

ANNUAL REPORT  
2020-21



**MONARCH**  
NETWORK CAPITAL

*financial market simplified*

**WEALTHCARE  
REDEFINED**



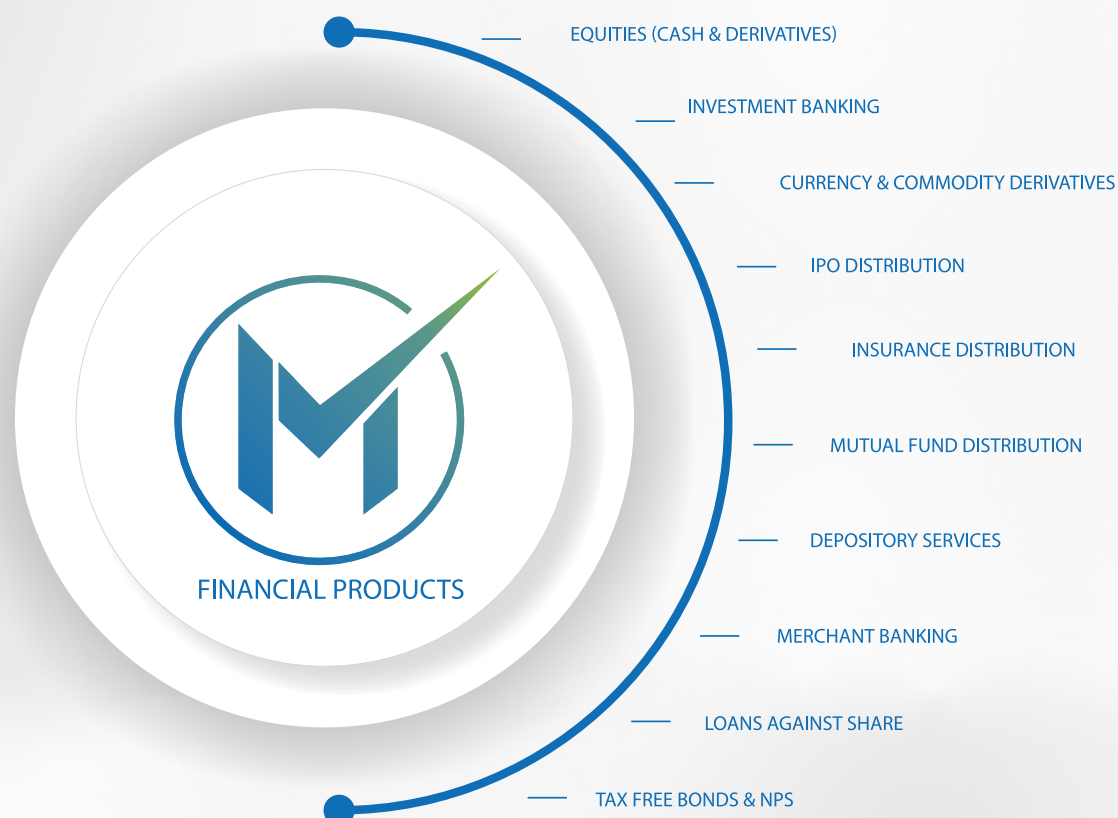
# MESSAGE FROM MD's DESK

Dear Stakeholders,

We sincerely hope that you are safe and keeping well in these times.

The impact of COVID-19 pandemic on global and domestic economies has been unprecedented and hugely disruptive. Lockdown restrictions caused unexpected job losses and impacted livelihoods of many people globally. The overall business environment remained muted with demand slackening in almost all sectors. Financial markets also went through extreme volatility owing to stringent lockdowns.

However, it is rightly said that **“when the going gets tough, the tough gets going”**. The second half of the year saw a quick and remarkable recovery due to phasing out of restrictions, pickup in economic activity, favorable government reforms, and mass vaccination to halt the spread of the virus. From the lows seen during the end of FY2020, markets bounced back to erase its losses in November 2020. Indeed, the rapidity of the recovery in the secondary markets and resurgence of the primary market took everyone by (pleasant) surprise. Investors gained more confidence and higher liquidity coupled with ‘revenge consumption’ (the fashionable new expression for pent-up demand) led to both Sensex and Nifty closing at an all-time high during February’21.



## Memorable Financial Year 21

So, as we rewind our memories of FY 2020-21, we sensed that this year was a challenging, and yet a rewarding year. All our businesses had their best year despite onset of the pandemic and the subsequent lockdown.

So, while we look back and reflect on what our company has done differently that enabled us to report credible growth, we came to the following conclusions:

- **Our People :**

First and foremost, our investments in our people. Their skills, knowledge and competencies strengthen our offerings and form the backbone of our success.

- **Our Clients :**

Second, our active customer engagement. We believe that “we succeed when we make our clients successful”, “we succeed when our clients enjoy our user friendly systems”. Our continuous engagement with our clients, understanding their investment needs coupled with our robust market research help us to create “wow feeling” for our customers.

- **Our Digital Transformation :**

In this pandemic, we experienced first-hand that technology is changing, expanding, and transforming every sphere of our lives. The company's investment in digital transformation, developing the right solutions required for client servicing is a key differentiator. Our client onboarding process is totally automated, and completely paperless. Our mobile application facilitates opening of accounts and conducting transactions with ease, speed, and convenience.

- **Our Brand Visibility :**

We leverage social media as a two-way communication vehicle to understand customer requirements and fulfil their aspirations with our broad product and service offerings. Seminal changes to our media (including social) strategy were made during the year and have continued thereafter.

- **Our Leadership :**

Finally, our experienced leadership has transformed the Company into an actively client-focused entity. Our stable and motivated leadership is working quietly to bring sustainable growth.

**Our ambition is to become a one-stop investment hub for all and widen our reach across the country.**

Going forward, our emphasis on preserving and nurturing talent, setting robust processes, investing in technology, brand building, and inter-segment synergies will pave the road for achieving milestones across all our business verticals. We continue to remain optimistic on the growth potential of all our business verticals given the robust fundamental structure and revival in macro conditions.

I would also like to extend my gratitude towards all our stakeholders for trusting our capabilities.

Thank you.

Yours Sincerely,



**Vaibhav J Shah**  
**Managing Director**  
**MNCL Group of Companies**



# MESSAGE FROM CEO's DESK

Dear Shareholders,

As I write to you, life and lifestyles across the world have been upended. The corona virus pandemic hasn't ended yet; these are difficult times, and we must prepare to embrace radical changes in our lives and the way we work.

Governments and central banks across the world deployed a range of policy tools to support their economies such as lowering key policy rates; monetary policy easing measures; cash transfers and fiscal stimulus measures. Robust recovery in the services sector as well as rebound in consumption and investment demand is expected to support growth. Further, e-commerce and digital technologies are likely to be the bright spots in India's recovery.

In the Indian capital market, digitization and growing awareness about equities is encouraging more people to shift their savings from traditional instruments such as gold, real estate, and bank deposits to stocks. At Monarch, we continue to create meaningful value for our customers by making investing easy providing rewarding investment opportunities, incisive research from industry experts and multi-product offering. Among other uses, we are actively deploying technology for customer acquisition, increased customer activation and facilitating ease of conducting business with us.

## Financial Performance

**Our performance reflects the trust reposed in our expertise and transparency**

Even amid the most tumultuous times that the world has seen in over a century, we can look at Monarch Network's performance for fiscal 2021 with quiet satisfaction.

We posted a consolidated total revenue of ₹103.09 cr in FY 2020-21, a growth of 46.3% over ₹70.44 cr in FY 2019-20. In the current year, we achieved a consolidated PAT of ₹24.35 cr as against ₹2.25 cr in the previous year. The Company's net worth has increased from ₹82.10 cr in FY 2019-20 to ₹107.83 cr in FY 2020-21.

## Employee Safety & Well-being

One of our guiding principles is – ‘We will take care of our people’ and in unprecedented times like these, the primary element of our people strategy is employee safety and well-being.

- During the stringent first lockdown, most of our employees have been operating from home or other remote locations
- We have taken all required measures for our office premises in order to make them safe for the critical resources who were required to come to work
- Our Group Medical Insurance Policy covers employees and their insured family members for hospitalization, quarantine, and further treatment. Onsite vaccination drives and inoculation reimbursement for all employees and their families
- Employee Wellness Sessions:
  - ♦ Morning sessions for managing stress and anxiety, meditation, yoga, creating a collaborative and positive environment
  - ♦ Virtual events such as Health & Nutrition programs, Yoga day event, Inter branch Team building activities, online sessions on festival celebrations and many more

## Customer First Culture

We believe in building lasting relationships with our customers. During the pandemic, we strived further to strengthen our relationship and build an everlasting bond with them. With a customer first culture, it is our constant endeavor to engage with them, allowing us to develop a deep understanding of their unique requirements. Through good times and bad, our objectives remain the same – **to stand true to the trust they repose in us**, to anticipate their needs and offer them seamless, sterling, and delightful experiences.

We are active partners in our customers' journey towards wealth creation, working closely with them to identify their short and long-term needs, and have a clear sense of their end-goals. We engage with our customers across their entire financial journey to serve all kinds of investment needs, targeted at sustained wealth creation and preservation.

We simplified the onboarding platform for our clients through e-KYC, going completely paperless and integrating it with Aadhaar based e-sign, video IPV, e-PAN verification etc.

This very purpose of our existence is well-supported by differentiated and holistic product offerings and propositions, robust technology platforms, superior customer experience, competitive pricing, expanding footprint, and strong research capabilities to build long-term wealth for our customers.

## Going Forward

At Monarch, our clients are at the heart of everything we do. We are committed to continuously upgrade our service standards in alignment with the constantly evolving needs of our clients. We aspire to provide a secure, convenient, and hassle-free investment experience to our clients.

## Technology will be driving force

The cumulative impact of slowdown in global markets, rising trade barriers, oil crisis, geopolitical conflicts, and of course the corona pandemic (Covid-19) resulted in weakened economic activities, lower private consumption, private investment, and exports. While, the Government's fiscal packages are expected to help economic recovery, uncertainty looms over the timeframe. In the midst of these, all of us have experienced the new normal. Some of these changes, if not all, are profoundly structural and will stay even after this storm has passed. In all of this, we believe that businesses which are already leaning towards technology should move rapidly forward. We believe that in today's era, digital trading platforms and user-friendly mobile applications will drive the business. Hence, in the coming years, the Company will keep investing in technology and digital trading platforms to provide secure and more user-friendly investing experience to our clients.

## Expanding customer base

Your Company is proud of its demonstrated achievements in providing timely services and witnessing a surge in business revenues despite the draconian lockdown. In the coming year, we will strengthen our e-KYC process and aspire to increase our client base

## Good corporate governance

At Monarch, good corporate governance has always been by choice rather than by rule. Our focus on effective corporate governance is marked by transparent processes and ethical values. Strong governance is the foundation for establishing trust and promoting engagement between the Company and its stakeholders.

## Expanding product offerings

For the coming year, we are focusing on scaling up our product portfolio and communication and branding, with an aim to rank amongst the most promising player in the country. We continue to invest in technology and mobile platforms to drive efficiencies and enhance customer experience.

Above all, I would like to sincerely thank our fellow Board members and all our stakeholders for their constant support and the trust reposed in us.

Thank you for your support and guidance. Take care and stay safe.

With Warm Regards

**Gaurav Bhandari**  
**Chief Executive Officer**  
**MNCL Group of Companies**



# KEY HIGHLIGHTS OF FY2021

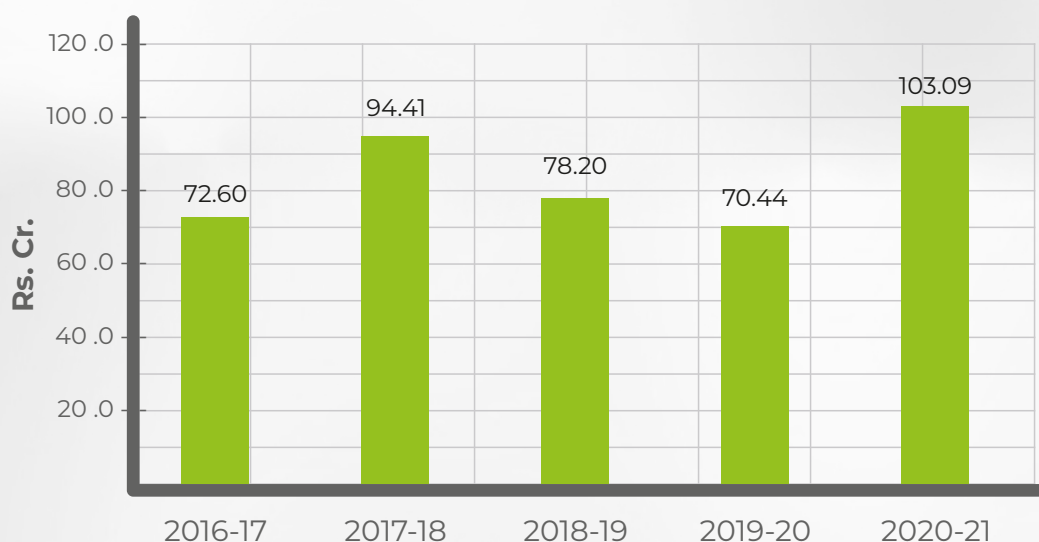
Our Company has achieved respectable growth during the year under review and key highlights of our achievements are as under:

## 1. Remarkable Financial Performance :

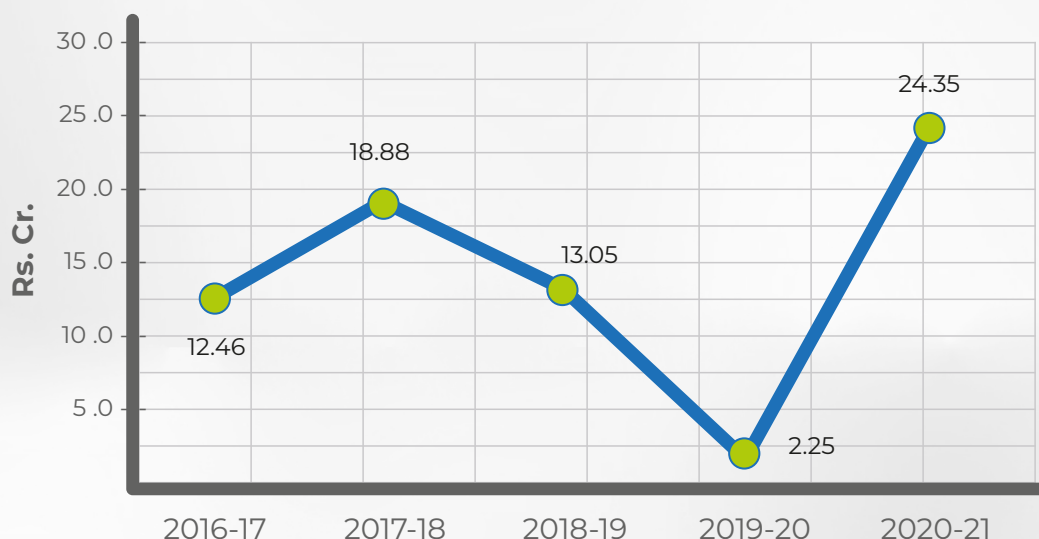
FY2021 has been a landmark year for our company, touching all-time highs on several parameters.

