Demand		
- Overdraft from Bank - Secured by lien on deposit with bank	10,00,01,164	-
Total (A)	10,00,01,164	-
Borrowings in India	10,00,01,164	-
Borrowings outside India	-	-
(B) Out of above		
Secured (against Deposit with Bank)	10,00,01,164	-
Unsecured	-	-
Total (B)	10,00,01,164	-

14. OTHER FINANCIAL LIABILITIES

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other liabilities	-	1,401
Total	-	1,401

15. CURRENT TAX LIABILITIES(NET)

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
For taxation (net of taxes paid)	30,36,387	30,02,742
Total	30,36,387	30,02,742



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

16. PROVISIONS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Employees Benefits		
- Gratuity	2,48,628	4,49,012
- Compensated expenses	-	1,21,393
- Bonus and Incentive	4,15,392	-
Others		
- Provision for Non-fund based Exposure	4,04,462	6,34,653
- Provision for Expenses	4,13,000	80,527
Total	14,81,482	12,85,585

17. OTHER NON FINANCIAL LIABILITIES

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues payable	8,54,376	2,20,135
Total	8,54,376	2,20,135

18. EQUITY

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
EQUITY SHARE CAPITAL		
Authorised:		
22,000,000 (P.Y. 22,000,000) Equity Shares of Rs.10/- each	22,00,00,000	22,00,00,000
5,000,000 (P.Y. 5,000,000) 9% Non-convertible Redeemable Preference shares of Rs.10/- each	5,00,00,000	5,00,00,000
	27,00,00,000	27,00,00,000
Issued, subscribed and fully paid up		
Equity shares		
22,000,000 (P.Y. 22,000,000) Equity Shares of Rs.10/- each fully paid up	22,00,00,000	22,00,00,000
Total Equity	22,00,00,000	22,00,00,000

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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

(₹)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No of Shares	Amount ₹	No of Shares	Amount ₹
EQUITY SHARE CAPITAL				
Equity Shares				
At the beginning of the year	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000
Add: Shares issued during the year	-	-	-	-
At the end of the year	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000

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

The company has only one class of equity shares having par value of 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 22,00,00,000 (P.Y. 22,00,00,000) equity shares of Rs. 10 each fully paid up are held by Holding Company Emkay

Global Financial Services Limited.

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	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.	2,20,00,000	100	2,20,00,000	100

19. OTHER EQUITY

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Retained Earnings		
Balance at the Beginning of the Reporting Period	13,60,97,585	14,33,88,853
Add: Profit/(Loss) for the year	3,32,96,991	(72,91,268)
Amount Available for Appropriation	16,93,94,576	13,60,97,585
Less: Appropriations		



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Less: Amount transferred to Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	66,59,398	-
Less: Dividend paid (Refer note no. 49)	2,20,00,000	-
Balance at the End of the Reporting Period	14,07,35,178	13,60,97,585
Special Reserve u/s 45-IC of the RBI Act 1934		
Balance at the Beginning of the Reporting Period	6,58,54,733	6,58,54,733
Add: Transfer from Retained Earnings	66,59,398	-
Balance at the End of the Reporting Period	7,25,14,131	6,58,54,733
Capital Redemption Reserve		
Balance at the Beginning of the Reporting Period	5,00,00,000	5,00,00,000
Balance at the End of the Reporting Period	5,00,00,000	5,00,00,000
Equity-settled Share Based Payment Reserve		
Balance at the Beginning of the Reporting Period	3,81,827	1,80,731
Add: Share Based Payments to Employees during the year	1,36,603	2,01,096
Balance at the End of the Reporting Period	5,18,430	3,81,827
Other Comprehensive Income		
Balance at the Beginning of the Reporting Period	(3,20,910)	(1,06,577)
Add: Movement in Other Comprehensive Income (Net) during the year	(46,438)	(2,14,333)
Balance at the End of the Reporting Period	(3,67,348)	(3,20,910)
Total	26,34,00,391	25,20,13,235

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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 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 plan.

20. INTEREST INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial assets measured at amortised cost:		
- On loans	2,05,29,146	5,22,30,913
- On deposits with Banks	31,69,157	35,555
Total	2,36,98,303	5,22,66,468

21. DIVIDEND INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Dividend on Investments	2,23,125	12,65,618
Total	2,23,125	12,65,618

22. FEE AND COMMISSION INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Referral fees	10,90,143	8,56,932
Total	10,90,143	8,56,932

23. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

- Investments	1,11,96,035	(3,95,90,481)
- Securities	3,42,49,528	42,97,195
Total Net gain/(loss) on fair value changes (A)	4,54,45,563	(3,52,93,286)
Fair Value changes:		
- Realised		
- Investments	1,08,63,349	(1,20,25,698)
- Securities	3,42,49,528	42,97,195
	4,51,12,877	(77,28,503)
- Unrealised	3,32,686	(2,75,64,783)
(B) Total Net gain/(loss) on fair value changes to tally with (A)	4,54,45,563	(3,52,93,286)

24. IMPAIRMENT /(IMPAIRMENT GAINS) OF FINANCIAL INSTRUMENTS

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
At amortised cost		
- On Loans	2,16,712	(36,11,087)
Total	2,16,712	(36,11,087)

25. OTHER INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Other Interest Income	55,132	6,95,706
Liability No Longer Payable	1,21,393	-
Miscellaneous Income	1,452	-
Total	1,77,977	6,95,706

26. FINANCE COSTS

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost:		
- On borrowings other than debt securities	2,01,164	1,52,25,812
Total	2,01,164	1,52,25,812

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

27. FEE AND COMMISSION EXPENSE

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Brokerage and Commission Paid	69,67,397	4,30,076
Total	69,67,397	4,30,076

28. EMPLOYEE BENEFIT EXPENSE

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and Other Benefits	1,15,09,316	84,50,056
Share based payments to Employees	1,36,603	2,01,096
Gratuity	1,86,490	1,51,979
Staff Welfare Expenses	66,206	1,33,726
Total	1,18,98,615	89,36,857

29. DEPRECIATION EXPENSE

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation of Tangible Assets	51,668	1,03,565
Total	51,668	1,03,565

30. OTHER EXPENSES:

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Electricity	1,10,766	1,46,241
Rent	5,54,210	6,01,329
Repairs and Maintenance		
- Others	5,79,513	6,04,944
Communication Expenses	22,810	45,388
Travelling and Conveyance	96,669	19,75,549
Advertisement & Business Promotion	-	5,35,389
Printing and Stationery	9,240	30,728
Loss on Disposal/Discard of Property, Plant and Equipment	-	142



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

		(₹)
Loss in Share Trading	-	177
Legal and Professional Fees	5,58,495	8,12,743
Membership and Subscription	13,476	71,747
Payments to Statutory Auditors (Refer note below) #	3,81,140	1,85,850
Commission to Independent Directors	4,13,000	-
Miscellaneous Expenses	1,33,203	2,89,404
Corporate Social Responsibility (Refer Note 45)	36,65,264	-
Depository Charges	55,078	2,26,944
Fees & Stamps (Net)	56,700	56,900
Total	66,49,564	55,83,475

#		(₹)
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Payment to Auditors #		
- As auditors		
Audit fee	2,36,000	1,62,250
- In other Capacity		
Limited Review and Certification	1,45,140	23,600
Total	3,81,140	1,85,850

31. EARNINGS PER SHARE

		(₹)
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Net Profit/(Loss) after tax available for Equity Shareholders (₹)	3,3,296,991	(7,291,268)
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 (₹)	1.51	(0.33)
d) Diluted Earnings per Equity Share (₹)	1.51	(0.33)

32. 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:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I) Changes in present value of obligations		
Present Value of Obligations at beginning of the period	1,150,482	821,481
Current Service Cost	161,588	134,067
Interest Expense or Cost	63,806	56,802
Re-measurement (or Actuarial) (Gain)/Loss arising from:-		
-change in demographic assumptions	(2,007)	108
-change in financial assumptions	(3,415)	105,451
-experience variance (i.e. Actual experience vs assumptions)	112,288	180,698
Benefits Paid	-	(54,040)
Acquisition Adjustment	-	(94,085)
Present Value of Obligations at end of the period	1,482,742	1,150,482
II) Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of the period	701,470	562,433
Investment Income	38,904	38,890
Employer's Contribution	449,012	259,048
Acquisition Adjustment	-	(94,085)
Benefits Paid	-	(54,040)
Return on plan assets, excluding amount recognized in net interest expense	44,728	(10,776)
Fair Value of Plan Assets at end of the period	1,234,114	701,470
III) Reconciliation of net liability/asset		
Net defined benefit liability/(asset) as at the beginning	(449,012)	(259,048)
Expenses charged to statement of profit and loss	(186,490)	(151,979)
Amount recognized in other comprehensive income	(62,138)	(297,033)
Employer contribution	449,012	259,048
Net defined benefit liability/(asset) as at the end	(248,628)	(449,012)
IV) Expenses recognized in Statement of Profit and Loss		
Current Service Cost	161,588	134,067
Net Interest Cost / (Income) on the net defined benefit liability/ (Asset)	24,902	17,912
Expenses recognized in Statement of Profit and Loss	186,490	151,979
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	-	-