- ♦ **Revenue** : We reported highest ever consolidated revenues of ₹103.09 cr in FY 2020-21 compared to ₹70.44 cr in FY 2019-20, a 46% year-over-year growth.
- ♦ **Profit** : Our profit after tax (PAT) for FY 2020-21 was ₹24.35 cr compared to ₹2.25 cr in the previous year.
- ♦ **EPS** : Earning per share (EPS) in FY 2020-21 was ₹8.29 as against ₹0.61 in FY 2019-20.
- ♦ **ROE** : We delivered a return on equity (ROE) of 25.6% (based on average equity) in FY 2020-21 compared to 2.8% in FY 2019-20.

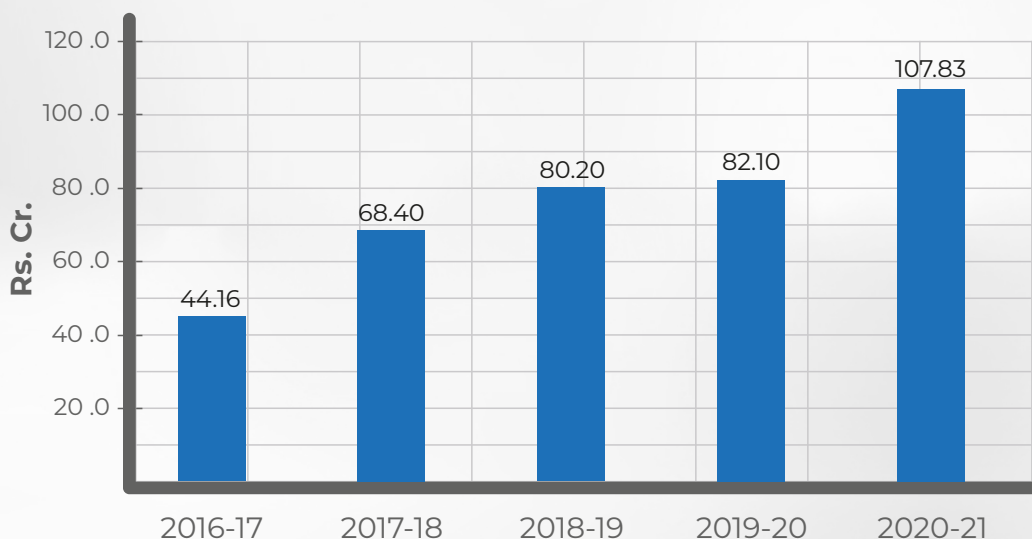
### Consolidated Revenue



### Consolidated Profit After Tax



## Consolidated Network



### 2. Expanding Client Base :

We strive to develop and sustain relationships with our clients through multiple channels. FY21 saw a remarkable increase in our active client base.

### 3. Wealth Management & Distribution of Insurance products :

The buoyancy in capital markets enabled us to strengthen our feet further in the mutual fund distribution business. FY21 saw a healthy increase in our overall MFAUM.

We have expanded our insurance distribution business during the year, which is reflected in a 43% increase in fresh premium collection in FY 2020-21 as compared to FY 2019-20

### 4. Merchant Banking & Advisory Business :

Monarch was largely targeting small IPOs until recently; the Company in FY 2020-21 has been successful as a lead investment banker/advisor for comparatively large offers for sale and qualified institutional placements.

### 5. Spreading our Wings :

Our physical branch network plays an important role in serving our customers' investment needs. Through a pan-India network of branches and customer touch points backed by our digital infrastructure, we provide a comprehensive range of financial products and services to our customers. We currently have 65 branches and 521 business associates across India with presence in 159 cities across 19 states.

The number of sub-brokers who partnered with us were 521 as on 31 March 2021 compared to 404 as on 31 March 2020



## 6. Products Baskets :

Monarch offers a wide range of products within BFSI such as

- ♦ Broking services in equity, commodity & currency markets;
- ♦ Distribution of initial public offer (IPO), follow-on public offer (FPO) and qualified institutional placements (QIP);
- ♦ Distribution of mutual fund products, bonds, FDs and NPS;
- ♦ Distribution of life insurance & general insurance policies of various insurance companies
- ♦ Depository (demat) services;
- ♦ Investment banking services;
- ♦ Loan against securities (LAS) and margin funding

## 7. Digital Progression :

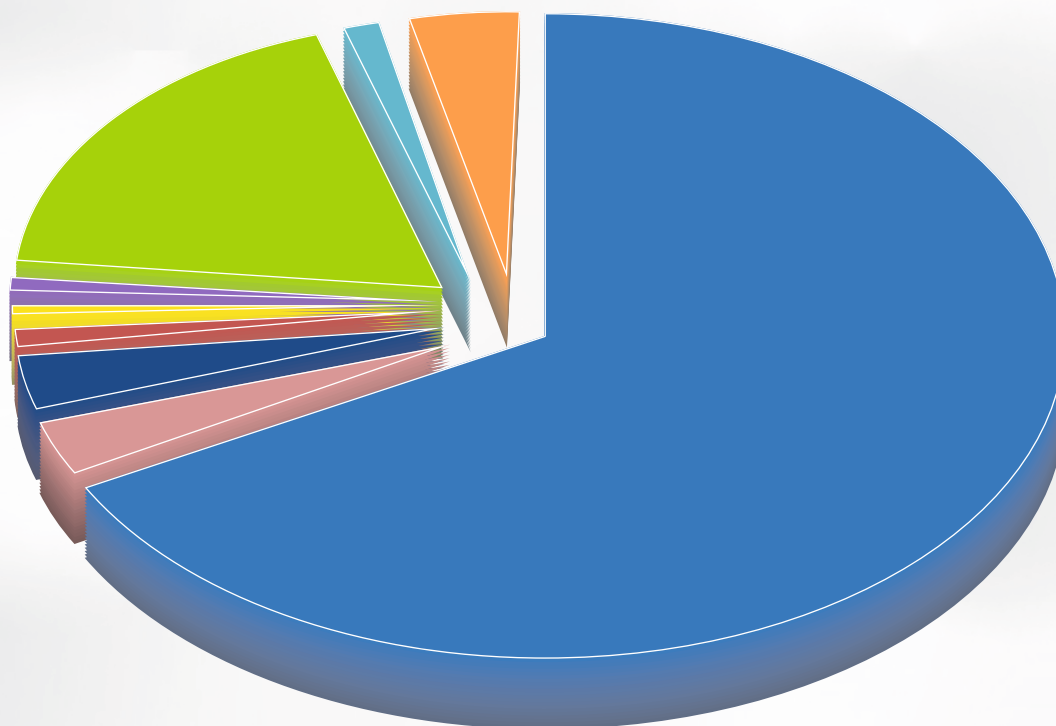
Digital progression is a journey and Monarch is continuously evolving its digital trading platforms, mobile apps, and web portal. The Company is committed to provide a secured and seamless trading platform to its customers. The number of clients using mobile apps has steadily increased.

Technology has brought the whole world at our fingertips and hence we believe that technology is an important growth driver of all our future strategies. We strive to invest in technology and enhance our clients' overall investment experience.

## 8. Noteworthy transactions / achievements :

- ♦ Sole banker to Alembic Pharma's ₹750 cr qualified institutional placement (QIP).
- ♦ Advisor to Adani Total Gas' SAS transaction of ₹5,152 cr.
- ♦ Sole banker to Adani Green Energy's offer for sale (OFS) of ₹778 cr (two tranches).
- ♦ Advisor to KEI Industries' ₹500 cr QIP.
- ♦ Successful closure of the first Alternative Investment Fund (AIF) of ₹70cr, raised solely by us, without engaging distributors.

## Segment Wise Revenue For FY : 2020-21



-  **Brokerage**
-  **Demat Services**
-  **Delay Payment Interest**
-  **Interest Income from Margin Funding**
-  **Merchant Banking**
-  **Financial Products Distribution**
-  **Advisory Services**
-  **Insurance Services**
-  **Interest Income from NBFC**



# VALUE FOR STAKEHOLDERS

At Monarch, we value all our stakeholders who contribute to our success day in and day out.

## 1. Shareholders

- ♦ **Increase In revenue**: A growth of 46% in FY 2020-21 over the previous year.
- ♦ **Return on Equity (ROE)**: 25.6% on average equity in FY 2020-21.
- ♦ **Profit After Tax (PAT)**: A nearly 10x+ increase in FY 2020-21 and 18.2% CAGR (compounded annual growth rate) over the last four years.

## 2. Customers

- ♦ Wide product range to provide one stop financial solutions
- ♦ Right investment advice through robust research
- ♦ Availability of online/digital platforms for client onboarding, investments, payouts and other information
- ♦ Availability of pan-India branch and sub-broker network

## 3. Employees

- ♦ Stimulating and rewarding work environment
- ♦ Equal opportunity and diversity
- ♦ Strong culture of learning and development
- ♦ High employee engagement

## 4. Government and Regulatory Bodies

- ♦ Accountable and responsible tax payer
- ♦ Ethical and transparent business practices
- ♦ Compliance with relevant regulations and guidelines
- ♦ Contribution to industry and regulatory working groups
- ♦ Contributing via CSR to society at large

# GENESIS OF A JOURNEY TO SIMPLIFY WEALTH MANAGEMENT

**M**onarch Network Capital is a strategic amalgamation of two leading financial service providers - Monarch Group of Companies and Network Stock Broking Limited with more than two decades in devising and executing smarter financial products and strategies, we have emerged as one of the leading and reliable financial services providers.

We have added more verticals to the entire gamut of financial services such as primary marketing operations, mutual funds, insurance and comprehensive **Financial Planning**

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Our constant focus is on scaling and upgrading the technology and infrastructure with an aim of providing the best services to the investors. We have always believed in building a knowledge bank to bring about a progressive change for all our customers and stakeholders. This sharing of financial knowledge has been adding more values to our clients' assets. It has also established us as a unique entity in this domain.



# LEADING AND SIMPLIFYING PROGRESS

## Vaibhav J Shah

Managing Director - MNCL

Vaibhav Shah is the founder of the Monarch Group (now Merged with Networth Stock Broking Limited). With his rich experience of 28 years in the financial market, Vaibhav Shah is guiding the group to its next progressive era. He is an enterprising leader with a keen eye to identify and capitalise upon new business opportunities propelling the business forward. He also has natural flair for forging long term association with clients, vendors and external business partners. He also a focussed sales leader who inspires the team with his pragmatic approach.

He has got a motivational management style with a proven history of building, guiding and retaining high performance teams that develop and implement strategies for accelerated growth. He always strives to optimize operations, reduce costs and improve service quality while strengthening the bottom-line. It is through his exceptional leadership skills and outstanding commitment that monarch Networth has received several accolades in the recent times.

He is also an eminent speaker who regularly presents his views and expertise on various market related issues on print and electronic media. Vaibhav Shah is instrumental in the rapidly expanding Branch Operation, Media & Brand functions. He possesses excellent communication with his team members to achieve a common goal. He is a man with a vision and is on a mission to create a wide-spread business of excellence for a brighter future of the group.

## Bankim Shah

Chief Operating Officer - MNCL

Bankim Shah is the overall Incharge, administrator and control head of MNCL. He has an expert vision when it comes to the stock market and its intermediaries. He also plays a vital role in the strategic decision-markings, overall growth and development of the organization. He seamlessly manages and coordinates various business functions like advising, HR, Public Republic (PR) etc. He also dedicates his time in taking effective measures to improved quality investor services of the organization. He is also gifted with excellent operational and client management skills. He operates collaboratively with the team members to achieve a common goal of the group.

He also inspires the team by being actively involved in all internal programs and services, and works to develop a broad and deep knowledge base for all the programs. He prepares and submits the annual operational budget, and reports accurately on the progressive strides and the challenges encountered. He promotes a culture of high performance and continuous improvement that values learning and commitment to quality.





## Manju Bafna

Chairman cum Whole Time Director - MNCL

Manju Bafna has done her bachelors in Science from Mumbai University. She has over 27 years of experience in Capital Market & Administrative Affairs of the organization. She has a broad knowledge of organizing, managing, and supporting the day to day activities required for running an organization. She can work individually and as a part of group seamlessly. She is involved in a wide variety of tasks in areas such as recruitment, human resource planning & management. With her excellent organizational skills gained through all-round administrative experience, she is enriching the group.

## Ashok Bafna

Executive Director - MNCL

Ashok Bafna has an experience of more than two decades in the broking services and handles the company's business affairs.

He develops the organization's financial strategies and contributes to disseminating financial and accounting information and analysis. He also offers his recommendations to the strategic thinking and provides in line with organizational objectives. He has a keen understanding of the capital market. He also oversees the administrative and compliance related affairs of the company along with investment of funds and managing associated risks.

He also plays a key role in supervising cash management activities, executing capital-raising strategies to supports Groups' expansion.





## Shailen Shah

Associate Director - MNCL

Shailen Shah is an Associate Director in MNCL Group and has an industry experience of 23 years, he has played a key role in the group's rapid expansion PAN India in recent years. He also serves as a director a Non-Banking Financial Company. He has proven regarding our Institutional Business Segment. He has also played a key role in establishing strong Institutional setup of more than 10 banks, 13 DILs, 18 FII's & 6 Insurance Company

## Gaurav Bhandari

Chief Executive Officer - MNCL

Mr. Gaurav Bhandari is a commerce graduate and has done his Executive Business Management from IIM Calcutta. With over 16 years of rich experience in financial markets, Gaurav possesses strong relationship management skills with a deep understanding of all the businesses.

At MNCL, Gaurav spearheads MNCL's Retail Broking, Institutional Equities, Investment Banking, Fund Management, Wealth & Third Party Distribution businesses. He has played a key role in scaling the business to new highs. Under his strong leadership and business acumen, MNCL has executed multiple marquee transactions.

Prior to joining MNCL, he was associated with Centrum Broking, ICICI Securities etc.



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Management Discussion & Analysis Report	23	<b>Registered &amp; Corporate Office:</b> Unit No. PO4-01D, 4 <sup>th</sup> Floor, Tower A WTC GIFT CITY, Block No. 51, Road 5 E, Zone-5, Gandhinagar – 382355, Gujarat Tel.: 079-26666500/079-66000500 E-mail: <a href="mailto:cs@mnclgroup.com">cs@mnclgroup.com</a> Website: <a href="http://www.mnclgroup.com">www.mnclgroup.com</a>
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Auditors' Report on Standalone Financial Statements	54	<b>Registrar &amp; Share Transfer Agent:</b> Skyline Financial Services Private Limited D-153A, 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase - I, New Delhi- 110020 Tel.: 011-26812682, 83, 011-64732681 to 88 Fax: 011-26812682, <b>E-mail:</b> <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a> Website: <a href="http://www.skylinerta.com">www.skylinerta.com</a>
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# MONARCH NETWORK CAPITAL LIMITED

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## MONARCH NETWORK CAPITAL LIMITED

CIN: L65920GJ1993PLC120014

Regd. Office: Unit No. PO4-01D, 4<sup>th</sup> Floor, Tower A WTC GIFT CITY, Block No. 51,  
Road 5 E, Zone-5, Gandhinagar – 382355, Gujarat

Tel.: 079-26666500/079-66000500,

E-mail: [cs@mnclgroup.com](mailto:cs@mnclgroup.com), Website: [www.mnclgroup.com](http://www.mnclgroup.com)

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### NOTICE

**NOTICE** is hereby given that the 28<sup>th</sup> Annual General Meeting of the member's of Monarch Network Capital Limited will be held on Thursday, the 30<sup>th</sup> day of September, 2021 at 2.00 p.m. at Fortune Inn Haveli, East Wing - Banquet Hall, Plot No 235, Sector 11, Gandhinagar - 382011 to transact the following businesses:

#### ORDINARY BUSINESS:

**Item No. 01: To receive, consider and adopt the Audited Financial Statements of the Company (including Consolidated Financial Statements) for the year ended 31st March, 2021 together with the Reports of the Board of Directors' and the Auditors' thereon.**

**Item No. 02: To declare Final Dividend of Rs. 1/- per Equity Shares for the Financial Year ended 31st March, 2021.**

**Item No. 03: To appoint a Director in place of Ms. Manju Bafna (DIN: 01459885), Whole Time Director, who retires by rotation and being eligible offers herself for re-appointment.**

**By Order of the Board of Directors  
For Monarch Network Capital Limited**

**Sd/-**

**Rupali Verma**

**Company Secretary & Compliance Officer  
Membership No. A42923**

**Place : Ahmedabad**

**Date : 06th September, 2021**

#### NOTES:

1. Information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), in respect of the Directors seeking re-appointment at the AGM is provided hereunder as "Annexure A".
2. As required under SS-2 issued by ICSI, a route map, including a prominent landmark, showing directions to reach the AGM venue is annexed to Annual Report and forms part of this Notice.
3. All Members are requested to:
  - a. Intimate immediately any change in their address/email ids/ Bank account details alongwith self-attested documentary proofs to Company's Registrar and Share Transfer Agent (RTA):

Skyline Financial Services Private Limited  
D- 153A, 1st Floor, Okhla Industrial Area,  
Phase- I, New Delhi- 110020  
Tel: 011-40450193-97 & 011-26812682-83  
Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)/ [info@skylinerta.com](mailto:info@skylinerta.com)  
Website: [www.skylinerta.com](http://www.skylinerta.com)
  - b. Forward all Share Transfers and other communications/ correspondence to the RTA.
  - c. Inform change in address directly to their respective depository participants in case members are holding shares in demat form.

- d. Always quote their Folio no. / Client ID no. in all their correspondence with the RTA.
  - e. Intimate RTA for consolidation of folios, in case having more than one folio for better services.
4. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.
  5. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of himself/herself, and that a proxy need not be a member of the company. A person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% (ten percent) of the total share capital of the company. A member holding more than 10% (ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy, provided that the person does not act as proxy for any other member.
  6. An instrument appointing proxy is valid only if it is properly stamped as per the applicable law. Blank or incomplete, unstamped or inadequately stamped, undated proxies or proxies upon which the stamp not been cancelled, will be considered as invalid. If the Company receives multiple proxies for the same holdings of a Member, the proxy which is dated last will be considered as valid. If such multiple proxies are not dated or they bear the same date without specific mention of time, all such proxies shall be considered as invalid.
  7. Proxies to be effective must be received by the company not less than 48 hours before the commencement of the meeting.
  8. The proxy-holder shall prove his identity at the time of attending the Meeting.
  9. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution in terms of Section 113 of the Companies Act, 2013, together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting to the Company.
  10. In order to enable us to register your attendance at the venue of the Annual General Meeting, we request you to bring your folio number/demat account number/DP ID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation at the meeting.
  11. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  12. Members are requested to bring their Original photo ID (like PAN Card, Aadhar Card, Voter Identity Card, etc, having photo identity) while attending the meeting.
  13. **Only bonafide member's of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.**
  14. The Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the directors are interested maintained under the Companies Act, 2013, will be available for inspection by the members at the AGM.
  15. Pursuant to Section 91 of the Act, the Register of Members and Share Transfer books will remain closed from Thursday, 23<sup>rd</sup> day of September, 2021 to Thursday, 30<sup>th</sup> day of September, 2021 (both days inclusive).
  16. **With the aim of curbing fraud and manipulation risk in physical transfer of securities, SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 on June 8, 2018 to permit transfer of listed securities only in the dematerialized form with a depository. In view of the above and the inherent benefits of holding shares in electronic form, we urge the shareholders holding shares in physical form to opt for dematerialization.**
  17. In case of any queries regarding the Annual Report, members may write to [cs@mncigroup.com](mailto:cs@mncigroup.com); to receive an email response. Members desiring any information relating to the financial statements at the meeting are requested to write to us at least ten (10) days before the meeting to enable us to keep the information ready.



18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their respective PAN details to their respective Depository Participant with whom they have their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agent of the Company - M/s. Skyline Financial Services Private Limited.
19. Non Resident Indian members are requested to inform the Company's RTA, immediately of any change in their residential status on return to India for permanent settlement, their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, IFSC and MICR Code, as applicable, if such details were not furnished earlier.
20. The Notice of 28<sup>th</sup> Annual General Meeting and instructions for e-voting along with Assent / Dissent Form, Attendance Slip and Proxy Form are being sent by electronic mode only to all members whose email address are registered with the Company/Depository Participant(s).
21. The Notice calling the AGM has been uploaded on the website of the Company at [www.mnclgroup.com](http://www.mnclgroup.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the same is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
22. To facilitate other shareholders whose email id are not registered, to receive this notice electronically and cast their vote electronically, special arrangement has been made with its Registrar & Share Transfer Agent for registration of email addresses in terms of the General Circular No. 14/2020 dated 08<sup>th</sup> April 2020, 17/2020 dated 13<sup>th</sup> April 2020, 20/2020 dated 05<sup>th</sup> May 2020, 22/2020 dated 15<sup>th</sup> June 2020, 33/2020 dated 28<sup>th</sup> September 2020, 39/2020 dated 31<sup>st</sup> December 2020 and 10/2021 dated 23<sup>rd</sup> June 2021 (the "MCA Circulars"). The process for registration of email addresses is as under:

Pursuant to the aforesaid Circular issued by Ministry of Corporate Affairs, shareholders who have not registered their email address may temporarily get their email address registered with the Company's Registrar and Share Transfer Agent, Skyline Financial Services Private Limited, by clicking the link: <http://www.skylinerta.com/EmailReg.php>. Post successful registration of the email, the shareholder would get soft copy of the notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this AGM. In case of any queries, shareholder may write to [info@skylinerta.com/admin@skylinerta.com](mailto:info@skylinerta.com/admin@skylinerta.com).
23. Subject to the provisions of the Act, dividend as recommended by the Board, if approved by the members at the annual general meeting will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as at the end of Thursday, 23<sup>rd</sup> September, 2021.
24. Members holding shares in electronic form are hereby informed that bank particulars registered with their respective Depository Participants (DP), with whom they maintain their demat accounts, will be used by the Company for payment of dividend.
25. Members holding shares in physical/electronic form are required to submit their bank account details, if not already registered, as mandated by SEBI.
26. Shareholders holding shares in dematerialized mode are requested to register complete bank account details with the Depository Participant(s) and shareholders holding shares in physical mode shall send a duly signed request letter to Skyline Financial Services Private Limited (RTA) mentioning the name, folio no., bank details, self-attested PAN card and original cancelled cheque leaf. In case of absence of name of the first shareholder on the original cancelled cheque or initials on the cheque, bank attested copy of first page of the Bank Passbook/Statement of Account along with the original cancelled cheque shall be provided.
27. Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

**For resident shareholders**, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid Permanent Account Number ("PAN")	10% or as notified by the Government of India
Members not having PAN / valid PAN	20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during fiscal 2022 does not exceed ₹ 5,000 and also in cases where members provide Form 15G / Form 15H (Form 15H is applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above.

**For non-resident shareholders**, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA"), read with Multilateral Instrument ("MLI") between India and the country of tax residence of the member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian income tax authorities duly attested by the member or details as prescribed under rule 37BC of Income-tax Rules, 1962
- Copy of Tax Residency Certificate for fiscal 2022 obtained from the revenue authorities of the country of tax residence, duly attested by member
- Self-declaration in Form 10F
- Self-declaration by the member of having no permanent establishment in India in accordance with the applicable tax treaty
- Self-declaration of beneficial ownership by the non-resident shareholder
- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the member

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the above documents.

The draft of the aforementioned documents may also be accessed from the Company's website at <https://www.mnclgroup.com/investor-relation/investor-relation-dividend>.

All Shareholders are requested to ensure that the above information & details are completed and/or updated, as applicable, in their respective demat account(s) maintained with the Depository Participant(s); or in case of shares held in physical form, with RTA, on or before the Record Date i.e. Thursday, 23<sup>rd</sup> September, 2021. Please note that the following information & details, if already registered with the RTA or Depositories, as the case may be, will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions. Shareholders can also raise any query/ send the scanned copies of the documents mentioned above at [info@skylinerta.com](mailto:info@skylinerta.com)/[admin@skylinerta.com](mailto:admin@skylinerta.com)

No communication would be accepted from members after Thursday, 23<sup>rd</sup> September, 2021 regarding tax withholding matters.

It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

## 28. E-Voting process:

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 28<sup>th</sup> Annual General Meeting to be held on Thursday, 30<sup>th</sup> September, 2021. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility at the link [www.evoting](http://www.evoting).

## MONARCH NETWORK CAPITAL LIMITED

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[nsdl.com](http://nsdl.com). The Company has also appointed M/s. VKM & Associates, Practising Company Secretaries as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, 23<sup>rd</sup> September, 2021, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.

Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

Members may cast their votes on electronic voting system from any place (remote e-voting). The voting period begins on Sunday, 26<sup>th</sup> September, 2021 at 09.00 a.m. and ends on Wednesday, 29<sup>th</sup> September, 2021 at 05.00 p.m. (preceding the date of AGM). During this period, Members holding shares either in physical form or in dematerialized form, as on Thursday, 23<sup>rd</sup> September, 2021 i.e. cutoff date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again.

The facility for voting either through polling paper shall be made available at the venue of the Annual General Meeting and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the Annual General Meeting. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.

The Company has appointed M/s. VKM & Associates, Practising Company Secretaries as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two working days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

The results declared along with Scrutinizers' Report shall be placed on the Company's website [www.mnclgroup.com](http://www.mnclgroup.com) within two working days of the passing of the resolutions at the 28<sup>th</sup> AGM of the Company and shall be immediately communicated to BSE, where the shares of the Company are listed.

### INSTRUCTIONS FOR E-VOTING:

#### How do I vote electronically using NSDL e-Voting system?




*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

#### **Step 1: Access to NSDL e-Voting system**

##### **A) Login method for e-Voting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <b><a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></b> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div style="text-align: center;"> <p><b>NSDL Mobile App is available on</b></p>    </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>

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Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

**4. Your User ID details are given below :**

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.



5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically on NSDL e-Voting system.**

### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

# MONARCH NETWORK CAPITAL LIMITED

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## General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [vkmassociates@yahoo.com](mailto:vkmassociates@yahoo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “**Forgot User Details/Password?**” or “**Physical User Reset Password?**” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

## Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [info@skylinerta.com/admin@skylinerta.com](mailto:info@skylinerta.com/admin@skylinerta.com) with a copy marked to [cs@mnclgroup.com](mailto:cs@mnclgroup.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [info@skylinerta.com/admin@skylinerta.com](mailto:info@skylinerta.com/admin@skylinerta.com) with a copy marked to [cs@mnclgroup.com](mailto:cs@mnclgroup.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Additional Information on directors recommended for appointment/re-appointment as required under Regulation 36 (3) of the SEBI (Listing and Obligation Disclosure Requirements) Regulations 2015 at ensuing Annual General Meeting are as follows:

<b>Name of the Director</b>	<b>Mr. Manju Bafna</b>
<b>DIN</b>	01459885
<b>Date of Birth</b>	15 <sup>th</sup> January, 1963
<b>Nationality</b>	Indian
<b>Qualifications</b>	B. Sc
<b>Designation</b>	Whole-Time Director
<b>Experience/Expertise</b>	27 Years of Experience in Administration & Capital Market
<b>Date of First appointment to the Board Meeting</b>	13 <sup>th</sup> February, 2015
<b>Number of meeting attended of board in last financial year</b>	8
<b>Terms &amp; Condition for re-appointment</b>	Terms & Condition for re-appointment are as per the Nomination and Remuneration Policy of the Company as displayed on the website of the Company.
<b>Remuneration last drawn</b>	Rs. 1,23,950/- PM
<b>Remuneration proposed to be paid</b>	In the event of absence or inadequacy of profits in any financial year during the tenure, remuneration as approved by the Board of Director's i.e. INR 86,675 /- p.m. shall be payable as minimum remuneration.
<b>Shareholding in the Company (Equity shares of Rs. 10/- each)</b>	15,07,500
<b>List of directorships held in various other Companies</b>	1. Sur-Man Investment Limited 2. Samarpan Properties Private Limited 3. Simandhar Securities Private Limited 4. Monarch Network Capital IFSC Private Limited 5. Maxgainz Properties Private Limited (Under Strike Off Process)
<b>Relationship with existing Directors of the Company</b>	None

**By Order of the Board of Directors  
For Monarch Network Capital Limited**

Place : Ahmedabad  
Date : 06th September, 2021

**Sd/-  
Rupali Verma  
Company Secretary & Compliance Officer  
Membership No. A42923**

# MONARCH NETWORK CAPITAL LIMITED

## BOARD'S REPORT

To  
The Members,  
Monarch Network Capital Limited

On behalf of the Board of Directors (the "Board"), it gives me great pleasure to present the 28th Board's Report of your Company, along with the Balance Sheet, Statement of Profit and Loss and Statement of Cash Flow for the financial year ended 31<sup>st</sup> March, 2021.