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

		(₹)
VI) Other Comprehensive Income		
Actuarial (gains)/losses	-	-
-change in demographic assumptions	(2,007)	108
-change in financial assumptions	(3,415)	105,451
-experience variance (i.e. actual experience vs assumptions)	112,288	180,698
Return on plan assets, excluding amount recognized in net interest expense	(44,728)	10,776
Components of defined benefit costs recognized in other comprehensive income	62,138	297,033
VII) Amount recognized in Balance Sheet		
Present value of obligation	1,482,742	1,150,482
Fair value of plan assets	1,234,114	701,470
Surplus/(Deficit)	(248,628)	(449,012)
Effects of asset ceiling, if any	-	-
Net Asset / (Liability)	(248,628)	(449,012)
VIII) Key actuarial assumptions		
Discount rate (p.a.)	5.60%	5.55%
Salary growth rate (p.a.)	10.00%	10.00%
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 2012-14
IX) Category of plan assets		
Insurer managed funds	99.09%	98.41%
Bank Balance	0.91%	1.59%
X) Sensitivity analysis for significant assumptions is as shown below		
Discount Rate (- 1%) : % Change compared to base due to sensitivity	4.90%	4.90%
Discount Rate (+ 1%) : % Change compared to base due to sensitivity	-4.40%	-4.50%
Salary Growth (- 1%) : % Change compared to base due to sensitivity	-3.00%	-3.50%
Salary Growth (+ 1%) : % Change compared to base due to sensitivity	2.90%	3.50%
Attrition Rate (- 50%) : % Change compared to base due to sensitivity	3.70%	10.00%
Attrition Rate (+ 50%) : % Change compared to base due to sensitivity	-3.00%	-5.30%
Mortality Rate (- 10%) : % Change compared to base due to sensitivity	0.00%	0.00%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(₹)

Mortality Rate (+ 10%) : % Change compared to base due to sensitivity	0.00%	0.00%
XI) Expected Contribution during the next annual reporting period		
The Company's best estimate of Contribution during the next year	372,933	569,993
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	348,130	263,951
2 to 5 years	800,813	635,901
6 to 10 years	468,525	332,550
more than 10 years	384,007	321,783

33. RELATED PARTY DISCLOSURES

A) List of related parties

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



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

B) Transactions with related parties 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		Directors/Key Management Personnel / Individuals having significant influence		Others i.e. Emkay Fincap Ltd Employees Group Gratuity Assurance Fund	
		2020-21	2019-20	2020- 21	2019- 20	2020-21	2019-20	2020-21	2019- 20	2020-21	2019-20
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
I	Income										
	Interest Received	1,167,123	5,073,770	-	-	-	5,464	-	-	-	-
II	Expenditure										
a)	Depository Charges	51,342	186,894	-	-	-	-	-	-	-	-
b)	Rent	405,588	405,587	-	-	-	-	-	-	-	-
c)	Interest Paid	-	161,644	-	-	-	-	-	-	-	-
d)	Commission to Director – G C Vasudeo	-	-	-	-	-	-	236,000	-	-	-
e)	Commission to Director– R K Krishnamurthi	-	-	-	-	-	-	177,000	-	-	-
f)	Salaries and Other Benefits Trupti Bolke	-	-	-	-	-	-	-	299,658	-	-
g)	Salaries and Other Benefits Siddharth Mehta	-	-	-	-	-	-	624,756	104,126	-	-
h)	Gratuity Contribution	-	-	-	-	-	-	-	-	186,490	151,979
i)	Share Based payments	136,603	201,096	-	-	-	-	-	-	-	-
III	Others										
a)	Dividend Paid	22,000,000	-	-	-	-	-	-	-	-	-
b)	Expenses Reimbursed	319,130	407,438	-	-	-	-	-	-	-	-
c)	Loans Granted	410,000,000	600,000,000	-	-	-	20,000,000	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

d)	Repayment received of loans granted	410,000,000	600,000,000	-	-	-	20,000,000	-	-	-	-
e)	Brokerage on shares bought/sold	303,908	286,068	-	-	-	-	-	-	-	-
f)	Loans Taken	-	60,000,000	-	-	-	-	-	-	-	-
g)	Repayment made of loans Taken	-	60,000,000	-	-	-	-	-	-	-	-
h)	Expenses paid on their behalf	-	-	-	1,800	-	-	-	-	-	-
i)	Expenses paid on their behalf	-	-	-	-	-	612,631	-	-	-	-
j)	Investments made	-	-	-	-	10,000,000	10,972,500	-	-	-	-
IV	Outstanding as on 31.03.2021										
	Other Financial Assets - Other Receivable	-	-	-	-	-	2,000	-	-	-	-
	Loans	-	-	-	-	-	4,917	-	-	-	-
	Investment	-	-	-	-	20,972,500	10,972,500	-	-	-	-
	Commission to Director – G C Vasudeo	-	-	-	-	-	-	236,000	-	-	-
	Commission to Director–R K Krishnamurthi	-	-	-	-	-	-	177,000	-	-	-
	Provisions - Provision for Employee Benefits – Gratuity	-	-	-	-	-	-	-	-	248,628	449,012
	Share Based payments	518,430	381,827	-	-	-	-	-	-	-	-
	Other Payables	119,518	-	-	-	-	-	-	-	-	-
	Trade Payables	-	1,308	-	-	-	-	-	-	-	-



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Trade Receivables	2,290,981	-	-	-	-	-	-	-	-	-
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- 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.

34. SEGMENT INFORMATION

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 ₹136,603/- (P.Y. ₹ 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.

35. 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.

36. OPERATING LEASE

The company is occupying part of a premises owned by the Parent company for which rent of ₹ 405,588/- (P.Y. ₹ 405,587/-) has been paid to it and is also occupying part of another premises taken on operating lease by the Parent company for which ₹ 148,622/- (P.Y. ₹ 195,741/-) has been reimbursed to it.

37. FINANCIAL INSTRUMENTS:

- I. The carrying value and financial instruments by categories as of March 31, 2021 is as follows:

Particulars	Measured at			
	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
Financial assets				
Cash and cash equivalents	72,128,797	-	-	72,128,797
Bank balance other than above	172,918,997	-	-	172,918,997
Trade receivables	2,290,981	-	-	2,290,981

(₹)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Loans	275,471,398	-	-	275,471,398
Investments (excluding associate)	-	34,239,955	-	34,239,955
Other financial assets	458,453	-	-	458,453
Total	523,268,626	34,239,955	-	557,508,581
Financial liabilities				
Trade payables	-	-	-	-
Other payables	3,330,972	-	-	3,330,972
Borrowings (other than Debt securities)	100,001,164	-	-	100,001,164
Other financial liabilities	-	-	-	-
Total	103,332,136	-	-	103,332,136

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

(₹)

Measured at				
Particulars	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
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

(₹)

Measured at				
Particulars	Amortised Cost	Fair value through P&L	Fair value through OCI	Total Carrying Value
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	690,005	-	-	690,005
Borrowings (other than Debt securities)	-	-	-	-
Other financial liabilities	1,401	-	-	1,401

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Total	692,714	-	-	692,714
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Fair value hierarchy:

Financial Assets Measured at Fair
Value-

(₹)

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial instruments				
Investments : Equity Shares	34,239,955	-	-	34,239,955
		(* refer note below)		
Total	34,239,955	-	-	34,239,955

(₹)

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 ₹ 5,004,996/- (March 31, 2020: ₹ 5,004,996/-) 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.

38. 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 fail to meet its contractual obligation.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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, 2021	As at 31st March, 2020
Loans (net of impairment)	275,471,398	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 31st March, 2021		As at 31st March, 2020	
	Carrying Value	ECL	Carrying Value	ECL
Stage 1	276,161,803	690,405	179,150,662	243,502
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Total	276,161,803	690,405	179,150,662	243,502

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

(₹)				
Particulars	Fund Based		Non-Fund Based	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Opening Balance	243,502	1,330,173	634,653	3,159,069
Net re-measurement of loss allowance	446,903	(1,086,671)	(230,191)	(2,524,416)
Closing Balance	690,405	243,502	404,462	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.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

b. Liquidity risk

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

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

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets 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.

c. 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.

39. 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.