### FINANCIAL PERFORMANCE:

The standalone and consolidated financial statements for the financial year ended 31st March, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Key highlights of the financial performance of the Company is summarized below:

(INR. in Lakhs)

Particulars	Standalone Year ended		Consolidated Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Revenue & other Income	9,266.51	6,218.22	10,308.77	7,043.90
Profit before Tax	2,924.73	216.75	3,482.82	351.85
Tax Expenses:				
Short & Excess Tax Provision	23.65	3.90	11.70	4.17
Current Tax	857.68	63.14	1032.12	94.58
Deferred tax	3.71	10.10	4.44	11.41
Mat Receivable	-	16.64	-	16.64
Profit After Tax	2,039.69	122.97	2,434.55	225.05
Minority Interest	-	-	-	-
Share of Profit/(Loss) from Associates	-	-	(0.16)	(0.11)
Net profit for the year	2,039.69	122.97	2,434.39	224.93
Other comprehensive (loss)/income for the year	138.34	(34.20)	138.34	(34.20)
Total comprehensive income for the year	2,178.04	88.77	2,572.73	190.73
EPS:				
- Basic	7.01	0.29	7.84	0.72
- Diluted	7.01	0.29	7.84	0.72

Key highlights of the Segment wise financial performance is summarized below:

(INR. in Lakhs)

Particulars	Standalone Year ended		Consolidated Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
(a) Broking & Others				
1) Broking	6,186.42	4,356.48	6,186.42	4,356.49
2) Financial Products Distribution	58.43	49.94	58.43	49.94
3) Merchant Banking Income	12.91	58.60	12.91	58.60
4) Advisory Income	1,161.25	101.74	1,760.01	101.74
5) Others (Un-allocated)	1,847.49	1651.46	1,815.18	1450.40
b) Non Banking financial business	-	-	393.10	930.42
c) Insurance business	-	-	82.72	96.32
TOTAL	9,266.51	6,218.22	10,308.77	7,043.90

**COVID 19:**

The COVID-19 outbreak was declared a global pandemic by the World Health Organization in the last month of FY 2020 resulting into imposing multiple 'lock-downs' across the country, from March 22, 2020 with strict guidelines by Indian Government.

The Company being classified under the exempted category, carrying out its operations with the help of minimum staff as permitted besides strictly following the advisory/guidelines of Government particularly for social distancing, sanitizing of persons and premises and majority of its staff working from home and on minimizing disruption to services for all our customers.

Your Directors have been periodically reviewing with the Management, the impact of COVID-19 on the Company and had set business model such that the Company was able to minimize the impact on operation of the Company and was able to deliver better with growth prospectus.

This response has reinforced customer confidence in MNCL and many of them have expressed their appreciation and gratitude for keeping businesses running under most challenging conditions.

**STATE OF COMPANY'S AFFAIRS**

Discussion on state of Company's affairs has been covered as part of the Management Discussion and Analysis. Management Discussion and Analysis for the year under review.

**SHARE CAPITAL**

As on March 31, 2021, the paid up equity share capital of the company was INR 31,04,95,180 i.e. 3,10,49,518 equity shares of INR 10 each. There was no change in Paid-up Share Capital of the Company during the Financial Year under review.

**TRANSFER TO RESERVES:**

The Company has not transferred any amount to the General Reserve.

**DIVIDEND:**

On account of exemplary business performance during the financial year 2020-21, the Board had recommended a final dividend of Rs. 1/- per equity share (i.e. 10% of the Face Value) in the Board Meeting of the Company held on 18th June, 2021.

**STOCK EXCHANGE:**

The Equity Shares of the Company are listed at BSE Limited. The Company has paid the Annual listing fees for the year 2020-2021 to the said Stock Exchange.

**BOARD OF DIRECTOR'S**

The Board of the Company comprises of 6 (Six) Directors as on March 31, 2021, the details are as below:

Sr. No.	Name of the Director	DIN	Designation
1	Ms. Manju Bafna	01459885	Chairman & Whole –Time Director
2	Mr. Vaibhav Shah	00572666	Managing Director
3	Mr. Ashok Bafna	01431472	Whole –Time Director
4	Mr. Chetan Bohra	03645353	Independent Director
5	Mr. Sathish Kumar	08735238	Independent Director
6	Ms. Avni Chouhan	08716231	Independent Director

**DIRECTORS RETIRING BY ROTATION**

Pursuant to the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Ms. Manju Bafna (DIN: 01459885), retires by rotation and being eligible, has offered herself for re-appointment.



## MONARCH NETWORK CAPITAL LIMITED

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Your Board recommend's re-appointment of the above Director.

Additional Information on directors recommended for re-appointment as required under Regulation 36 (3) of the SEBI (Listing and Obligation Disclosure Requirements) Regulations 2015 at ensuing Annual General Meeting is given in the Notice convening 28<sup>th</sup> Annual General Meeting.

The Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The Code of Conduct is placed on the website of the Company at [https://reports.dionglobal.in/mnclgroupadmin/IR\\_Reports/5.%20Code%20of%20conduct\\_BOD%20&%20senior%20management\\_12032021\\_045649.pdf](https://reports.dionglobal.in/mnclgroupadmin/IR_Reports/5.%20Code%20of%20conduct_BOD%20&%20senior%20management_12032021_045649.pdf)

### CHANGE IN DIRECTOR'S AND KEY MANAGERIAL PERSONNEL:

Below changes took place in directorship of the company during the year under review:

1. Mr. Sathish Kumar having DIN 08735238 has been appointed as Independent Director of the Company has w.e.f. 17<sup>th</sup> April, 2020.
2. Mr. Ashok Bafna having DIN 01431472 has been appointed as Executive Director (Whole Time Director) of the Company w.e.f. 20<sup>th</sup> August, 2020.
3. Ms. Avni Chouhan having DIN 08716231 has been appointed as Independent Director of the Company has w.e.f. 20<sup>th</sup> August, 2020.

Further no KMP has been appointed by or resigned from the Company during the Financial Year under review.

### DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from all the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing and Obligation Disclosure Requirements) Regulations 2015, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing and Obligation Disclosure Requirements) Regulations 2015.

### ANNUAL PERFORMANCE EVALUATION BY THE BOARD:

Pursuant to provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of the performance of the Board, its Committees and of individual Directors.

The Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The Board has devised questionnaire to evaluate the performances of each of executive, non-executive and Independent Directors. Such questions are prepared considering the business of the Company and the expectations that the Board have from each of the Directors. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance of Board Meetings and Board Committee Meetings;
- ii. Quality of contribution to Board deliberations;
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance;
- iv. Providing perspectives and feedback going beyond information provided by the management.
- v. Ability to contribute to and monitor our corporate governance practices

### COMMITTEES OF THE BOARD:

There are currently four Committees of the Board, as follows:

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the Report on Corporate Governance and forms part of this Annual Report.

**EXTRACT OF ANNUAL RETURN:**

Pursuant to Section 92(3) and Section 134(3) (a) of the Companies Act, 2013, extract of the Annual Return as on March 31, 2021 in form MGT-9 is available on the website of the Company viz. <https://www.mnclgroup.com/investor-relation/investor-relation-financials-annual-reports>.

**MEETINGS OF THE BOARD:**

During the year under review, the Board of Directors has held Eight (8) Board meetings. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 134(3)(c) of the Companies Act, 2013 and according to the information and explanations received by the Board, your Directors state that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors have prepared the annual accounts on a going concern basis;
- e. the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES:**

The Company has 4 (Four) Subsidiary Companies and 1 (One) Associate Companies as on 31<sup>st</sup> March, 2021. The Company does not have any Joint Venture.

During the year, the Board of Directors ('the Board') reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company which form part of the Annual Report. Further, a report on the performance and financial position of each of the Company's subsidiaries and associate companies for the financial year ended March 31, 2021 in Form AOC-1 is attached and marked as **Annexure - I** and forms part of this report.

The policy on material subsidiary is available on the Company's website viz. <https://www.mnclgroup.com/investor-relation/investor-relation-policy>

Further in accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on the Company's website <https://www.mnclgroup.com/investor-relation/investor-relation-financials-annual-reports>. These documents will also be available for inspection at the registered office of the Company and of the subsidiary companies during business hours on all working days and during the Annual General Meeting.

# MONARCH NETWORTH CAPITAL LIMITED

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## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Pursuant to Section 186 of Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, entered during the year by your Company as per Section 188 of the Companies Act, 2013 which require approval of the member. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company. Further disclosure of transactions with related parties is set out as part of the financial statements.

In line with the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has approved a policy on related party transactions. An abridged policy on related party transactions has been placed on the Company's website: <https://www.mnclgroup.com/investor-relation/investor-relation-policy>;

## PARTICULARS OF REMUNERATION:

The requisite details pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, are appended to this report as **Annexure II**.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company's operations forms part of this Annual Report as **Annexure -III**.

## CORPORATE GOVERNANCE:

Your Company believes in adopting best practices of corporate governance. Corporate governance principles are enshrined in the Spirit of Monarch Network, which form the core values of the Company. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines, charter of various sub-committees and disclosure policy. As per regulation 34 read with Schedule V of Listing Obligations and Disclosure Requirements, Regulations, 2015 LODR, a separate section on corporate governance practices followed by your Company, together with a certificate from VKM & Associates, Practising Company Secretaries, on compliance with corporate governance norms under the Listing Regulations, is provided as **Annexure -IV** to this Annual Report.

## PUBLIC DEPOSITS:

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

## CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy of the Company indicating the activities to be undertaken by the Company which has been approved by the Board. The CSR Policy may be accessed on the Company's website at [https://reports.dionglobal.in/mnclgroupadmin/IR\\_Reports/CSR\\_Policy\\_09082018\\_110752.pdf](https://reports.dionglobal.in/mnclgroupadmin/IR_Reports/CSR_Policy_09082018_110752.pdf)

The report on Corporate Social Responsibility initiatives as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is given as **Annexure-V**.

## WHISTLE BLOWER POLICY:

The Company has adopted a Vigil mechanism / Whistle blower Policy to deal with instance of fraud and mismanagement, if any. The Company had established a mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Code of Conduct and Ethics. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the

Audit Committee in the exceptional cases. The details of the Vigil mechanism Policy is explained in the report of Corporate Governance and also posted on the website of the Company at <https://www.mnclgroup.com/investor-relation/investor-relation-policy>. We affirm that during the financial year 2020-21, no employee or director was denied access to the Audit Committee.

**REMUNERATION POLICY:**

Pursuant to provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing and Obligation Disclosure Requirements) Regulations 2015 and on the recommendation of the Nomination and Remuneration Committee, the Board has adopted a Policy on criteria for appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration. The same is also hosted on the website of the Company - <https://www.mnclgroup.com/investor-relation/investor-relation-policy>

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

Your Company has zero tolerance towards any action on the part of any of its employees, which may fall within the ambit of 'Sexual Harassment' at workplace.

Your Company recognizes its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted a committee and put in place a Policy on prevention of Sexual Harassment of Women at workplace. The policy can be accessed on the website of the Company at the link - <https://www.mnclgroup.com/investor-relation/investor-relation-policy>.

Your Directors further state that during the fiscal year 2020-21, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a) Number of complaints filed during the financial year: Nil
- b) Number of complaints disposed of during the financial year: Nil
- c) Number of complaints pending as on end of the financial year: Nil

**RISKS AND AREAS OF CONCERN:**

The Company has laid down a well-defined Risk Management Policy to identify the risk, analyse and to undertake risk mitigation actions. The Board of Directors regularly undertakes the detailed exercise for identification and steps to control them through a well-defined procedure.

**INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:**

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

**INTERNAL AUDITOR:**

The Company has re-appointed M/S. Rushil Soni & Co., Chartered Accountants, Ahmedabad as its Internal Auditor vide Board Meeting dated 29<sup>th</sup> June, 2020. The Internal Auditor has given his reports on quarterly basis to the Audit Committee.

Based on the report of internal audit, management undertakes corrective action in the respective areas and strengthens the levels of Internal Financial and other operational controls.

**STATUTORY AUDITORS:**

At the 26th Annual General Meeting of the Company held on 30th September, 2019, M/s. Parekh Shah and Lodha, Chartered Accountants, Mumbai (having FRN: 107487W), were re-appointed as Statutory Auditors of the Company to hold office for a second term of five consecutive years upto the conclusion of 31st Annual General Meeting to be held in the year 2024.



## MONARCH NETWORK CAPITAL LIMITED

The Auditor's Report for the year ended 31st March, 2021 does not contain any qualification, reservation or adverse remark. Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review. The Auditor's Report is enclosed with Financial Statements in this Annual Report.

### SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has appointed Mr. Vijay Kumar Mishra, Partner, VKM & Associates, a firm of Company Secretaries in Practice, to conduct Secretarial Audit of the Company. The Report of the Secretarial Audit in Form MR-3 for the financial year ended 31st March, 2021 is enclosed as **Annexure VI** to this Report.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Pursuant to Section 134(3)(m) of the Companies act, 2013 read with Rule 8 of the Companies (accounts) rules, 2014, details regarding the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo for the year under review are as follows:

#### A. Conservation of Energy

- a. Steps taken or impact on conservation of energy - The Operations of the Company do not consume energy intensively. However, the Company continues to implement prudent practices for saving electricity and other energy resources in day-to-day activities.
- b. Steps taken by the Company for utilizing alternate sources of energy - Though the activities undertaken by the Company are not energy intensive, the Company shall explore alternative sources of energy, as and when the necessity arises.
- c. The capital investment on energy conservation equipment – Nil

#### B. Technology Absorption

- a. The efforts made towards technology absorption - The Company continues to take prudential measures in respect of technology absorption, adaptation and take innovative steps to use the scarce resources effectively.
- b. The benefits derived like product improvement, cost reduction, product development or import substitution- Not Applicable
- c. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
- d. The expenditure incurred on Research and Development - Not Applicable

The Particulars of Foreign Exchange Earning and Outgo for the year under review are as follows:

(Figures in INR)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Foreign exchange earning	Nil	Nil
Foreign exchange Outgo	Nil	Nil

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT:

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2021 and till the date of the Director' Report.

**CHANGE OF REGISTERED OFFICE OF THE COMPANY:**

Pursuant to Regional Directors order dated 12<sup>th</sup> January, 2021, the Registered Office of the Company was shifted from Office No. 901/902, 9<sup>th</sup> Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East), Mumbai- 400 063, Maharashtra to Unit No. PO4-01D, 4<sup>th</sup> Floor, Tower A, WTC GIFT CITY, Block No. 51, Road 5 E, Gandhinagar – 382355, Gujarat

**RECLASSIFICATION OF SHARES OF CERTAIN PROMOTERS:**

Pursuant to approval received from BSE Limited w.r.t. our application dated August 18, 2020 seeking Reclassification of Promoter Shareholders under the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Suresh P Jain, Ms. Kanta Jain & Mr. Raj Bhandari promoters of the Company had been classified as public shareholders/ ceased to be promoters of the company w.e.f. 1<sup>st</sup> April, 2021.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There was no significant or material order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their gratitude and deep appreciation for the continued support and co-operation received by the Company from the shareholders, company's clients, suppliers, bankers, business partners/ associates, financial institutions and employees and look forward for their continued support in the future as well.

Your Directors appreciate and value the contribution made by every member of the MNCL family.

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

**Place : Ahmedabad**  
**Date : 06th September, 2021**

**Sd/-**  
**Vaibhav Shah**  
**Managing Director**

**Sd/-**  
**Manju Bafna**  
**Chairman cum Whole-Time Director**

# MONARCH NETWORTH CAPITAL LIMITED

## ANNEXURE – I

### Form AOC-1

Pursuant to provisions of Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014  
Statement containing salient features of the Financial Statement of Subsidiary Companies/Associate Companies/Joint Ventures

#### PART A - SUBSIDIARY COMPANIES

( INR. in lakhs)

Particulars	Monarch Network Finserve Private Limited	Monarch Network Capital IFSC Private Limited	Monarch Network Investment Advisors Private Limited	Monarch Network Money Changers Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2021	31.03.2021	31.03.2021	31.03.2021
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees
Equity Share Capital	966.67	5.00	60.00	50.00
Reserves	611.03	(1.27)	83.97	2.28
Total Assets	1894.04	5.14	188.86	53.05
Total Liabilities	316.34	1.41	44.89	0.77
Investments (except in subsidiary companies)	0.00	0.00	0.00	0.00
Total Turnover	995.61	0.00	89.24	2.89
Profit/(Loss) before Taxation	531.44	(0.14)	24.21	2.58
Provision for Taxation	156.48	0.00	6.07	0.68
Profit /(Loss) after Taxation	374.96	(0.14)	18.14	1.89
Proposed Dividend	0.00	0.00	0.00	0.00
% of shareholding	100.00	99.99	99.99	100.00

- Names of subsidiary which are yet to commence operations : None
- Names of subsidiaries which have been liquidated or sold during the year: None

#### PART B – ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies

(INR. in lakhs)

Particulars	Networth Financial Services Limited
1. Latest audited Balance Sheet Date	31.03.2021
2. Shares of Associate/Joint Ventures held by the company on the year end	
a. No. of shares	9.49
b. Amount of Investment in Associates/Joint Venture	94.94
c. Extend of Holding %	45.32
3. Description of how there is significant influence	45.32% Shares held in the company
4. Reason why the associate/joint venture is not consolidated	NA
5. Networth attributable to Shareholding as per latest audited Balance Sheet	88.06
6. Profit / Loss for the year	
i. Considered in Consolidation	(0.14)
ii. Not Considered in Consolidation	NA

- Names of associates which are yet to commence operations: None
- Names of associates/Joint Ventures which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : 06th September, 2021

Sd/-  
Vaibhav Shah  
Managing Director

Sd/-  
Manju Bafna  
Chairman cum Whole-Time Director

**Details of the ratio of remuneration of each Director to the median employee's remuneration**

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year :-		
<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Ratio of remuneration to the median remuneration of the employees</b>
1	Mr. Vaibhav Shah	10.03:1
2	Ms. Manju Bafna	6.01:1
3	Mr. Ashok Bafna	7.48:1
4	Mr. Chetan Bohra	NA
5	Mr. Sathish Kumar	NA
6	Ms. Avni Chouhan	NA
(ii) The percentage increase in remuneration of each director, CFO , CEO, Company Secretary or Manager, if any, in the financial year		
<b>Sr. no.</b>	<b>Name of the Directors, KMP</b>	<b>% Increase over last F.Y.</b>
1	Mr. Vaibhav Shah	0.00
2	Ms. Manju Bafna	0.00
3	Mr. Ashok Bafna	0.00
4	Mr. Gaurav Bhandari	0.00
5	Mr. Tarak Shah	0.00
6	Ms. Rupali Verma	0.00
(iii)	The percentage increase in the median remuneration of employees in the financial year	10%
(iv)	The number of permanent employees on the rolls of the Company	518
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the remuneration of other employees is 0.71%
(vi)	Statement Pursuant To Rule 5(2) Of Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014	Attached as Annexure A

We hereby confirm that the remuneration is as per the remuneration policy recommended by Nomination and Remuneration Committee of the Company and adopted by the Company.

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

Place : Ahmedabad  
Date : 06th September, 2021

Sd/-  
Vaibhav Shah  
Managing Director

Sd/-  
Chetan Bohra  
Chairman of Nomination and  
Remuneration Committee



## MONARCH NETWORTH CAPITAL LIMITED

### ANNEXURE A

#### Statement Pursuant To Rule 5(2) & (3) Of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of all the employees who holds more than 2% or more of the paid up equity share capital of the company along with their spouse and dependent children and who were in receipt of remuneration for financial year 2020-2021, in excess of that drawn by the Managing Director or Whole-Time Director:

Sr No	Name Of Employee	Designation	Remuneration Received (INR) (per annum)	Qualifications And Experience	Date Of Joining	Age	The Last Employment Held	The Percentage Of Equity Shares Held (Including spouse and dependent children)
1	Gaurav Bhandari	Chief Executive Officer	1,16,77,776	B.Com, IIM C/ over 15 years in the financial markets	10/06/2019	40 Years	Centrum Capital Limited	-
2	Bankim Jayantilal Shah	Chief Operating Officer	25,00,000	B.Com/ More than 23 years in Securities market & 14 years in commodity derivatives	01/01/2015	47 Years	Monarch Research and Brokerage Private Limited	07.42 (Along with spouse)
3	Shailen Shah	President-Institutional Desk	18,52,702	B.Com /More than 23 Years of experience in Capital Market & Institutional Desk	14/11/2014	46 Years	Monarch Project & Finmarkets Limited	2.27

#### Notes:

1. Remuneration comprises salary, allowances, commission, performances based payments and company's contribution to PF, Gratuity as per the definition contained in section 2 (72) of the Companies Act, 2013 paid during the year.
2. The nature of employment is permanent in all the above cases.
3. Mr. Bankim Shah, who is in the employment of the Company, is brother of Mr. Vaibhav Shah, Managing Director of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended on 31<sup>st</sup> March, 2021. Investors are cautioned that these discussions contain certain forward looking statements that involve risk and uncertainties including those risks which are inherent in the Company's growth and strategy. The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report consequent to new information or developments, events or otherwise.

**THE DOMESTIC & GLOBAL ECONOMY - IMPACT OF COVID – 19 PANDEMIC**

The COVID-19 outbreak was declared a global pandemic by the World Health Organization in the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, the highest level of health emergency and the crisis induced closure of International borders across countries, nation-wide lockdowns, restriction on movements of people and goods, business slowdowns and shutdowns thus, causing the loss of life and livelihood amongst people all over. Since then, the emergency evolved into a global public health and economic crisis that affected the \$90 trillion global economy beyond anything experienced in nearly a century.

The viral infection spread between and across countries and affected nearly every community. The virus has been detected in over 200 countries. By early March 2020, the focal point of infections had shifted from China to Europe, especially Italy, but by April, the focus had shifted to the United States, where the number of infections had been accelerating. By April 2021, India and Brazil emerged as viral hot spots with the number of infections and deaths reaching daily record levels in these countries. At one point, more than 80 countries had closed their borders to arrivals from countries with infections, ordered businesses to close, instructed their populations to self-quarantine, and closed schools to an estimated 1.5 billion children.

The pandemic has disrupted lives across all countries and communities and negatively affected global economic growth in 2020 beyond anything experienced in nearly a century. The global economy reported a degrowth of 3.3% in 2020 compared to a growth of 2.9% in 2019, the worst contraction since World War II. This sharp decline in the global economic growth was largely due to the outbreak of the novel corona virus and the consequent suspension of economic activities due to the pandemic-induced lockdown. This led to supply chain disruptions, resulting in the degrowth of some of the largest global economies.

India stepped into FY2021 with Covid-19 induced lockdown in place and Equity Markets had a roller coaster ride in FY2021. The COVID-19 induced disruptions aggravated the situation and the operating environment turned more challenging in FY 2020-21. From the lows seen during the end of FY2020 on account of Covid-19 induced lockdown, the markets started gradually recovering led by phase wise unlocking, various policy measures announced by governments/ RBI announced a number of measures to help tackle the COVID-19 pandemic like repo rate cut by 115 bps to 4%, moratorium of three months of EMIs on all outstanding loans which was later on extended by another three months till August end, auction of targeted long term repo operations worth Rs. 1 trillion, Special refinance facility for HFCs etc. The main aims of these measures were to facilitate and incentivize credit flows, ease the financial stress and enable the formal functioning of the market. Government first announced an economic stimulus package worth Rs. 1.7 trillion to help millions of low income cope with lockdown and a second package of Rs. 20 trillion later on to revive the country's economy.

The year also witnessed India-China border dispute and ban of certain Chinese apps by Indian government. On global front, the major events that made headlines include US China trade tensions, US presidential election, West Asia peace initiatives, negative oil prices etc. International Monetary Fund projected an impressive 12.5% growth rate for India in FY2022, making the country the only major economy of the world to register a double-digit growth this year amidst the corona virus pandemic.

The next booster dose for markets came with the approval of vaccines against Covid and this catapulted the market to reach new highs. Like its global peers, India too witnessed a strong rebound from the pandemic lows with Both Sensex and Nifty reaching at an all-time high of 52,154 and 15,315 respectively in the month of February'21. Sensex and Nifty closed at 49,509 and 14,691 levels respectively in March 2021 and strong recovery in economic activities in the second half of FY 2020-21 and record FPI flows. India's market capitalisation to GDP ratio now stands at approximately 105 Percent for the first time in a decade in March 2021 up from approximately 56 Percent in March 2020. The rally in Indian equities was driven by record FPI flows during the year which more than offset the outflows by domestic institutions.

# MONARCH NETWORTH CAPITAL LIMITED

## COMPANY OVERVIEW:

Monarch Network Capital Limited is a leading player in the Indian financial services space. Monarch Network Group offers Financing, Wealth Management, Equity, Commodity And Currency Broking, Financial Product distribution, Research and Analyst Services, Portfolio Management Services, acting as Point of Presence under National Pension System, Merchant Banking Services, NBFC Services, IFSC through its various subsidiaries. Based on the buoyancy of the Indian Economy, the overall scenario and steps taken by the management, the future outlook of your Company looks good.

Key highlights of the Segment wise financial performance is summarized below:

(INR. in Lakhs)

Particulars	Standalone Year ended		Consolidated Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>(a) Broking &amp; Others</b>				
1) Broking	6,186.42	4,356.48	6,186.42	4,356.49
2) Financial Products Distribution	58.43	49.94	58.43	49.94
3) Merchant Banking Income	12.91	58.60	12.91	58.60
4) Advisory Income	1,161.25	101.74	1,760.01	101.74
5) Others (Un-allocated)	1,847.49	1651.46	1,815.18	1450.40
<b>b) Non Banking financial business</b>	-	-	393.10	930.42
<b>c) Insurance business</b>	-	-	82.72	96.32
<b>TOTAL</b>	<b>9,266.51</b>	<b>6,218.22</b>	<b>10,308.77</b>	<b>7,043.90</b>

## SUBSIDIARY COMPANIES:

As on 31<sup>st</sup> March, 2021, the Companies had following subsidiaries:

1. Monarch Network Finserve Private Limited
2. Monarch Network Investment Advisors Private Limited
3. Monarch Network Capital IFSC Private Limited
4. Monarch Network Money Changers Private Limited

## OPPORTUNITIES AND THREATS

### Opportunities

- Long-term economic outlook positive, will lead to opportunity for financial services
- Growing Financial Services industry's share of wallet for disposable income.
- Regulatory reforms would aid greater participation by all class of investors
- Leveraging technology to enable best practices and processes
- Corporate looking at consolidation/acquisitions/restructuring opens out opportunities for the corporate advisory business

### Threats

- Execution risk
- Short term economic slowdown impacting investor sentiments and business activities
- Slowdown in global liquidity flows
- Increased intensity of competition from local and global players
- Market trends making other assets relatively attractive as investment avenues

## RISK MANAGEMENT & INTERNAL CONTROL SYSTEM:

- As per the Provisions of Section 134(3) of the Companies Act, 2013 ('the Act') the Company as a part of the Board's Report needs to give a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. Additionally, as per Listing Obligations and Disclosure Requirement Regulations, 2015 requires to lay down procedures about the risk assessment and risk minimization.

- The company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risks, competition risk, interest rate volatility, human resource risk and execution risk, etc. The Company mitigates these risks by enhancing its technological capabilities in Surveillance mechanism and by following prudent business and risk practices and adhering to standard policies and procedures adopted for risk management.
- Compliance Risk & Responsive strategies: The Company has a full-fledged compliance department manned by knowledgeable and well-experienced professionals in compliance, corporate, legal and audit functions. The department guides the businesses/support functions on all regulatory compliances and monitors implementation of extant regulations/circulars, ensuring all the regulatory compliances, governance and reporting of the Group.

The Company has put in place adequate systems and controls to ensure compliance with anti-money laundering standards. The Company has implemented business specific Compliance Manuals, limit monitoring systems and AML/ KYC policies and enhanced risk based supervision systems. The compliance requirements across various service points have been communicated comprehensively to all, through compliance manuals and circulars. In the broking business, MNCL has put in place robust surveillance & risk management systems.

- Human Resource Risk & Responsive strategies: Human Resource department has been constantly striving to align with business, implement digital solutions, and build a strong culture of transparency and service orientation within the organisation. The Group continued to put in place people friendly policies and practices in the past year and continues to focus on adopting best practices for its HR policies.
  - o The Group also has a strong focus on ensuring that employees are adequately trained in their job functions and on all compliance related trainings.
  - o The HR function also ensures all statutory compliances with labour laws and other relevant statutes and ensures that strong background screening standards are in place to minimize any risk of fraud from incoming employees
- Reputation Risk & Responsive strategies : Over the years, the Company has fostered a culture that enables operating managers to say 'No' to poor quality business and eschewing from adopting short cuts and stopgap alternatives. In addition, it has in place stringent employee code of conduct and trading guidelines, which are to be followed by every employee. The Company's policy and processes ensure close monitoring and strict disciplinary actions against those deviating from the same.

The organization pays special attention to issues that may create a Reputational risk. Events that can negatively impact the organization position are handled cautiously ensuring utmost compliance and in line with the values of the organization.

- Risk Culture & Responsive strategies: Risk management is integral to the Company's strategy. A strong risk culture is designed to help reinforce resilience by encouraging a holistic approach to the management of risk throughout the organization.

The Company has, over the years, invested in people, processes and technology to mitigate the risks posed by the external environment and by its borrowers. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and addressed in a timely manner to ensure minimal impact on the Company's growth and performance. The Company has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage.

- The Board of Directors of the Company and Audit Committee shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network. Being engaged in the business in a highly regulated industry; we are equipped with risk management measures in the very regulations itself. An extensive Internal Audit is carried out by independent firm of Chartered Accountants reporting to Audit Committee on regular basis. Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly which ensures-
  - Compliance with all applicable laws, rules& regulations, listing requirements and management regulations,
  - Proper recording and verification of all financial transactions
  - Adherence to applicable accounting standards and policies.

## MONARCH NETWORK CAPITAL LIMITED

The performance of capital market in India has a direct correlation with the prospect of economic growth and political stability. Though the growth projections for FY 2020-21 appear reassuring, there are certain downside risks such as pace and shape of global recovery, effect of withdrawal of fiscal stimulus and hardening of commodity prices. Our business performance may also be impacted by increased competition from local and global players operating in India, regulatory changes and attrition of employees. With growing presence of players offering advisory service coupled with provision of funds for the clients' needs, we would face competition of unequal proportion. We continuously tackle this situation by providing increasingly superior customized services.

In financial services business, effective risk management has become very crucial. Your Company is exposed to credit risk, liquidity risk and interest rate risks. Your company has in place suitable mechanisms to effectively reduce such risks. All these risks are continuously analyzed and reviewed at various levels of management through an effective management information system.