40. TAX RECONCILIATION DISCLOSURE

A. Income tax expense consists of the following:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(₹)		
Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current Income Tax	9,915,700	7,999,700
MAT Credit Entitlement	-	(2,839,000)
Deferred Tax	1,437,300	(4,746,692)
Tax Relating to Earlier Years	-	-
Tax expense for the year	11,353,000	414,008

B. Amounts recognised in other comprehensive income

(₹)		
Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit plans	(62,138)	(297,033)
Income tax relating to items that will not be reclassified to profit or loss	15,700	82,700
	(46,438)	(214,333)

C. i) 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	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit Before Tax	44,649,991	(6,877,260)
Enacted Tax Rate in India (%)	25.168%	27.82%
Expected Income Tax Expenses	11,237,510	(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)
Deductible Expenses for Tax Purpose	(44,598)	(126,546)
Non Deductible Expenses for Tax Purpose	1,375,295	59,467
Impairment Gain / (Loss) on Financial Instruments	-	-
Net Gain/(Loss) on Fair Value Changes – Investments	(1,318,568)	5,266,428
Effect on Deferred Tax Due to Change in Income Tax Rate	23,150	-
MAT Credit Entitlement adjustment	-	(2,839,000)
Others (Net)	80,211	56,505
Total Income Tax Expenses	11,353,000	414,008

ii) The Company elected to exercise the option of lower tax rate permitted under section 115BAA of the Income Tax Act, 1961 with effect from current year. Accordingly, the Company has recognised Provision for Current Tax and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit and Loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

D. Deferred Tax Disclosure Movement in deferred tax balances

(₹)

Particular	Provisions	Depreciation and Amortisation	Investments at Fair Value through Profit & Loss	Unabsorbed losses	Total
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
Credited/(Charged) to Statement of Profit and Loss	62,300	(550)	(4,149,300)	2,650,050	(1,437,300)
As at 31st March, 2021	306,800	(1,850)	2,625,800	6,183,950	9,114,700

41. Expenses includes ₹ 1,743,338/- (P.Y. ₹ Nil) pertaining to prior period.

42. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

43. 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, 2021	For the year ended 31st March, 2020
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.

44. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

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

a) Gross amount required to be spent by the Company during the year

(₹)

For year ended	CSR Amount to be spent
31st March, 2019	1,373,000
31st March, 2020	1,300,000
31st March, 2021	992,264
Total	36,65,264

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

b) Amount spent during the year – ₹ 3,665,264/- (P. Y. ₹ NIL)

45. 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 March 31, 2021		
	Total	Within 12 months	After 12 Months
Assets			
Financial Assets			
Cash and cash equivalents	72,128,797	72,128,797	-
Bank balance other than above	172,918,997	-	172,918,997
Trade receivables	2,290,981	2,290,981	-
Loans	275,471,398	275,471,398	-
Investments	55,212,455	-	55,212,455
Other financial assets	458,453	458,453	-
	578,481,081	350,349,629	228,131,452
Non-Financial Assets			
Current tax assets (net)	865,761	-	865,761
Deferred tax assets (net)	9,114,700	-	9,114,700
Property, plant and equipment	88,528	-	88,528
Other non-financial assets	3,554,702	61,702	3,493,000
	13,623,691	61,702	13,561,989
Total Assets	592,104,772	350,411,331	241,693,441
Liabilities			
Financial Liabilities			
Trade payable	-	-	-
Other payable	3,330,972	3,330,972	-
Borrowings (Other than Debt security)	100,001,164	100,001,164	-
Other financial liabilities	-	-	-
	103,332,136	103,332,136	-
Non-Financial Liabilities			
Current tax liabilities (net)	3,036,387	3,036,387	-
Provisions	1,481,482	1,481,482	-
Other non-financial liabilities	854,376	854,376	-
	5,372,245	5,372,245	-
Total Liabilities	108,704,381	108,704,381	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Net	483,400,391	241,706,950	241,693,441
As at March 31, 2020			
Particulars	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	690,005	690,005	-
Borrowings (Other Payables)	-	-	-
Other financial liabilities	1,401	1,401	-
	692,714	692,714	-
Non-Financial Liabilities			
Current tax liabilities (net)	3,002,742	3,002,742	-
Provisions	1,285,585	1,285,585	-
Other non-financial liabilities	220,135	220,135	-
	4,508,462	4,508,462	-
Total Liabilities	5,201,176	5,201,176	-
Net	472,013,235	423,264,076	48,749,159

46.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

47. 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 - NIL

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

(₹)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
Non-current				
- Quoted		34,239,955		21,559,240
- Unquoted	25,977,496		15,977,496	
Less: Provision for diminution in value of investment	5,004,996	20,972,500	5,004,996	10,972,500
Total Non-current		55,212,455		32,531,740
Particulars	As at 31st March, 2021		As at 31st March, 2020	
Current				
- Quoted		-		-
- Unquoted		-		-
Total Current		-		-
Total Investments		55,212,455		32,531,740

ii) Provisions made/(written back) in Statement of Profit and Loss

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for sub-standard assets	-	(39,087)
Provision for standard assets	446,903	(1,047,584)
Provision for non-fund exposure/ (written back)	(230,191)	(2,524,416)
	216,712	(3,611,087)

iii) Movement of NPAs

Particulars	As at 31st March, 2021	As at 31st March, 2020
(I) Movement of NPAs (Gross)		
(a) Opening Balance	-	156,351
(b) Additions during the year	-	-



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(c) Reductions during the year (Including loans written-off)	-	156,351
(d) Closing Balance	-	-
(II) Movement of net NPAs		
(a) Opening Balance	-	117,264
(b) Additions during the year	-	-
(c) Reductions during the year	-	117,264
(d) Closing Balance	-	-
(III) Movement of provisions for NPAs		
(a) Opening Balance	-	39,087
(b) Provisions made during the year	-	-
(c) Write-off/Write-back of excess provisions	-	117,264
(d) Closing Balance	-	-

- 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 109s	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
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
(a) Performing Assets						
Standard	Stage 1	276,161,803	690,405	275,471,398	690,405	-
	Stage 2	-	-	-	-	-
Sub-total (a)		276,161,803	690,405	275,471,398	690,405	-
(b) Non-performing Assets (NPA)						
(i) Substandard	Stage 3	-	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(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	-	-	-	-	-
Subb-total (b)		-	-	-	-	-
(c) Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub-total (c)						
Total (a+b+c)	Stage 1	276,161,803	690,405	275,471,398	690,405	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	276,161,803	690,405	275,471,398	690,405	-

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

49. DIVIDENDS

Dividends paid during the year ended March 31, 2021 is an amount of ₹ 1.00 per equity share towards interim dividends for the year ended March 31, 2021 aggregating to ₹ 22,000,000/-.

Dividends declared by the Company are based on the profit available for distribution.

50. 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.

51. Figures in brackets represents for previous year.

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



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

53. COVID-19 outbreak was declared a pandemic by the World Health Organization on 11 March, 2020. Management has assessed the potential impact of COVID 19 based on the current circumstances and expects no impact on the continuity of operations of the business and on useful life of the assets/ on carrying values of Property, Plant and Equipment and recoverable values of its financial and non-financial assets as at 31 March 2021. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements. The actual results may differ from such estimates depending on future developments. There has been no material change in the controls or processes followed in the closing of the financial statements of the Company.

As at March 31, 2021, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties, which affect its liquidity position; and its ability to continue as a going concern.

54. EVENTS AFTER REPORTING DATE

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

55. APPROVAL OF STANDALONE FINANCIAL STATEMENTS

These financial statements were approved for the issue by the Board of Directors at their meeting held on May 19, 2021.

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

48. (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)

Liabilities Side :		As at March 31, 2021	
(I)	Loans and Advances Availed by the NBFC inclusive of interest accrued thereon but not paid:	Amount outstanding As on 31.03.2021	Amount overdue As on 31.03.2021
	(a) Debentures :Secured	0	0
	:Unsecured	0	0
	(other than falling within the meaning of public deposits*)		
	(b) Deferred credits	0	0
	(c)Term Loans	0	0
	(d) Intercompany Loans and Borrowings	0	0
	(e) Commercial paper	0	0
	(f) Public Deposits*	0	0
	(f)Other loans (Overdraft from Bank - Secured by lien on deposit with bank)	1,000.01	0
	*Please see Note 1 below		
(II)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	(a) In the form of Unsecured debentures	0	0
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0	0
	(c) Other public deposits	0	0
	*Please see Note 1 below		
	Assets side:		



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

	Amount outstanding as on 31.03.2021
(III) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)	
(a) Secured	2754.71
(b) Unsecured	0.00
(IV) 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	0
(b) Operating lease	0
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	0
(b) Repossessed Assets	0
(iii) Other loans counting towards Asset Financing activities	
(a) Loans where assets have been repossessed	0
(b) Loans other than (a) above	0
(V) Break up of Investments:	
Current Investments:	
1. Quoted :	
(I) Shares : (a) Equity	0
(b) Preference	0
(II) Debentures and Bonds	0
(III) Units of mutual funds	0
(IV) Government Securities	0
(V) Others (please specify)	0

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

2. Unquoted :	
(I) Shares : (a) Equity	0
(b) Preference	0
(II) Debentures and Bonds	0
(III) Units of mutual funds	0
(IV) Government Securities	0
(V) Others (please specify)	0
Long term Investments:	
1.Quoted	
(I) Shares : (a) Equity	342.40
(b) Preference	0
(II) Debentures and Bonds	0
(III) Units of mutual funds	0
(IV) Government Securities	0
(V) Others (please specify)	0
2. Unquoted :	
(I) Shares : (a) Equity	209.73
(b) Preference	0
(II) Debentures and Bonds	0
(III) Units of mutual funds	0
(IV) Government Securities	0
(V) Others (please specify)	0