### HUMAN RESOURCES/INDUSTRY RELATIONS:

Human capital is a key to the any service industry and company being into financial service industry it understands its value & follows healthy HR practices providing constant training and motivation to its staff.

- o The Company provides excellent working environments that the individual staff can reach his/her full potential.
- o The Company is poised to take on the challenges and march towards accomplishing its mission with success.
- o The Company maintained good Industrial/Business relation in market which enhanced the Creditworthiness of the Company.

The total staff strength of the Company and its subsidiaries as on 31<sup>st</sup> March, 2021 stood at 518.

### DISCUSSION ON FINANCIAL/OPERATIONAL PERFORMANCE (STANDALONE BASIS) (ON THE BASIS OF IND-AS):

Particulars	2020-21	2019-20	2018-19
Total Revenue	817,492,268	546,099,711	625,346,218
EBIDTA	349,946,113	31,008,131	152,458,290
PBT	292,473,276	21,675,156	153,366,281
PAT	203,969,582	12,296,662	137,296,425
Total Comprehensive Income for the year	217,803,525	8,876,769	134,758,972
EPS	7.01	0.29	4.34

### ENVIRONMENTAL ISSUES:

As the Company is not in the field of manufacturing, the matter relating to produce of any harmful gases and the liquid effluents are not applicable.

### DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR:

Particular	FY 2020-21	FY 2019-20	Reason If changes done more than 25%
Debtors Turnover	NA	NA	
Inventory Turnover	NA	NA	
Interest Coverage Ratio	37.64	1.57	Improved due to remarkable increase in EBIDTA numbers
Current Ratio	1.21	0.74	Improved due to favorable increase in working capital
Debt Equity Ratio	0.02	0.11	
Operating Profit Margin (%)	39.36%	11.21%	Improved due to increase in revenues while fixed cost remaining same.
Net Profit Margin (%)	22.01%	1.98%	

**DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF:**

<b>Particular</b>	<b>FY 2020-21</b>	<b>FY 2019-20</b>
Return on Net Worth as compared to the immediately previous financial year.	20.63%	1.06%

**Explanation:** Improved due to increase in revenues.

**CAUTIONARY STATEMENT:**

Statement in the Management Discussion and analysis describing the company's objectives exceptions or predications may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Several factors could make significant difference to the company's operation. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities etc. over which the company does not have any control.

**For Monarch Network Capital Limited**

**Sd/-  
Vaibhav Shah  
Managing Director**

**Place : Ahmedabad  
Date : 06th September, 2021**



**REPORT ON CORPORATE GOVERNANCE**
**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy of Corporate Governance emphasizes on maintaining the highest level of accountability, transparency in all its dealings, timely disclosures and dissemination of price sensitive information and matters of interests to its stakeholders, ensuring absolute compliance with all applicable laws and regulations and conducting business ethically.

The Company believes that Corporate Governance is about conducting business in accordance with the applicable laws, rules and regulations while striking a balance between economic and social goals. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors.

The Company is in compliance with the requirements of Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, with regard to corporate governance.

**2. BOARD OF DIRECTORS:**

The Board of Directors of the Company consists of directors having rich knowledge and experience in the industry and related sectors for providing strategic guidance and direction to the Company.

The Board of Directors of the Company has optimum combination of Executive and Non-Executive/Independent Directors. As on 31st March, 2021, the Board of Directors comprised of 6 (Six) directors out of which 3 (Three) were Non-Executive Director/Independent Director and 3 (Three) Executive Directors. The Chairman of the Board is Executive Director.

The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which they is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2021 have been made by the Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act.

**A. The details of composition of the Board, their attendance at each Board meeting held during the FY 2020-2021 and at the last Annual General Meeting, their directorships in other companies and positions in various Committees are as follows:**

Name	Category	No. of Board Meetings Held	No. of Board Meetings Attended	Whether attended last AGM	As on 31 <sup>st</sup> March, 2021 (Excluding position in the Company)		
					No. of Directorships	Committee	
						Chairmanship(s)	Membership(s)
Mr. Vaibhav Shah	P/MD/ED	8	8	No	2	—	—
Ms. Manju Bafna	C/P/ED	8	8	Yes	4	—	—
Mr. Ashok Bafna*	P/ED	6	6	Yes	3	—	—
Mr. Chetan Bohra	I/NED	8	8	No	3	—	—
Mr. Sathish Kumar#	I/NED	8	8	No	-	—	—
Ms. Avni Chouhan*	I/NED	6	6	No	2	—	—

\* Appointed w.e.f. 20<sup>th</sup> August, 2020

#Appointed w.e.f. 17<sup>th</sup> April, 2020

## Notes:

1. C – Chairman, P – Promoter, I – Independent Director, MD- Managing Director, NED – Non Executive Director, ED – Executive Director
2. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
3. The directorship held by directors as mentioned above do not include Directorship in foreign companies and companies registered under Section 8 of the Companies Act, 2013.

**B. Details of Directorship in other listed entity(s)**

Category of Directorship	Category of Directorship	Category of Directorship
Ms. Avni Chouhan	1. Transwind Infrastructures Limited 2. Osia Hyper Retail Limited	Non Executive - Independent Director

**C. Number of Board Meetings:**

During the financial year 2020-21, 8 (Eight) meetings of Board of Directors were held on viz., 29<sup>th</sup> June, 2020, 20<sup>th</sup> August, 2020, 07<sup>th</sup> September, 2020, 30<sup>th</sup> September, 2020, 22<sup>nd</sup> October, 2020, 30<sup>th</sup> October, 2020, 14<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021. The necessary quorum was present for all the meetings. The gap between any two meetings never exceeded 120 days (except during relaxation granted by Ministry of Corporate Affairs and Securities and Exchange Board of India).

**D. Separate Meeting of Independent Directors**

During the year, a separate meeting of the Independent Directors of the Company was held on 12th February, 2021 to review the performance of Non-Independent Directors (including the Chairman) and the Board as whole and the quality, quantity and timeliness of flow of information between the Company management and the Board. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

**E. Number of shares and convertible instruments held by Directors**

Name	Category	Number of equity shares
Mr. Vaibhav Shah	Non-Independent, Executive	31,08,815
Ms. Manju Bafna	Non-Independent, Executive	15,07,500
Mr. Ashok Bafna*	Non-Independent, Executive	7,03,500

\* Appointed w.e.f. 20<sup>th</sup> August, 2020

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

- F. The Company undertakes necessary induction programme for new Directors and ongoing training for existing Directors. The new directors are briefed about the Company processes and to familiarize them with the business activities of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise.

The induction process is designed to:

- build an understanding of the Company processes and
- fully equip Directors to perform their role on the Board effectively

The details of familiarization programme of the Independent Directors are available on the Company's website at [www.mnclgroup.com](http://www.mnclgroup.com)

## MONARCH NETWORK CAPITAL LIMITED

### G. Key Board qualifications, expertise and attributes

The Company's Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. These Directors are nominated based on well-defined selection criteria. The Board members are committed to ensure that the Company's Board is in compliance with the highest standards of corporate governance.

The list of core skills/expertise/competencies identified by the Board in the context of the business of the Company and which are possessed by the Board are as under:

Name	Finance	Legal/ Corporate law	Corporate Governance	General management	Leadership	Administrative	Business Development
Mr. Vaibhav Shah	√		√	√	√	√	√
Ms. Manju Bafna			√	√	√	√	
Mr. Ashok Bafna	√		√	√	√	√	√
Mr. Chetan Bohra	√	√	√	√		√	
Mr. Sathish Kumar	√		√	√			√
Ms. Avni Chouhan	√	√	√	√			

### H. Fulfillment of the criteria to be Independent Director:

In opinion of the Board, all the Independent Directors of the Company meet the requirements laid down under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act and have declared that they do not fall under any disqualifications specified thereunder. Further all the Independent Directors have confirmed that they meet the criteria as mentioned in the above regulations.

### 3. COMMITTEES OF THE BOARD:

The Board of Director's of the Company has constituted the following Committees:

- (i) Audit Committee
- (ii) Stakeholders' Relationship Committee
- (iii) Nomination and Remuneration Committee
- (iv) Corporate Social Responsibility Committee

#### I. AUDIT COMMITTEE:

- a) The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Companies Act, 2013.
- b) The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and other associated matters.
- c) Terms of reference:

The terms of reference of the Audit Committee broadly are as under:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management, the quarterly/half yearly/ annual financial statements before submission to the Board for approval with particular reference to:

- Matters required to be included in the Directors' Responsibility Statement.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
  - Recommending the appointment/re-appointment/removal of statutory auditors, fixation of audit fees and also approval of payments for any other services.
- Reviewing with management, Statutory and internal auditor's adequacy of the internal control systems.
  - Discussing with internal and statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
  - Reviewing the Company's financial and risk management policies.
  - Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.
  - Scrutiny of inter-corporate loans and investments
  - Approval or any subsequent modification of transactions of the Company with related parties
  - Valuation of undertakings or assets of the company, wherever it is necessary; Evaluation of internal financial controls and risk management systems
  - Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed
  - The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company
  - The audit committee shall review the information required as per SEBI Listing Regulations.
- d) The quorum of the Committee is two independent members present or one third of the total members of the Committee, whichever is higher. As on 31<sup>st</sup> March, 2021 the Audit Committee consists of 2 (Two) Non-Executive/Independent Directors and 1 (One) executive Director.
- e) During the financial year 2020-21, the members of Audit Committee met 05 (Five) times on 29/06/2020, 20/08/2020, 20/10/2020, 14/11/2020 and 12/02/2021. The Composition and attendance of the members of the Audit Committee during the financial year 2020-21 was as follows:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Chetan Bohra	Chairman	05	05
Mr. Sathish Kumar*	Member	05	05
Mr. Vaibhav Shah	Member	05	05

\*Appointed as a member w.e.f. 17<sup>th</sup> April, 2020.

- f) The audit committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings.

The Company Secretary acts as the Secretary to the Audit Committee.

## MONARCH NETWORK CAPITAL LIMITED

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### II. NOMINATION AND REMUNERATION COMMITTEE:

- a) The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Companies Act, 2013.

**b) Terms of reference:**

The Committee is empowered to—

- Recommend to the Board the setup and composition of the Board and its committees, including the “formulation of the criteria for determining qualifications, positive attributes and independence of a director.” The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
  - Recommend to the Board the appointment or reappointment of directors.
  - Devise a policy on Board diversity.
  - Recommend to the Board appointment of Key Managerial Personnel (“KMP” as defined by the Act) and executive team members of the Company (as defined by this Committee).
  - Carry out evaluation of every director’s performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors. This shall include “Formulation of criteria for evaluation of Independent Directors and the Board”. Additionally the Committee may also oversee the performance review process of the KMP and executive team of the Company.
  - Recommend to the Board the Remuneration Policy for directors, executive team or Key Managerial Personnel as well as the rest of the employees.
  - On an annual basis, recommend to the Board the remuneration payable to the directors and oversee the remuneration to executive team or Key Managerial Personnel of the Company
  - Oversee familiarization programmes for directors.
  - Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the Board, Key Managerial Personnel and executive team).
  - Provide guidelines for remuneration of directors on material subsidiaries.
  - Recommend to the Board on voting pattern for appointment and remuneration of directors on the Boards of its material subsidiary companies.
  - Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.
- c) During the financial year 2020-21, the members of Nomination and Remuneration Committee met 1 (One) time on 20/08/2020.
- d) The Composition and attendance of the members of the Nomination and Remuneration Committee during the financial year 2020-21 was as follows:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Chetan Bohra	Chairman	01	01
Mr. Sathish Kumar*	Member	01	01
Mr. Manju Bafna	Member	01	01

\*Appointed as a member w.e.f. 17<sup>th</sup> April, 2020.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

**e) Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

**f) Nomination & Remuneration policy:**

The Company follows a comprehensive policy for selection, re-commendation, appointment of Directors and other senior managerial employees and also on the remuneration, and such other related provision as applicable.

The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at [www.mnclgroup.com](http://www.mnclgroup.com).

Details of remuneration/sitting fees paid to the Directors and number of shares held by them in the Company during the financial year 2020-21 are as follows:

Name	Category	Salary	Perquisites Allowances	Stock Options	Sitting Fees*	Total	No. of shares held
Mr. Vaibhav Shah	Managing Director	24,82,600	-	-	-	24,82,600	31,08,815
Ms. Manju Bafna	Chairman & Whole Time Director	14,87,450	-	-	-	14,87,450	15,07,500
Mr. Ashok Bafna*	Whole Time Director	18,52,702	-	-	-	18,52,702	7,03,500
Mr. Chetan Bohra	Independent Director	-	-	-	-	-	-
Mr. Sathish Kumar#	Independent Director	-	-	-	-	-	-
Ms. Avni Chouhan*	Independent Director	-	-	-	-	-	-

\* Appointed w.e.f. 20<sup>th</sup> August, 2020

#Appointed w.e.f. 17<sup>th</sup> April, 2020

Note: None of the Directors is paid any sitting fees for attending the Board or Committee meeting.

**III. STAKEHOLDER'S RELATIONSHIP COMMITTEE:**

- a) The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and the provisions of Section 178 of the Companies Act, 2013.

**b) Terms of Reference:**

The Committee is specifically responsible for the redressal of shareholders'/investors' grievances pertaining to non-receipt of Annual Report, dividend payments, Share transfers and other miscellaneous complaints and recommends measures for overall improvement in the quality of investor services.

The Committee also overviews the performance of the Registrar and Share Transfer Agents of the Company relating to investors services and recommend measures for improvements.



## MONARCH NETWORK CAPITAL LIMITED

- c) During the financial year 2020-21, the members of Stakeholders' Relationship Committee met 4 (Four) times on 29/06/2020, 20/08/2020, 14/11/2020 and 12/02/2021.
- d) The Composition and attendance of the members of the Stakeholders' Relationship Committee during the financial year 2020-21 was as follows:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Chetan Bohra	Chairman	04	04
Mr. Sathish Kumar*	Member	04	04
Mr. Vaibhav Shah	Member	04	04

\*Appointed as a member w.e.f. 17th April, 2020.

- e) **Name and designation of the Compliance Officer:**

Ms. Rupali Verma  
Company Secretary and Compliance Officer

- f) **Details of Status of Investors' Complaints during the year 2020-21 are as follow:**

Opening at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
NIL	NIL	NIL	NIL

#### IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

- a) The Corporate Social Responsibility committee is constituted in line with the provisions of Section 135 of the Companies Act, 2013.
- b) During the financial year 2020-21, the members of the Committee met 2 (Two) time on 07/09/2020 & 12/02/2021.
- c) The Composition and attendance of the members of the Corporate Social Responsibility Committee during the financial year 2020-21 was as follows:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Vaibhav Shah	Chairman	02	02
Ms. Manju Bafna	Member	02	02
Mr. Chetan Bohra	Member	02	02

The Company has adopted a CSR policy which indicates the activities to be undertaken by the Company as specified in Schedule VII to the Act. The contents of the CSR policy are also available on the Company's website at <https://www.mnclgroup.com/investor-relation/investor-relation-policy>;

- d) The terms of reference of CSR shall, inter-alia, include the following:
- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
  - To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
  - To monitor the CSR policy of the Company from time to time;
  - Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

**V. GENERAL BODY MEETINGS:****a) Annual General Meetings:**

- Details of date, time and location of the last three Annual General Meetings (AGMs) are given below:

Financial Year	AGM	Date of AGM	Time	Location of the meeting
2019-20	27 <sup>th</sup>	30 <sup>th</sup> September, 2020	9.30 a.m.	Office no. 901/902, 9 <sup>th</sup> Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai-400063
2018-19	26 <sup>th</sup>	30 <sup>th</sup> September, 2019	11.30 a.m.	Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West), Mumbai – 400 104
2017-18	25 <sup>th</sup>	28 <sup>th</sup> September, 2018	11.30 a.m.	Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West), Mumbai – 400 104

- Details of Special Resolution passed in the last three Annual General Meetings:

Date of AGM	Purpose of Resolution
30 <sup>th</sup> September, 2020	Appointment of Mr. Ashok Bafna as a Whole Time Director of the Company
30 <sup>th</sup> September, 2019	1. Re-appointment of Mr. Mayukh Pandya as an Independent Director of the Company. 2. Re-appointment of Mr. Chetan Bohra as an Independent Director of the Company.
28 <sup>th</sup> September, 2018	1. Re-Appointment of Ms. Manju Bafna as Whole Time Director of the Company. 2. Re-Appointment of Mr. Vaibhav Shah as a Managing Director of the Company.

**b) Postal Ballot (E-voting):**

- Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern:

During the year under review, the Company sought the approval of the shareholders by way of Special Resolution through Postal Ballot (E-voting), notice dated 30<sup>th</sup> September, 2020 for shifting of registered office of the company from Mumbai in the state of Maharashtra to Gandhinagar in the State of Gujarat. The aforesaid resolutions were duly passed and the results of postal ballot (e-voting) were announced on 02<sup>nd</sup> November, 2020.

Mr. Vijay Kumar Mishra, partner of M/s. VKM & Associates, Practicing Company Secretaries, were appointed as the Scrutinizer to scrutinize the postal (e-voting) process in a fair and transparent manner.

Details of Voting are as under:

Total Valid Votes Cast	Votes -in favour	Votes – Against
17887175	17886912	263

- Procedure for postal ballot:

The Company conducted the postal ballot in accordance with the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management & Administration) Rules, 2014 ("Rules") and other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter collectively referred to as "Listing Regulations").

Further In view of the COVID-19 pandemic, the MCA permitted companies to transact items through postal ballot as per the framework set out in Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020, the General

## MONARCH NETWORK CAPITAL LIMITED

Circular No. 22/2020 dated June 15, 2020, Circular No. 33/2020 dated September 28, 2020. Accordingly the postal ballot notice has been sent to shareholders as per the permitted mode applicable.

Hence in accordance with the aforementioned circulars, e-voting facility was provided to all the shareholders to cast their votes only through the remote e-voting process as per notice of postal ballot dated 30<sup>th</sup> September, 2020.

The Company had also published a notice in the newspapers in accordance with the requirements under the Companies Act, 2013. Shareholders holding equity shares as on the cut-off date were required to cast their votes through e-voting or through postal ballot during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submitted his report to the Chairman and the results of voting by postal ballot were announced on 02<sup>nd</sup> November, 2020. The results were displayed on the website of the Company ([www.mnclgroup.com](http://www.mnclgroup.com)), and communicated to the Stock Exchanges, Depositories, and Registrar and Share Transfer Agents.

• **Details of special resolution proposed to be conducted through postal ballot:**

No special resolution is proposed to be conducted through postal ballot till the date of approval the Boards Report.

### VI. MEANS OF COMMUNICATIONS:

- The quarterly, half-yearly and annual results of the Company are forwarded to BSE Limited where the shares of the Company are listed. Further the same is published in "Business Standard" (English) and Mumbai Lakshadweep (Marathi) and post shifting of registered office to Gandhinagar the same was published in "Economic Times" (English) and Gujarat Samachar (Gujarati) and Gujarat Today (Gujarati). The results are also displayed on the Company's website at [www.mnclgroup.com](http://www.mnclgroup.com).
- The Management Discussion and Analysis for the year ended 31<sup>st</sup> March, 2021 is part of Annual Report and annexed separately.
- The Company has not made any presentations/press release to Institutional Investors or to the Analysts during the year under review.

### VII. GENERAL SHAREHOLDER'S INFORMATION:

a. **Annual General Meeting for Financial year 2020-21:**

Date : 30<sup>th</sup> September 2021  
Day : Thursday  
Time : 2.00 p.m.  
Venue : Fortune Inn Haveli, East Wing - Banquet Hall, Plot No 235, Sector 11, Gandhinagar - 382011

b. **Financial Calendar:**

Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March  
AGM in : September

Financial Calendar (Provisional for 2021-22):

Subject Matter	Tentative Dates of the Board Meeting
First Quarter Results	On 27 <sup>th</sup> July, 2021.
Second Quarter Results	By 13 <sup>th</sup> November, 2021.
Third Quarter Results	By 14 <sup>th</sup> February, 2022.
Fourth Quarter/ Yearly Results	By 30 <sup>th</sup> May, 2022 (Audited Results)

c. **Dividend Payment Date** : On or after 1<sup>st</sup> October , 2021

d. **Listing on Stock Exchange:**

The Equity Shares of the Company are listed on the BSE Limited. Listing Fees as applicable have been paid.

**e. Stock Code & ISIN:**

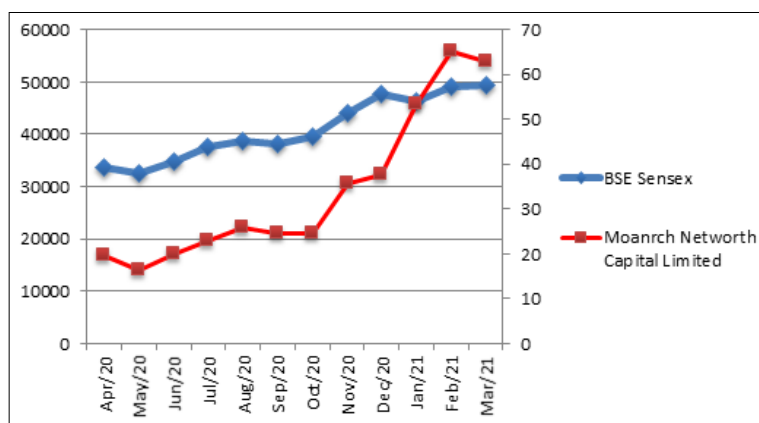
Stock Code: 511551, Demat ISIN Number in NSDL & CDSL: INE903D01011

**f. Market Price Data:**

High & Low price of the Equity Shares of the Company at BSE Limited during each month for the year 2020-21 as compared to BSE SENSEX points are as follows:

Month	Price on BSE (INR.)*		BSE Sensex (Points)*	
	High	Low	High	Low
April 2020	21.4	17.2	33887.25	27500.79
May 2020	18.95	15.2	32845.48	29968.45
June 2020	23.85	16	35706.55	32348.1
July 2020	29.2	19	38617.03	34927.2
August 2020	28.15	21.85	40010.17	36911.23
September 2020	27.4	22.75	39359.51	36495.98
October 2020	25.45	21.85	41048.05	38410.2
November 2020	39.5	23.3	44825.37	39334.92
December 2020	41.8	34.65	47896.97	44118.1
January 2021	55.75	35.5	50184.01	46160.46
February 2021	67.7	52.25	52516.76	46433.65
March 2021	69.5	55.7	51821.84	48236.35

\*Source: [www.bseindia.com](http://www.bseindia.com)

**g. Performance of Monarch Network Capital Limited Share Price in comparison with BSE Sensex :**

\*Source: [www.bseindia.com](http://www.bseindia.com)

**h. Suspension from trading:**

No Securities of the Company are suspended from trading during the financial year 2020-21

**i. Registrars and Transfer Agents details:**

Skyline Financial Services Private Limited  
D- 153A, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase- I, New Delhi- 110020  
Tel: 011-26812682/83  
Email: [info@skylinerta.com](mailto:info@skylinerta.com)/[admin@skylinerta.com](mailto:admin@skylinerta.com)  
Website: [www.skylinerta.com](http://www.skylinerta.com)

## MONARCH NETWORTH CAPITAL LIMITED

### j. Share Transfer System:

Skyline Financial Services Private Limited, RTA of the Company, handles share and shareholders related matters. Our RTA has adequate infrastructure to process share transfer related matters.

Pursuant to Regulation 40(1) of the Listing Regulations, securities can be transferred only in dematerialized form w.e.f. April 01, 2019, except in case of transmission of securities or transposition of names. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

The Company obtains, from a Company Secretary in practice, half yearly certificate of Compliance with the share transfer formalities as required under Regulation 40 (9) of Listing Regulations, and files a copy of the same with the Stock Exchanges.

### k. Shareholding Pattern as on 31<sup>st</sup> March, 2021:

#### i. Distribution Schedule as on 31<sup>st</sup> March, 2021:

Slab of Shares Holding	Number of Share Holders	% to total number of holders	Shareholding Amount	%to total Number of Shares
Up To 5,000	3691	80.17	5416930	1.74
5001 To 10,000	319	6.93	27023400	8.70
10001 To 20,000	197	4.28	3108290	1.00
20001 To 30,000	88	1.91	2250930	0.72
30001 To 40,000	45	0.98	1610790	0.52
40001 To 50,000	45	0.98	2103780	0.68
50,001 To 100000	78	1.69	5655270	1.82
10001 and above	141	3.06	287646850	92.64
<b>TOTAL</b>	<b>4604</b>	<b>100</b>	<b>310495180</b>	<b>100.00</b>

#### ii. Categories of equity shareholding as on March 31, 2021:

Categories	No of Shareholders	No. of Shares	% of shareholding
Promoters	14	19046754	61.34
Foreign Portfolio Investors	1	958388	3.09
Financial Institution/Banks	2	299145	0.96
FII's	0	0	0.00
Non- Resident Indians	27	168183	0.54
Bodies Corporate	69	3470957	11.18
NBFCs Registered with RBI	0	0	0.00
Clearing Members/House	16	97731	0.31
Resident Indian HUF	159	826645	2.66
Indian Public	4316	6181715	19.92
<b>Total</b>	<b>4604</b>	<b>31049518</b>	<b>100.00</b>

#### iii. Dematerialization of Equity Shares and Liquidity

As on 31<sup>st</sup> March, 2021, 99.21% of the equity shares of the Company are held in dematerialized form with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE903D01011.

**I. Outstanding ADR / GDR/ Warrants/ Convertible Instruments and their impact on Equity:**

Your Company has not issued any ADRs/GDRs/Warrants or any Convertible Instruments during the year under review.

**m. Date of Book Closure/Record Date:** 23<sup>rd</sup> September, 2021 to 30<sup>th</sup> September, 2021.

**n. Corporate Identity Number (CIN) of the Company:** L65920GJ1993PLC120014

**o. Address for Investor Correspondence**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, and please write to:

Ms. Rupali Verma,  
Company Secretary and Compliance Officer  
Office no.901/902, 9<sup>th</sup> Floor,  
Atlanta Centre, Opp. Udog Bhawan,  
Sonawala Road, Goregaon (East),  
Mumbai-400063  
Telephone: 022-62021600 Fax No: 022-26850257  
Email: [cs@mnclgroup.com](mailto:cs@mnclgroup.com)  
Website: [www.mnclgroup.com](http://www.mnclgroup.com)

**VIII. OTHER DISCLOSURES:****a. Related Party Transactions:**

There were no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors during the financial year ended 31<sup>st</sup> March, 2021 that may have potential conflict with the interest of the Company at large. The transactions with the related parties, as per the requirements of the Accounting Standard (AS) 18, are disclosed in the Notes on Accounts, forming part of the Annual Report. The policy on dealing with Related Party Transaction is available on Company's website at [www.mnclgroup.com](http://www.mnclgroup.com)

**b. Compliance related to Capital Market:**

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital market during the last three years except as stated in Annexure B. Further, no strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities as per Listing Compliances except as stated in Annexure B.

**c. CEO/CFO Certification:**

Certificate regarding CEO/CFO Certification in terms of the Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also annexed to this report.

**d. Vigil Mechanism Policy/ Whistle Blower Mechanism:**

The Company promotes ethical behavior in all its business activities and adopted Vigil Mechanism/Whistle Blower Policy to report unethical and fraudulent behavior. Under the said policy the employee, vendors and customers can report any suspected or confirmed incident of fraud, misconduct, unethical behavior etc. to the Company. This will ensure fraud-free work & ethical environment.

The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and direct access to the Chairman of the Audit Committee is also available in exceptional cases. No person has been denied access to the Audit Committee.

The Whistle Blower Policy is available on the website of the Company viz., <https://www.mnclgroup.com/investor-relation/investor-relation-policy>.

**e. Compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all mandatory requirements as laid down in Listing Regulations.

**f. Subsidiary Companies:**

The audit committee reviews the consolidated financial statement's of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

As on 31<sup>st</sup> March, 2021, the Company had following subsidiaries:

1. Monarch Network Finserve Private Limited
2. Monarch Network Investment Advisors Private Limited.
3. Monarch Network Capital IFSC Private Limited
4. Monarch Network Money Changers Private Limited

The Company does not have any material non- listed Indian Subsidiary company.

The Company has a policy for determining 'material subsidiaries which is disclosed on the website at [www.mnclgroup.com](http://www.mnclgroup.com)

- g. The Company has also adopted Policy on Determination of Materiality for Disclosures, Policy on Archival of Documents and Policy for Preservation of Documents which is also available on the website of the Company at <https://www.mnclgroup.com/investor-relation/investor-relation-policy>.

**h. The Company has also complied with the following requirements:**

- a) Shareholders' Rights: As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
- b) Audit qualifications: Company's financial statements are unqualified.
- c) Reporting of Internal Auditor: The Internal Auditors of the Company reports to the Audit Committee

**i. Reconciliation of share capital audit:**

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

**j. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:**

- The auditors' report on statutory financial statements of the Company is unqualified.
- The Internal Auditor reports to the Audit Committee.

**k. There are no shares lying in Demat Suspense account/ unclaimed suspense account**

**l. Code of Conduct and Certificate on Compliance of Corporate Governance:**

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). This Code of Conduct emphasizes the Company's commitment to Compliance with the highest standards of legal and ethical behavior. This Code of Conduct is available on the website of the Company at [www.mnclgroup.com](http://www.mnclgroup.com)



All Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations in compliance with the Code of Conduct. The declaration signed by Mr. Gaurav Bhandari, Chief Executive Officer is given separately in the Annual Report.

The Certificate from Practising Company Secretary on Compliance of provisions related to Corporate Governance by the Company is also annexed to this report.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I, Gaurav Bhandari, Chief Executive Officer of the Company, declare that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year ended 31<sup>st</sup> March, 2021.