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(VI)	Borrower Group-wise Classification of Assets Financed as in (3) and (4) above			
	Please see Note 2 below			
	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
	1. Related Parties**			
	(a) Subsidiaries	0	0	0
	(b) Companies in the same group	0	0.00	0.00
	(c) Other related parties	0	0	0
	2. Other than related parties	2754.71	0.00	2754.71
	Total	2754.71	0.00	2754.71
	Investor group-wise classification of all investment (current and long term) in shares and securities (both quoted and unquoted)			
	Please see note 3 below			
	Category	Market value/Break-up or Fair Value or NAV		Book Value (Net of Provisions)
	1. Related Parties**			
	(a) Subsidiaries	0		0
	(b) Companies in the same group	209.73		209.73
	(c) Other related parties	-		-
	2. Other than related parties	342.40		342.40
	Total	552.12		552.12
	** As per Accounting Standard of ICAI (please see Note 3)			

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(VIII) Other information		
Particulars		Amount
(I) Gross Non-performing Assets		
(a) Related Parties		0
(b) Other than related parties		0.00
(II) Net Non-Performing Assets		
(a) Related Parties		0
(b) Other than related parties		0.00
(III) Assets acquired in satisfaction of debt		0
Notes:		
1.	As defined in point xxv of Paragraph 3 of Chapter - II of these Directions.	
2.	Provisioning norms shall be applicable as prescribed in these Directions.	
3.	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

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, 2021, 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, 2021, of consolidated profits (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

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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 Company's share of net loss and share of other comprehensive loss of Rs.75,25,341/-and Rs.54,226/- respectively for the year ended March 31,2021, 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



INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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.

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, 2021 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, 2021 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 matter to be included in the Auditor's Report in terms of section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us, the

remuneration paid/provided by the Company to its directors by way of commission during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Company is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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

(CA. Anand Mundra)
Proprietor

Membership Number	: 046024
UDIN	: 21046024AAAAEZ7994
Place of Signature	: Mumbai
Date	: May 19, 2021

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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, 2021

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, 2021, 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



INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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, 2021, 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 31 March 2021, 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

(CA. Anand Mundra)

Proprietor

Membership : 046024

Number

UDIN : 21046024AAAAEZ7994

Place of Signature : Mumbai

Date : May 19, 2021

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2021

		(₹)	
Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
A ASSETS			
1 Financial assets			
Cash and cash equivalents	3	7,21,28,797	24,86,66,757
Bank Balance other than Cash and cash equivalents	4	17,29,18,997	5,03,921
Trade Receivables	5	22,90,981	4,90,364
Loans	6	27,54,71,398	17,89,07,160
Investments	7	4,34,73,551	2,83,72,403
Other Financial assets	8	4,58,453	3,23,527
Total Financial Assets		56,67,42,177	45,72,64,132
2 Non-financial Assets			
Current tax assets (net)	9	8,65,761	13,27,032
Deferred tax Assets (net)	40 (D)	91,14,700	1,05,52,000
Property, Plant and Equipment	10	88,528	1,40,196
Other non financial assets	11	35,54,702	37,71,714
Total Non -financial Assets		1,36,23,691	1,57,90,942
Total assets		58,03,65,868	47,30,55,074
B LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
Payables			
I) Trade Payables	12(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	12(II)		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		33,30,972	6,90,005
Borrowings (Other than Debt Securities)	13	10,00,01,164	-
Other financial liabilities	14	-	1,401
		10,33,32,136	6,92,714
2 Non-Financial Liabilities			
Current tax liabilities (net)	15	30,36,387	30,02,742
Provisions	16	14,81,482	12,85,585
Other non-financial liabilities	17	8,54,376	2,20,135
Total Non- financial liabilities		53,72,245	45,08,462
Total liabilities		10,87,04,381	52,01,176
EQUITY			
Equity share capital	18	22,00,00,000	22,00,00,000
Other Equity	19	25,16,61,487	24,78,53,898
Total equity		47,16,61,487	46,78,53,898
Total Liabilities and Equity		58,03,65,868	47,30,55,074



CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AS AT 31ST MARCH, 2021

				(₹)
Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020	
A REVENUE FROM OPERATIONS				
(i) Interest income	20	2,36,98,303	5,22,66,468	
(ii) Dividend income	21	2,23,125	12,65,618	
(iii) Fee and commission income	22	10,90,143	8,56,932	
(iv) Net gain on fair value changes	23	4,54,45,563	-	
(v) Impairment gains of financial instruments	24	-	36,11,087	
(I) Total Revenue from operations		7,04,57,134	5,80,00,105	
(II) Other Income	25	1,77,977	6,95,706	
(III) Total Income (I + II)		7,06,35,111	5,86,95,811	
B EXPENSES				
(i) Finance costs	26	2,01,164	1,52,25,812	
(ii) Net loss on fair value changes	23	-	3,52,93,286	
(iii) Fee and commission expense	27	69,67,397	4,30,076	
(iv) Impairment of financial instruments	24	2,16,712	-	
(v) Employee benefits expenses	28	1,18,98,615	89,36,857	
(vi) Depreciation, amortization and impairment	29	51,668	1,03,565	
(vii) Other expenses	30	66,49,564	55,83,475	
(IV) Total Expenses (IV)		2,59,85,120	6,55,73,071	
(V) Profit/(loss) before tax and share of profit/(loss) from associate (III- IV)		4,46,49,991	(68,77,260)	
(VI) Tax Expense:				
(1) Current tax		99,15,700	79,99,700	
Less: MAT Credit Entitlement		-	(28,39,000)	
		99,15,700	51,60,700	
(2) Deferred tax		14,37,300	(47,46,692)	
Total Tax Expense		1,13,53,000	4,14,008	
(VII) Profit/(loss) after tax but before share of profit/(loss) from associate (V-VI)		3,32,96,991	(72,91,268)	
Share of (Loss) from Associate		(75,25,341)	(14,16,337)	
Share of Exceptional items (expenses) of Associate		-	(27,43,000)	
Total Share of (Loss) from Associate		(75,25,341)	(41,59,337)	
(VIII) Profit/(loss) for the year		2,57,71,650	(1,14,50,605)	
(IX) Other Comprehensive Income/(loss)				
A (i) Items that will not be reclassified to profit or loss				
- Actuarial Gain/(Loss) on Defined Benefit Plan		(62,138)	(2,97,033)	
- Share of Actuarial Gain/(Loss) on Defined Benefit Plan of Associate		(54,226)	-	
(ii) Income tax relating to items that will not be reclassified to profit or loss				
- On Actuarial Gain/(Loss) on Defined Benefit Plan		15,700	82,700	
- On Share of Actuarial Gain/(Loss) on Defined Benefit Plan of Associate		-	-	
Sub total (A)		(1,00,664)	(2,14,333)	
B (i) Items that will be classified to profit or loss		-	-	



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(₹)			
Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
Sub total (B)		-	-
Other Comprehensive Income/(loss) (A + B)		(1,00,664)	(2,14,333)
X Total Comprehensive Income/(loss) for the year		2,56,70,986	(1,16,64,938)
Earnings per Equity Share of Nominal Value of Rs.10 each			
- Basic		1.17	(0.52)
- Diluted		1.17	(0.52)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2		

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2021

1. Equity Share capital

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

(₹)

Particulars	Equity Share Capital	
	No. of Shares	Amount in ₹
As at 1st April, 2019	2,20,00,000	22,00,00,000
Changes during the year	-	-
As at 31st March, 2020	2,20,00,000	22,00,00,000
Changes during the year	-	-
As at 31st March, 2021		22,00,00,000

2. Other Equity

(₹)

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Retained Earnings	Special Reserve under section 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 Plan	
Balance as at April 1, 2019	14,33,88,853	6,58,54,733	5,00,00,000	1,80,731	(1,06,577)	25,93,17,740
Share based payments to Employees	-	-	-	2,01,096	-	2,01,096
Profit (loss) for the year after income tax	(1,14,50,605)	-	-	-	-	(1,14,50,605)
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(2,14,333)	(2,14,333)
Total Comprehensive Income/(loss) for the year						(1,16,64,938)
Balance as at March 31, 2020	13,19,38,248	6,58,54,733	5,00,00,000	3,81,827	(3,20,910)	24,78,53,898
Balance as at April 1, 2020	13,19,38,248	6,58,54,733	5,00,00,000	3,81,827	(3,20,910)	24,78,53,898
Share based payments to Employees	-	-	-	1,36,603	-	1,36,603
Transfer to Special Reserve under section 45-IC of the RBI Act, 1934	(66,59,398)	66,59,398				-
Dividend paid	(2,20,00,000)	-	-	-	-	(2,20,00,000)
Profit (loss) for the year after income tax	2,57,71,650	-	-	-	-	2,57,71,650
Other Comprehensive Income/(loss) (Net) for the year	-	-	-	-	(1,00,664)	(1,00,664)
Total Comprehensive Income/(loss) for the year						2,56,70,986
Balance as at March 31, 2021	12,90,50,500	7,25,14,131	5,00,00,000	5,18,430	(4,21,574)	25,16,61,487



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

(CA Anand Mundra)
Proprietor
Membership No: 046024

Place : Mumbai
Date : May 19, 2021

Krishna Kumar Karwa
Whole Time Director

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOW

AS AT 31ST MARCH, 2021

(₹)

Particulars	31st March, 2021	31st March, 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	4,46,49,991	(68,77,260)
Add: (less) : Adjustment for :		
Depreciation and Amortization Expense	51,668	1,03,565
Loss on Disposal/Discard of Property, Plant and Equipment	-	142
Impairment /(Impairment Gains) of financial instruments	2,16,712	(36,11,087)
Net gain / (loss) on fair value changes	(3,32,686)	2,75,64,783
Share based payments to employees	1,36,603	2,01,096
Interest on deposit with Bank	(31,69,157)	(35,555)
Interest on Income Tax Refund	(55,132)	(6,95,706)
	(31,51,992)	2,35,27,238
Operating profit before working capital changes	4,14,97,999	1,66,49,978
Add: (less) : Adjustment for changes in working capital:		
Increase/(decrease) in bank balance other than cash and cash equivalents	(17,24,15,076)	-
(Increase)/decrease in trade receivables	(18,00,617)	7,11,640
(Increase)/decrease in other financial assets	25,074	(2,22,231)
(Increase)/decrease in other non financial assets	57,012	96,061
(Increase)/decrease in Loans	(9,70,11,141)	26,23,96,988
Increase/(decrease) in trade payables	(1,308)	(10,91,914)
	26,40,967	6,90,005
Increase/(decrease) in other financial liabilities	(1,401)	(375)
Increase/(decrease) in provisions	3,63,950	(16,98,737)
Increase/(decrease) in other non financial liabilities	6,34,241	38,013
	(26,75,08,299)	26,09,19,450
Cash Generated from operations	(22,60,10,300)	27,75,69,428
Income tax (Paid)/Refund	(94,05,084)	(40,58,878)
Cash flow before exceptional / extraordinary items	(23,54,15,384)	27,35,10,550
Exceptional / extraordinary items	-	-
Net cash (used in) / generated from operating activities (A)	(23,54,15,384)	27,35,10,550
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	-	742
Sale/(Purchase) of Investments	(2,23,48,029)	8,27,11,149
Interest on deposit with Bank	31,69,157	35,555
Interest on Income Tax Refund	55,132	6,95,706
	(1,91,23,740)	8,34,43,152
Net cash (unused in)/generated from investing activities (B)	(1,91,23,740)	8,34,43,152
C CASH FLOW FROM FINANCING ACTIVITIES		



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(Repayment)/Proceeds from Short Term Borrowings	10,00,01,164		(11,45,00,000)	
Dividend paid	(2,20,00,000)		-	
Net cash (unused in)/generated from financing activities (C)		7,80,01,164		(11,45,00,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		(17,65,37,960)		24,24,53,702
Cash and Cash Equivalents at the beginning of the year (Opening Balance)		24,86,66,757		62,13,055
Cash and Cash Equivalents at the close of the year (Closing Balance)		7,21,28,797		24,86,66,757
Note:				
1 Cash and cash equivalents comprise of :				
Balances with Scheduled Banks				
- In Current Accounts		7,20,84,420		24,85,90,899
Cash on hand		44,377		50,556
Balance in Prepaid Cards		-		25,302
		7,21,28,797		24,86,66,757
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. Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.				

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2021

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 significant influence over Finlearn Edutech Private Limited (FEPL), an associate engaged in the business of conducting and managing online and offline courses for financial markets by virtue of its ownership interest of 41.95% (March 31,2020 :27.43%) in the FEPL which has been consolidated in these consolidated financial statements

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(i) Statement of Compliance

These consolidated financial statements comprises of Balance Sheets as at March 31, 2021 and 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, 2021 and 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 have been prepared in all material aspects in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting standards) Rules, 2015 as amended 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). These consolidated 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 consolidated financial statements.

(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
			As at 31st March,2021	As at 31st March,2020	
Finlearn Edutech Private Limited	18/12/2019	India	41.95%	27.43%	Conducting and managing online and offline courses for financial markets



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(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 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

The 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

The 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

note 45.

vi) Use of Estimates and Judgments

The preparation of the 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
- 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.

2.2 Property, Plant and Equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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. The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2018 as the deemed cost under Ind AS. Hence, regarded thereafter as historical cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is calculated using the written down value (WDV) method to write down the cost of Property, Plant and Equipment 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 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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 in accordance with equity method of accounting as per point no.2.1(ii)(b) 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).

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (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 recognised for the asset in prior years.

2.5 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and balances with banks (other than earmarked) and fixed deposits with bank (free from encumbrances) that are readily convertible to known amounts of cash with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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.

2.8 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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).

(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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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 FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

2.17 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to its equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a dividend distribution is authorised when it is approved by the shareholders and in case of interim dividend distribution when it is approved by the board of directors. A corresponding amount is recognised directly in equity.

2.18 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

3. CASH AND CASH EQUIVALENTS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	44,377	50,556
Balances with Banks		
- In current accounts	7,20,84,420	24,85,90,899
Others		
- Balance in Prepaid Cards	-	25,302
Total	7,21,28,797	24,86,66,757

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fixed deposits with bank (with original maturity of more than 3 months)*	17,29,18,997	5,03,921
Total	17,29,18,997	5,03,921

* Fixed deposits lien marked as security against bank overdraft facility (March 31, 2020 :As security for corporate credit card.).

5. TRADE RECEIVABLES

(₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Receivables considered good - Unsecured	22,90,981	4,90,364
Total	22,90,981	4,90,364

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.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

6. LOANS

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Term Loans		
At amortised cost		
Secured		
- Secured by Tangible assets (Securities)	27,61,61,603	17,12,36,836
Total (I) - Gross	27,61,61,603	17,12,36,836
Less : Impairment loss allowance	(6,90,404)	(1,31,640)
Total (I) - Net	27,54,71,817	17,11,05,196
Un-secured		
i) Others	200	79,13,826
Total (II) - Gross	200	79,13,826
Less : Impairment loss allowance	(1)	(1,11,862)
Total (II) - Net	(199)	78,01,964
Loans in India	27,54,71,398	17,89,07,160
i) Public Sector	-	-
ii) Others	27,61,61,803	17,91,50,662
Total - Gross	27,61,61,803	17,91,50,662
Less: Impairment loss allowance	(6,90,405)	(2,43,502)
Total - Net	27,54,71,398	17,89,07,160
Loans outside India	-	-
Total	27,54,71,398	17,89,07,160

7. INVESTMENTS

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) At Fair value through Profit & Loss		
In Equity instruments	3,42,39,955	2,15,59,240
(B) At Cost		
Investment in associate	92,33,596	68,13,163
Total	4,34,73,551	2,83,72,403
i) Investments in India	4,34,73,551	2,83,72,403

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

ii) Investments outside India	-	-
Total	4,34,73,551	2,83,72,403

Note:

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

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Non current assets	2,51,22,785	2,90,52,849
Current assets	80,68,074	82,45,555
Total assets	3,31,90,859	3,72,98,404
Non current liabilities	(69,46,933)	(88,38,230)
Current liabilities	(42,30,350)	(36,23,633)
Total liabilities	(1,11,77,283)	(1,24,61,863)
Net Assets	2,20,13,576	2,48,36,541
Proportion of the Company's ownership	41.94500%	27.43000%
Company's share of net assets / Carrying amount of interest in associate	92,33,596	68,13,163

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Revenue	1,28,16,666	25,28,829
Profit/(loss)	(1,26,93,685)	(1,51,63,459)
Other comprehensive income	(1,29,280)	-
Total comprehensive income	(1,28,22,965)	(1,51,63,459)
Company's share of profit/(loss)		
- Current year	(53,24,366)	(41,59,337)
- Earlier year due to change in share holding	(22,00,975)	-
	(75,25,341)	(41,59,337)
Company's share of other comprehensive income	(54,226)	-
Company's share of total comprehensive income	(75,79,567)	(41,59,337)

8. OTHER FINANCIAL ASSETS

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Advances	1,26,899	3,20,827
Other Receivable	-	2,700



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Income Receivable	3,31,554	-
Total	4,58,453	3,23,527

9. CURRENT TAX ASSETS (NET)

Particulars	(₹)	
	As at 31st March, 2021	As at 31st March, 2020
Income tax (net of provision for tax)	8,65,761	13,27,032
Total	8,65,761	13,27,032

10. PROPERTY, PLANT AND EQUIPMENT

Particulars	(₹)	
	Computers	Total
Gross Block (At Cost)		
As at 1st April 2019	4,36,087	4,36,087
Additions	-	-
Disposals	887	887
As at 31st March, 2020	4,35,200	4,35,200
Additions	-	-
Disposals	-	-
As at 31st March, 2021	4,35,200	4,35,200
Accumulated depreciation		
As at 1st April 2019	1,91,439	1,91,439
Charge for the year	1,03,565	1,03,565
Disposals	-	-
As at 31st March, 2020	2,95,004	2,95,004
Charge for the year	51,668	51,668
Disposals	-	-
As at 31st March, 2021	3,46,672	3,46,672
Net Block		
As at 31st March, 2020	1,40,196	1,40,196
As at 31st March, 2021	88,528	88,528

11. OTHER NON FINANCIAL ASSETS

Particulars	(₹)	
	As at 31st March, 2021	As at 31st March, 2020
Deposits - Others	-	1,60,000
Prepaid expenses	61,702	1,18,714

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Mat Credit Entitlement	34,93,000	34,93,000
Total	35,54,702	37,71,714

12. PAYABLES

(₹)		
Particulars	As at 31st March, 2021	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

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
(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	33,30,972	6,90,005
Total	33,30,972	6,90,005

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	-	-

13. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) In India		
At Amortised Cost		
Loan Repayable on Demand		



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

- Overdraft from Bank - Secured by lien on deposit with bank	10,00,01,164	-
Total (A)	10,00,01,164	-
Borrowings in India	10,00,01,164	-
Borrowings outside India	-	-
(B) Out of above		
Secured (against Deposit with Banks)	10,00,01,164	-
Unsecured	-	-
Total (B)	10,00,01,164	-

14. OTHER FINANCIAL LIABILITIES

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Other liabilities	-	1,401
Total	-	1,401

15. CURRENT TAX LIABILITIES(NET)

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
For taxation (net of taxes paid)	30,36,387	30,02,742
Total	30,36,387	30,02,742

16. PROVISIONS

(₹)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Employees Benefits		
- Gratuity	2,48,628	4,49,012
- Compensated expenses	-	1,21,393
- Bonus and Incentive	4,15,392	-
Others		
- Provision for Non-fund based Exposure	4,04,462	6,34,653
- Provision for expenses	4,13,000	80,527
Total	14,81,482	12,85,585

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

17. CURRENT TAX LIABILITIES(NET)

Particulars	(₹)	
	As at 31st March, 2021	As at 31st March, 2020
Statutory dues payable	8,54,376	2,20,135
Total	8,54,376	2,20,135

18. EQUITY

Particulars	(₹)	
	As at 31st March, 2021	As at 31st March, 2020
EQUITY SHARE CAPITAL		
Authorised:		
22,000,000 (P.Y. 22,000,000) Equity Shares of Rs.10/- each	22,00,00,000	22,00,00,000
5,000,000 (P.Y. 5,000,000) 9% Non-convertible Redeemable Preference shares of Rs.10/- each	5,00,00,000	5,00,00,000
	27,00,00,000	27,00,00,000
Issued, subscribed and fully paid up		
Equity shares		
22,000,000 (P.Y. 22,000,000) Equity Shares of Rs.10/- each fully paid up	22,00,00,000	22,00,00,000
Total Equity	22,00,00,000	22,00,00,000

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

	(₹)			
	As at 31st March, 2021		As at 31st March, 2020	
	No of Shares	Amount	No of Shares	Amount
Equity Shares				
At the beginning of the year	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000
Add: Shares issued during the year	-	-	-	-
At the end of the year	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000

- b. Terms/rights attached to issued, subscribed and paid-up equity shares
- The company has only one class of equity shares having par value of 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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

	The entire 22,000,000 (P.Y. 22,000,000) equity shares of Rs. 10 each fully paid up are held by Holding Company Emkay Global Financial Services Limited.			
d.	Details of shareholders holding more than 5% shares in the company:			
				(₹)
	As at 31st March, 2021		As at 31st March, 2020	
	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.	2,20,00,000	100	2,20,00,000	100

19. OTHER EQUITY

Particulars	As at 31st March, 2021	As at 31st March, 2021
Retained Earnings		
Balance at the Beginning of the Reporting Period	13,19,38,248	14,33,88,853
Add: Profit/(Loss) for the year	2,57,71,650	(1,14,50,605)
Amount Available for Appropriation	15,77,09,898	13,19,38,248
Less: Appropriations		
Less: Amount transferred to Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	66,59,398	-
Less: Dividend paid (Refer note no. 49)	2,20,00,000	-
Balance at the End of the Reporting Period	12,90,50,500	13,19,38,248
Special Reserve u/s 45-IC of the RBI Act 1934		
Balance at the Beginning of the Reporting Period	6,58,54,733	6,58,54,733
Add: Transfer from Other Equity	66,59,398	-
Balance at the End of the Reporting Period	7,25,14,131	6,58,54,733
Capital Redemption Reserve		
Balance at the Beginning of the Reporting Period	5,00,00,000	5,00,00,000
Balance at the End of the Reporting Period	5,00,00,000	5,00,00,000
Equity-settled Share Based Payment Reserve		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Balance at the Beginning of the Reporting Period	3,81,827	1,80,731
Add: Share Based Payments to Employees during the year	1,36,603	2,01,096
Balance at the End of the Reporting Period	5,18,430	3,81,827
Other Comprehensive Income		
Balance at the Beginning of the Reporting Period	(3,20,910)	(1,06,577)
Add: Ind AS Adjustments	-	-
Add: Movement in Other Comprehensive Income (Net) during the year	(1,00,664)	(2,14,333)
Balance at the End of the Reporting Period	(4,21,574)	(3,20,910)
Total	25,16,61,487	24,78,53,898
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 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 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 plan.		

20. INTEREST INCOME

			(₹)
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020	
On financial assets measured at amortised cost:			
- On loans	2,05,29,146	5,22,30,913	
- On deposits with Banks	31,69,157	35,555	
Total	2,36,98,303	5,22,66,468	



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

21. DIVIDEND INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Dividend on Investments	2,23,125	12,65,618
Total	2,23,125	12,65,618

22. FEE AND COMMISSION INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Referral fees	10,90,143	8,56,932
Total	10,90,143	8,56,932

23. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	1,11,96,035	(3,95,90,481)
- Securities	3,42,49,528	42,97,195
Total Net gain/(loss) on fair value changes (A)	4,54,45,563	(3,52,93,286)
Fair Value changes:		
- Realised		
- Investments	1,08,63,349	(1,20,25,698)
- Securities	3,42,49,528	42,97,195
	4,51,12,877	(77,28,503)
- Unrealised	3,32,686	(2,75,64,783)
(B) Total Net gain/(loss) on fair value changes to tally with (A)	4,54,45,563	(3,52,93,286)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

24. IMPAIRMENT /(IMPAIRMENT GAINS) OF FINANCIAL INSTRUMENTS

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
At amortised cost		
- On Loans	2,16,712	(36,11,087)
Total	2,16,712	(36,11,087)

25. OTHER INCOME

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Other Interest Income	55,132	6,95,706
Liability No Longer Payable	1,21,393	-
Miscellaneous Income	1,452	-
Total	1,77,977	6,95,706

26. FINANCE COSTS

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost:		
- On borrowings other than debt securities	2,01,164	1,52,25,812
Total	2,01,164	1,52,25,812

27. FEE AND COMMISSION EXPENSE

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Brokerage and Commission Paid	69,67,397	4,30,076
Total	69,67,397	4,30,076

28. EMPLOYEE BENEFIT EXPENSE

(₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and Other Benefits	1,15,09,316	84,50,056
Share based payments to Employees	1,36,603	2,01,096
Gratuity	1,86,490	1,51,979



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Staff Welfare Expenses	66,206	1,33,726
Total	1,18,98,615	89,36,857

29. DEPRECIATION EXPENSE

(₹)		
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation of Tangible Assets	51,668	1,03,565
Total	51,668	1,03,565

30. OTHER EXPENSES:

(₹)		
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Electricity	1,10,766	1,46,241
Rent	5,54,210	6,01,329
Repairs and Maintenance		
- Others	5,79,513	6,04,944
Communication Expenses	22,810	45,388
Travelling and Conveyance	96,669	19,75,549
Advertisement & Business Promotion	-	5,35,389
Printing and Stationery	9,240	30,728
Loss on Disposal/Discard of Property, Plant and Equipment	-	142
Loss in Share Trading	-	177
Legal and Professional Fees	5,58,495	8,12,743
Membership and Subscription	13,476	71,747
Payments to Statutory Auditors (Refer note below) #	3,81,140	1,85,850
Commission to Independent Directors	4,13,000	-
Miscellaneous Expenses	1,33,203	2,89,404
Corporate Social Responsibility	36,65,264	-
Depository Charges	55,078	2,26,944
Fees & Stamps (Net)	56,700	56,900
Total	66,49,564	55,83,475

(₹)		
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Payment to Auditors #		
- As auditors		
Audit fee	2,36,000	1,62,250

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

- In other Capacity		
Limited Review and Certification	1,45,140	23,600
Total	3,81,140	1,85,850

31. EARNINGS PER SHARE

		(₹)	
Sl. No.	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a)	Net Profit/(Loss) after tax available for Equity Shareholders (₹)	25,711,650	(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	22,000,000
	- For Diluted Earnings	22,000,000	22,000,000
c)	Basic Earnings per Equity Share (₹)	1.17	(0.52)
d)	Diluted Earnings per Equity Share (₹)	1.17	(0.52)

32. 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:

		(₹)	
Sl. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the period	1,150,482	821,481
	Current Service Cost	161,588	134,067
	Interest Expense or Cost	63,806	56,802
	Re-measurement (or Actuarial) (Gain)/Loss arising from:-		
	-change in demographic assumptions	(2,007)	108
	-change in financial assumptions	(3,415)	105,451
	-experience variance (i.e. Actual experience vs assumptions)	112,288	180,698
	Benefits Paid	-	(54,040)
	Acquisition Adjustment	-	(94,085)
	Present Value of Obligations at end of the period	1,482,742	1,150,482
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the period	701,470	562,433



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

		(₹)	
Sl. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Employer's Contribution	449,012	259,048
	Acquisition Adjustment	-	(94,085)
	Benefits Paid	-	(54,040)
	Return on plan assets, excluding amount recognized in net interest expense	44,728	(10,776)
	Fair Value of Plan Assets at end of the period	1,234,114	701,470
III	Reconciliation of net liability/asset		
	Net defined benefit liability/(asset) as at the beginning	(449,012)	(259,048)
	Expenses charged to statement of profit and loss	(186,490)	(151,979)
	Amount recognized in other comprehensive income	(62,138)	(297,033)
	Employer contribution	449,012	259,048
	Net defined benefit liability/(asset) as at the end	(248,628)	(449,012)
IV	Expenses recognized in Statement of Profit and Loss		
	Current Service Cost	161,588	134,067
	Net Interest Cost / (Income) on the net defined benefit liability/ (Asset)	24,902	17,912
	Expenses recognized in Statement of Profit and Loss	186,490	151,979
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	(2,007)	108
	-change in financial assumptions	(3,415)	105,451
	-experience variance (i.e. actual experience vs assumptions)	112,288	180,698
	Return on plan assets, excluding amount recognized in net interest expense	(44,728)	10,776
	Components of defined benefit costs recognized in other comprehensive income	62,138	297,033
VII	Amount recognized in Balance Sheet		
	Present value of obligation	1,482,742	1,150,482
	Fair value of plan assets	1,234,114	701,470
	Surplus/(Deficit)	(248,628)	(449,012)
	Effects of asset ceiling, if any	-	-
	Net Asset / (Liability)	(248,628)	(449,012)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(₹)

Sl. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Discount rate (p.a.)	5.60%	5.55%
	Salary growth rate (p.a.)	10.00%	10.00%
	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 2012-14
IX	Category of plan assets		
	Insurer managed funds	99.09%	98.41%
	Bank Balance	0.91%	1.59%
X	Sensitivity analysis for significant assumptions is as shown below		
	Discount Rate (- 1%) : % Change compared to base due to sensitivity	4.90%	4.90%
	Discount Rate (+ 1%) : % Change compared to base due to sensitivity	-4.40%	-4.50%
	Salary Growth (- 1%) : % Change compared to base due to sensitivity	-3.00%	-3.50%
	Salary Growth (+ 1%) : % Change compared to base due to sensitivity	2.90%	3.50%
	Attrition Rate (- 50%) : % Change compared to base due to sensitivity	3.70%	10.00%
	Attrition Rate (+ 50%) : % Change compared to base due to sensitivity	-3.00%	-5.30%
	Mortality Rate (- 10%) : % Change compared to base due to sensitivity	0.00%	0.00%
	Mortality Rate (+ 10%) : % Change compared to base due to sensitivity	0.00%	0.00%
XI	Expected Contribution during the next annual reporting period		
	The Company's best estimate of Contribution during the next year	372,933	569,993
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	348,130	263,951
	2 to 5 years	800,813	635,901
	6 to 10 years	468,525	332,550
	more than 10 years	384,007	321,783



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

33. RELATED PARTY DISCLOSURES

A) List of related parties

Sl. 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 d) Trupti Bolke (upto 4th 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

B) Transactions with related parties have occurred during the year

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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Income										
Interest Received	1,167,123	5,073,770	-	-	-	5,464	-	-	-	-
Expenditure										
Depository Charges	51,342	186,894	-	-	-	-	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Rent	405,588	405,587	-	-	-	-	-	-	-	-
Interest Paid	-	161,644	-	-	-	-	-	-	-	-
Commission to Director – G C Vasudeo	-	-	-	-	-	-	236,000	-	-	-
Commission to Director–R K Krishnamurthi	-	-	-	-	-	-	177,000	-	-	-
Salaries and Other Benefits - Trupti Bolke	-	-	-	-	-	-	-	299,668	-	-
Salaries and Other Benefits - Siddharth Mehta	-	-	-	-	-	-	624,756	104,126	-	-
Gratuity Contribution	-	-	-	-	-	-	-	-	186,490	151,979
Share Based payments	136,603	201,096	-	-	-	-	-	-	-	-
Others										
Dividend Paid	22,000,000	-	-	-	-	-	-	-	-	-
Expenses Reimbursed	319,130	407,438	-	-	-	-	-	-	-	-
Loans Granted	410,000,000	600,000,000	-	-	-	20,000,000	-	-	-	-
Repayment received of loans granted	410,000,000	600,000,000	-	-	-	20,000,000	-	-	-	-
Brokerage on shares bought/ sold	303,908	286,068	-	-	-	-	-	-	-	-
Loans Taken	-	60,000,000	-	-	-	-	-	-	-	-
Repayment made of loans Taken	-	60,000,000	-	-	-	-	-	-	-	-
Expenses paid on their behalf	-	-	-	1,800	-	-	-	-	-	-
Expenses paid on their behalf	-	-	-	-	-	612,631	-	-	-	-
Investments made	-	-	-	-	10,000,000	10,972,500	-	-	-	-
Outstanding as on 31.03.2021										



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Other Financial Assets - Other Receivable	-	-	-	-	-	2,000	-	-	-	-
Loans	-	-	-	-	-	4,917	-	-	-	-
Investment	-	-	-	-	9,233,596	6,813,163	-	-	-	-
Commission to Director – G C Vasudeo	-	-	-	-	-	-	236,000	-	-	-
Commission to Director–R K Krishnamurthi	-	-	-	-	-	-	177,000	-	-	-
Provisions - Provision for Employee Benefits – Gratuity	-	-	-	-	-	-	-	-	248,628	449,012
Share Based payments	518,430	381,827	-	-	-	-	-	-	-	-
Other Payables	119,518	-	-	-	-	-	-	-	-	-
Trade Payables	-	1,308	-	-	-	-	-	-	-	-
Trade Receivables	2,290,981	-	-	-	-	-	-	-	-	-

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.

F) 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.

34. 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 ₹136,603/- (P.Y. ₹ 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.

35. 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

36. OPERATING LEASE

The company is occupying part of a premises owned by the Parent company for which rent of ₹405,588/- (P.Y. ₹ 405,587/-) has been paid to it and is also occupying part of another premises taken on operating lease by the Parent company for which ₹ 148,622/- (P.Y. ₹195,741/-) has been reimbursed to it. .

37. FINANCIAL INSTRUMENTS

I. The carrying value and financial instruments by categories as of March 31, 2021 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	72,128,797	-	-	72,128,797
Bank balance other than above	172,918,997	-	-	172,918,997
Trade receivables	2,290,981	-	-	2,290,981
Loans	275,471,398	-	-	275,471,398
Investments (excluding associate)	-	34,239,955	-	34,239,955
Other financial assets	458,453	-	-	458,453
Total	523,268,626	34,239,955	-	557,508,581
Financial liabilities				
Trade payables	-	-	-	-
Other payables	3,330,972	-	-	3,330,972
Borrowings (other than Debt securities)	100,001,164	-	-	100,001,164
Other financial liabilities	-	-	-	-
Total	103,332,136	-	-	103,332,136

II. 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	



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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	690,005	-	-	690,005
Borrowings (other than Debt securities)	-	-	-	-
Other financial liabilities	1,401	-	-	1,401
Total	692,714	-	-	692,714

Fair value hierarchy:

Financial Assets Measured at Fair Value-

	(₹)			
As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial instruments				
Investments : Equity Shares	34,239,955	-	-	34,239,955
			(* refer note below)	
Total	34,239,955	-	-	34,239,955

	(₹)			
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 ₹ 5,004,996/- (March 31, 2020: ₹ 5,004,996/-) whose fair value is considered as Rs.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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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.

38. 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:

- a. Credit risk
- b. Liquidity risk
- c. 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 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, 2021	As at 31st March, 2020
Loans (net of impairment)	275,471,398	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

Loans:

(₹)			
Bucketing (Stage)	31st March, 2021		31st March, 2020
Stage 1	276,161,803	690,405	179,150,662
Stage 2	-	-	-



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Stage 3	-	-	-	-
Total	276,161,803	690,405	179,150,662	243,502

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

Particulars	Fund Based		Non-Fund Based	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Opening Balance	243,502	1,330,173	634,653	3,159,069
Net re-measurement of loss allowance	446,903	(1,086,671)	(230,191)	(2,524,416)
Closing Balance	690,405	243,502	404,462	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.

b. Liquidity risk

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

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

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets 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.45 for analysis of maturities of financial assets and financial liabilities.

c. 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

39. 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.

40. TAX RECONCILIATION DISCLOSURE

A Income tax expense consists of the following

(₹)		
Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current Income Tax	9,915,700	7,999,700
MAT Credit Entitlement	-	(2,839,000)
Deferred Tax	1,437,300	(4,746,692)
Tax Relating to Earlier Years	-	-
Tax expense for the year	11,353,000	414,008

B Amounts recognised in other comprehensive income

(₹)		
Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit plans	(62,138)	(297,033)
Share of Actuarial Gain/(Loss) on Defined Benefit Plan of Associate	(54,226)	-
Income tax relating to items that will not be reclassified to profit or loss	15,700	82,700
	(100,664)	(214,333)

C (i) 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	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit Before Tax	44,649,991	(6,877,260)
Enacted Tax Rate in India (%)	25.168%	27.82%
Expected Income Tax Expenses	11,237,510	(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)
Deductible Expenses for Tax Purpose	(44,598)	(126,546)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Non Deductible Expenses for Tax Purpose	1,375,295	59,467
Impairment Gain / (Loss) on Financial Instruments	-	-
Net Gain/(Loss) on Fair Value Changes – Investments	(1,318,568)	5,266,428
Effect on Deferred Tax Due to Change in Income Tax Rate	23,150	-
MAT Credit Entitlement adjustment	-	(2,839,000)
Others (Net)	80,211	56,505
Total Income Tax Expenses	11,353,000	414,008

(ii) The Company elected to exercise the option of lower tax rate permitted under section 115BAA of the Income Tax Act, 1961 with effect from current year. Accordingly, the Company has recognised Provision for Current Tax and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit and Loss.

D Deferred Tax Disclosure

Movement in deferred tax balances

(₹)

Particulars	Provisions	Property, Plant and Equipment	Financial Assets at Fair Value Through Profit & Loss	Carried Forward Tax Losses	Total
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
Credited/(Charged) to Statement of Profit and Loss	62,300	(550)	(4,149,300)	2,650,050	(1,437,300)
As at 31st March, 2021	306,800	(1,850)	2,625,800	6,183,950	9,114,700

41. Expenses includes ₹1,743,338/- (P.Y. ₹ Nil) pertaining to prior period.

42. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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

a) FOREIGN CURRENCY TRANSACTIONS

(₹)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Expenditure in Foreign Currency		
- Travelling Expenses	-	129,490

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

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

44. STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

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

a) Gross amount required to be spent by the Company during the year

For year ended	CSR Amount to be spent
31st March, 2019	1,373,000
31st March, 2020	1,300,000
31st March, 2021	992,264
Total	36,65,264

- b) Amount spent during the year – ₹ 3,665,264/- (P. Y. ₹ NIL)

45. 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 March 31, 2021		
	Total	Within 12 months	After 12 Months
Assets			
Financial Assets			
Cash and cash equivalents	72,128,797	72,128,797	-
Bank balance other than above	172,918,997	-	172,918,997
Trade receivables	2,290,981	2,290,981	-
Loans	275,471,398	275,471,398	-
Investments	43,473,551	-	43,473,551
Other financial assets	458,453	458,453	-
	566,742,177	350,349,629	216,392,548
Non-Financial Assets			
Current tax assets (net)	865,761	-	865,761
Deferred tax assets (net)	9,114,700	-	9,114,700
Property, plant and equipment	88,528	-	88,528
Other non-financial assets	3,554,702	61,702	3,493,000
	13,623,691	61,702	13,561,989



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Total Assets	580,365,868	350,411,331	229,954,537
Liabilities			
Financial Liabilities			
Trade payable	-	-	-
Other payable	3,330,972	3,330,972	-
Borrowings (Other than Debt security)	100,001,164	100,001,164	-
Other financial liabilities	-	-	-
	103,332,136	103,332,136	-
Non-Financial Liabilities			
Current tax liabilities (net)	3,036,387	3,036,387	-
Provisions	1,481,482	1,481,482	-
Other non-financial liabilities	854,376	854,376	-
	5,372,245	5,372,245	-
Total Liabilities	108,704,381	108,704,381	-
Net	471,661,487	241,706,950	229,954,537

(₹)

Particulars	As at March 31, 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

Total Assets	473,055,074	428,465,252	44,589,822
Liabilities			
Financial Liabilities			
Trade payable	1,308	1,308	-
Other payable	690,005	690,005	-
Borrowings (Other than Debt securities)	-	-	-
Other financial liabilities	1,401	1,401	-
	692,714	692,714	-
Non-Financial Liabilities			
Current tax liabilities (net)	3,002,742	3,002,742	-
Provisions	1,285,585	1,285,585	-
Other non-financial liabilities	220,135	220,135	-
	4,508,462	4,508,462	-
Total Liabilities	5,201,176	5,201,176	-
Net	467,853,898	423,264,076	44,589,822

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

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

(₹)

As at	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	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive income	Amount	As % of Consolidated Total Comprehensive income	Amount
	Parent								
	Emkay Fincap Limited	98.04%	462,427,891	129.20%	33,296,991	46.13%	(46,438)	129.53%	33,250,553
	Associate								
	Finlearn Edutech Private Limited	1.96%	9,233,596	(-) 29.20%	(7,525,341)	53.87%	(54,226)	(-) 29.53%	(7,579,567)



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

31/03/2021	Total	100.00%	471,661,487	100.00%	25,771,650	100.00%	100,664	100.00%	25,670,986
	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)
31/03/2020	Total	100.00%	467,853,898	100.00%	(11,450,605)	100.00%	(214,333)	100.00%	(11,664,938)

- 48.** 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 the 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	Profit/(loss) for the year
			Nos.	Amount of investment in associate	Extent of holding %		Considered in consolidation
Finlearn Edutech Private Limited	31/03/2021	31/12/2019	2,097,250	20,972,500	41.95%	9,233,596	(7,525,341)
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.

49. DIVIDENDS

Dividends paid during the year ended March 31, 2021 is an amount of ₹ 1.00 per equity share towards interim dividends for the year ended March 31, 2021 aggregating to ₹ 22,000,000/-.

Dividends declared by the Company are based on the profit available for distribution.

- 50.** 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.

- 51.** Figures in brackets represents for previous year.

- 52.** Figures have been rounded off to the nearest rupees

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

53. COVID-19 outbreak was declared a pandemic by the World Health Organization on 11 March, 2020. Management has assessed the potential impact of COVID 19 based on the current circumstances and expects no impact on the continuity of operations of the business and on useful life of the assets/ on carrying values of Property, Plant and Equipment and recoverable values of its financial and non-financial assets as at 31 March 2021. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements. The actual results may differ from such estimates depending on future developments. There has been no material change in the controls or processes followed in the closing of the financial statements of the Company.

As at March 31, 2021, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties, which affect its liquidity position; and its ability to continue as a going concern.

54. Events after reporting date

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

55. Approval of Consolidated Financial Statements

These financial statements were approved for the issue by the Board of Directors at their meeting held on May 19, 2021.

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

As per our report of even date

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

For **A. G. MUNDRA & COMPANY**
Chartered Accountants

Krishna Kumar Karwa
Whole Time Director

Prakash Kacholia
Whole Time Director and
Chief Financial Officer

(CA Anand Mundra)
Proprietor
Membership No: 046024

Siddharth Mehta
Company Secretary

Place : Mumbai
Date : May 19, 2021

Place : Mumbai
Date : May 19, 2021



Your success is our success

EMKAY FINCAP LIMITED**Registered Office:** The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028**CIN- U65990MH2005PLC153310****ATTENDANCE SLIP**

I hereby record my presence at the 16th Annual General Meeting of the Company held on **Thursday, August 05, 2021** at **10.00 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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Your success is our success

EMKAY FINCAP LIMITED**Registered Office:** The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028**Website:** www.emkayglobal.com **T:** 022-66299299 **Email:** compliance@emkayglobal.com**CIN- U65990MH2005PLC153310****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 Emkayglobal Financial Services IFSC Private Limited holding _____ equity shares of the above named company, hereby appoint.

Name:

Address:

E-mail ID:

Signature: or failing him

Name:

Address:

E-mail ID:

Signature: or failing him

Name:

Address:

E-mail ID:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company, to be held on **Thursday, August 05, 2021 at 10.00 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:

Sr. No.	Resolutions
1	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 together with the reports of the Board of Directors and the Auditors thereon.
2	To appoint a director in place of Mr. Krishna Kumar Karwa, (DIN: 00181055) who retires by rotation and being eligible, offers himself for re-appointment.
3	To approve the appointment of Statutory Auditors, M/s S. K. Loonker & Co, appointed by the Board of Directors in terms of provisions of Section 139 (8) of the Companies Act, 2013 and rules made thereunder.
4	To appoint Statutory Auditors and to fix their remuneration.
5	To appoint Mr. Prakash Kacholia as the Whole Time Director and CFO of the Company for a period of 5 years.

Signed this ____ day of _____, 2021

Signature of the Shareholder: _____

Signature of the Proxy Holder(s): _____

<p>Affix Revenue Stamp of Re.1</p>
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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.



Your success is our success

EMKAY FINCAP LIMITED

CIN: U65990MH2005PLC153310

Registered Office: The Ruby, 7th Floor,

Senapati Bapat Marg, Dadar (West), Mumbai- 400 028

Tel: +91 22 66121212