**For Monarch Networth Capital Limited**

**Sd/-  
Gaurav Bhandari  
Chief Executive Officer**

**Place: Ahmedabad  
Date : 06th September, 2021**

# MONARCH NETWORK CAPITAL LIMITED

## Annexure B

Sr No	Details of the case	Observation summary	Name of Statutory Authority	Strictures/ Penalties imposed/ Further action
1	Inspection of books of accounts, other records and documents for the period FY 2015-2016	Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client.	BSE	Monetary Penalty of Rs. 50,000/-
2	Inspection of books of accounts, other records and documents for the period FY 2016-17	Non settlement of funds and securities of clients at least once in a every six months Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client. Observation in past are repeated	MCX	Monetary Penalty of Rs. 1,87,500/- And We have filed penalty review Application, hearing for the same was conducted on 18/05/2018, we had done final submission as per the direction in the hearing on 05/06/2018. After that there is no communication or penalty debited from MCX.
3	Inspection of books of accounts, other records and documents for the period FY 2014-2016 for commodities	KYC formats including Risk Disclosure Documents not signed in KYC	SEBI	Monetary Penalty of Rs. 5,000/-
4	Inspection of books of accounts, other records and documents for the period FY 2017-18	Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client. Notice board providing details of Trading Member / Sub-broker and other details as prescribed by Exchange / SEBI regulation and SEBI registration certificate are not displayed at AP location. CTCL ID 110007029701 is operated by user other than Approved user / Person. CTCL details not updated in exchange records.	MCX	Monetary Penalty of Rs. 1,31,500/- And We have filed penalty review Application , hearing for the same was conducted on 30/04/2019 , we had done final submission as per the direction in the hearing on 02/05/2019 and 31/05/2019. After that there is no communication or penalty debited from MCX.
5	non-compliance in market making for security Felix Industries Limited ('Felix') in the SME segment of the Exchange	MSC considered the submission of Noticee and noted that, Noticee was not able to comply with the requirement of being a market maker. The Committee also noted that Noticee being a market maker for 'FELIX' failed to fulfill its obligations and responsibilities during the continuous period from November 01, 2018 to November 12,2018 (7 days) in providing a 2-way quote for 7 50/o of the time in a day. The Committee further noted that as per the SEBI circular CIR/MRD/DP/ 14 12010 dated April 26,2010 all the requirements with regard to market making is required to be monitored by the Stock Exchange and any violation of these requirements would be liable for punitive action to be taken by the MSC (erstwhile Disciplinary Action Committee (DAC)) of the Exchange, which may also include monetary penalty apart from the trade restriction as decided by the MSC under intimation to the Merchant Banker.	NSE	Monetary Penalty of Rs. 5000/-
6	Regular inspection in FO, CDS and CM Segments Conducted for calendar year 2017	Funds raised by pledging client securities not used for respective clients' obligation. Receipt and payments of funds are transacted through own bank account There was not enough fund found in client and settlement banks to pay the sum of creditors as on 31st December 2017	NSE	Monetary penalty of Rs. 35,00,000/. And We have filed review Application After hearing scheduled on 1st & 26th August 2019 , we have received Penalty Reduction Award on 14th October 2019 from NSE and Penalty now is only 16,67,000/-

Sr No	Details of the case	Observation summary	Name of Statutory Authority	Strictures/ Penalties imposed/ Further action
7	Inspection of books of accounts, other records and documents for the period FY 2014-2016	Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client.	SEBI	Monetary Penalty of Rs. 2,00,000/-
8	Inspection of books of accounts, other records and documents for the period FY 2016-2017	Funds raised by pledging client securities not used for respective clients' obligation.	BSE	Monetary Penalty of Rs. 100,000/-
9	non-compliance and synchronized trading in stock "Sanwaria Agro Oil Ltd" during the period March to May 2010	Trades executed through Pro trading accounts in Monarch Research and Monarch Project in stock "Sanwaria Agro" during the period March to May 2010	SEBI	Monetary Penalty of Rs. 600,000/- (3 lacs each on Monarch Research & Monarch Project)
10	Inspection of books of accounts, other records and documents for the period FY 2017-18	1. Segregation of client Funds 2. DP observations	SEBI	Monetary Penalty of Rs. 9,00,000/-
11.	Alleged violation of Section 12 A of SEBI Act, 1992 and Regulation 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(e) of PFUTP Regulations.	SEBI vide show cause notice dated February 12, 2021 called upon Company to show cause as to why appropriate action not be taken against it under the said regulations in the matter of IPO of Tijaria Polypipes Ltd.	SEBI	The Company has filed the reply to the SCN with SEBI and hearing is awaited.
12.	In the matter of Pyramid saimira Theatre Limited, SEBI has issued show cause notice dated February 16, 2010 and April 01, 2015 suspending the registration Certificate for a period of 14 days.	A consent application was filed to SEBI. To address the matter, SEBI had formed Internal committee for hearing in consent application submitted by applicant company, the internal committee meeting was scheduled on July 07, 2017.	SEBI	The internal committee proposed the payment of Rs. 22,72,000 (Rupees Twenty Two Lakhs Seventy Two Thousand) out of which Rs. 11,84,000 (Eleven Lakhs Eighty Four Thousand) were to be paid by Monarch Research and Brokerage Private Limited (now merged with Monarch Network Capital Limited) and remaining Rs. 10,88,000 (Ten Lakhs and Eighty Eight Thousand) were to be paid by Monarch Project and Finmarkets Limited (now merged with Monarch Network Capital Limited), as the final consent terms for settlement. The proposal was not accepted by the management of Monarch Network Capital Limited and now further communication is awaited from SEBI.
13.	SEBI has conducted an investigation with respect to trading in the scrip of M/s. Sky Industries Limited for the period January 1, 2009 to May 10, 2010 and it was observed that Monarch Research and Brokerage Private Limited (now merged with Monarch Network Capital Limited) did not exercise due skill, care and diligence	SEBI has initiated proceeding against the Monarch Research and had levied order of penalty of Rs. 35,00,000 (Thirty Five Lakhs) under Section 15HB of the Securities and Exchange Board of India Act, 1992 for violation of clause A(2) under Schedule II of Code of Conduct for Stock Brokers read with Regulations 7 of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 vide AO order dated July 31, 2015	SEBI	The Monarch Research has filed an appeal against the said order before the SAT. The hearing in the matter is completed and is decided against Monarch Research. Aggrieved by the order of SAT, the company filed a special leave petition in the Supreme Court. The Supreme Court has admitted the Petition and has granted stay on the impugned order. The final judgment is still awaited. Current status is "pending for motion hearing".

# MONARCH NETWORTH CAPITAL LIMITED

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## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To  
**The Members of MONARCH NETWORTH CAPITAL LIMITED**

We have examined the compliance of conditions of Corporate Governance by Monarch Network Capital Limited, for the year ended on 31<sup>st</sup> March 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For VKM & Associates**

**Sd/-**  
**Vijay Kumar Mishra**  
**Practising Company Secretary**  
**M. No. F-5023, C.P. No.4279**  
**UDIN No.: F005023C000803436**

**Place : Mumbai**  
**Date : 19<sup>th</sup> August, 2021**

**Certificate under Regulation 34(3) of SEBI Listing Regulations**

We have examined the relevant records, registers, forms, and documents of Monarch Network Capital Limited (the company), having CIN L65920GJ1993PLC120014 and registered office at Unit No. PO4-01D, 4th Floor, Tower A WTC GIFT CITY Block No. 51, Road 5E, Zone-5, GIFT City Gandhinagar - 382355, maintained and produced before us, and the records available in public domain, for the year ended on 31<sup>st</sup> March, 2021 for the purpose of issuing the certificate under regulation 34(3), read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Based on our examination of the records, documentation as well as information and explanation furnished to us, including the disclosures from the Directors of the company, which to the best of our knowledge and belief were necessary for the purposes of certification, we hereby certify that in our opinion and according to the best of our information and belief, none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Director of company.

**For VKM & Associates**

**Sd/-  
Vijay Kumar Mishra  
Practising Company Secretary  
M. No. F-5023, C.P. No.4279  
UDIN No.: F005023C000803480**

**Place : Mumbai  
Date : 19th August, 2021**

## MONARCH NETWORTH CAPITAL LIMITED

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### CEO / CFO CERTIFICATE IN TERMS OF THE REGULATION 17 (8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Board of Directors  
**Monarch Networth Capital Limited**

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2021 and that to the best of our knowledge and belief;
  - 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - 1) Significant changes in internal control over financial reporting during the year.
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which we have become aware and the involvement there in, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Monarch Networth Capital Limited**

**Sd/-**  
**Gaurav Bhandari**  
**Chief Executive Officer**  
**Date: 18<sup>th</sup> June, 2021**

**Sd/-**  
**Tarak Shah**  
**Chief Financial Officer**  
**Date: 18<sup>th</sup> June, 2021**

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.** : MNCL believes in a philosophy of adopting sustainable business practices which are beneficial to the various stakeholders including the society. Through its corporate values, MNCL constantly endeavors to actively contribute to the social and economic development of the communities in which it operates. MNCL has always believed in giving back to the society and recognized its role and responsibility as a corporate citizen. The Company is in alignment with the CSR Activities i.e to focus & to take initiatives in the field of Education, Health, Livelihoods and Rural and Urban infrastructure, promoting health care including preventive health care and promoting gender equality, empowering women. In implementing its CSR Activities, the Company may choose to partner with a registered trust, society or a Section 8 company that fulfill all requirements of Section 135 of Companies Act, 2013. The Company may collaborate or pool resources with other entities within the Group to undertake CSR Activities.

- The Composition of the CSR Committee:**

Sr. 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. Vaibhav Shah	Chairman/ Managing Director	2	2
2	Ms. Manju Bafna	Member/ Whole-Time Director	2	2
3	Mr. Chetan Bohra	Member/ Non Executive Independent Director	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:**

[https://reports.dionglobal.in/mnclgroupadmin/IR\\_Reports/CSR\\_Policy\\_09082018\\_110752.pdf](https://reports.dionglobal.in/mnclgroupadmin/IR_Reports/CSR_Policy_09082018_110752.pdf)

- 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
- Average net profit of the company for last three Financial Years:** INR 12,30,92,888/-
- Two percent of average net profit of the Company as per Section 135(5):** INR 24,61,858/-
  - 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):** INR 24,61,858/-
- (a) CSR amount spent or unspent for the financial year:**

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.
24,62,000	-	-	-	-	-



## MONARCH NETWORK CAPITAL LIMITED

(b) Details of CSR amount spent against ongoing projects for the financial year: None

(c) Manner in which the amount spent during the financial year 2020-21 is detailed below.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number
1.	Contribution towards promoting education	Promoting Education, Health, Livelihoods and Rural and Urban infrastructure, promoting health	Yes	Gujarat	Gandhinagar	6,00,000	No	Karnavati Lions Education Foundation	-
2.	Contribution towards promoting education	Promoting Education, Health, Livelihoods and Rural and Urban infrastructure, promoting health	Yes	Gujarat	Surendra Nagar	17,62,000	No	Shri Jagatbharti Education & Charitable Trust	-
3.	Contribution towards promoting education & Healthcare	Promoting Education, Health, Livelihoods and Rural and Urban infrastructure, promoting health	No	Maharashtra	Mumbai	1,00,000	No	Rugna Seva Mandal – For Education & Medical Expenses	-

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 24,62,000/-

(g) Excess amount for set off, if any: Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable

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

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

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

For Monarch Network Capital Limited

Sd/-  
Vaibhav Shah  
Chairman CSR Committee  
& Managing Director

Sd/-  
Chetan Bohra  
Member CSR Committee

Date: 06th September, 2021

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
**The Member,**  
**Monarch Networth Capital Limited**  
**Unit No. PO4-01D, 4<sup>th</sup> Floor,**  
**Tower A WTC GIFT CITY,**  
**Block No. 51, Road 5 E, Zone-5,**  
**Gandhinagar – 382355, Gujarat.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by “**MONARCH NETWORTH CAPITAL LIMITED**” (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us 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 and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 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 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 maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts ( Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India , 1992 (SEBI Act);
  - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 –Not applicable as the Company has not issued any shares during the year under review;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
  - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review;
  - (h) The Securities and Exchange Board of India (Buyback of Securities ) Regulations, 1998 - Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review;
6. Other Laws applicable to the Company ;
  - i. The Payment of Wages Act, 1936.
  - ii. The Minimum Wages Act, 1948.

- iii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952.
  - iv. The Payment of Gratuity Act, 1972.
  - v. The Bombay Shops and Establishments Act, 1948.
  - vi. The Maharashtra Labour Welfare Fund Act, 1953.
7. We have relied on the representation made by the Company and its officer and compliance mechanism prevailing in the Company and on examination of documents on test check basis for compliance of the following specific laws to the extent applicable.
- (a) The Securities and Exchange Board of India (Stockbrokers and Sub-brokers) Regulations, 1992 and Rules, Regulations and Bye-laws of Stock Exchanges;
  - (b) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 effective from 16 January, 2020;
  - (c) The Securities and Exchange Board of India (Research Analysts) Regulations, 2014;
  - (d) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013;
  - (e) Pension Fund Regulatory and Development Authority Regulations, 2018.

We have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the year under review following change took place in the composition of the Board of Directors of the Company :
  - The members in the Annual General Meeting held on September 30, 2020 approved the appointment of Mr. Vaibhav Shah's appointment was for retirement by rotation and he has been re-appointed as MD at AGM held on 28.09.2018 and Mr. Ashok Bafna as Whole-Time Director of the Company.
  - The members in the Annual General Meeting held on September 30, 2020 approved the appointment Mr. Sathish Kumar and Ms. Avni Chouhan as Independent Directors of the Company.

The aforementioned change was carried out in conformity and compliance with the provisions of the Act.

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
- Decisions at the Board Meetings and Committee Meetings were taken unanimously and are captured and recorded as part of the minutes of the meetings.

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

We further report that, during the period under review,

- The registered office of the Company shifted from Mumbai, State of Maharashtra to Gift City, Gandhinagar, State of Gujarat vide order January 12, 2021 passed by the Regional Director, Western Region, Ministry of Corporate Affairs.
- The Company reclassified three shareholders of the Company holding 21,61,968 equity shares forming part of promoter/promoter group to public category in accordance with Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- The Company on 23<sup>rd</sup> April, 2020, formed and sponsored Monarch AIF (Alternate Investment Fund) - Category III, a SEBI registered fund as defined under Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012.

**For VKM & Associates  
Practicing Company Secretary**

**Sd/-  
(Vijay Kumar Mishra)**

**Partner**

**FCS No. 5023**

**C P No.: 4279**

**UDIN No.: F005023C000498252**

**Place : Mumbai**

**Date : 22<sup>nd</sup> June, 2021**

**Note: 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,  
Monarch Networth Capital Limited  
Unit No. PO4-01D, 4th Floor,  
Tower A WTC GIFT CITY,  
Block No. 51, Road 5 E, Zone-5,  
Gandhinagar – 382355, Gujarat.

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

### Management's Responsibility

1. It is the Responsibility of Management of the Company to maintain Secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### Auditor's Responsibility

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes 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 compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

### Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For VKM & Associates**  
**Practicing Company Secretary**

**Sd/-**  
**(Vijay Kumar Mishra)**  
**Partner**

**FCS No. 5023**

**C P No.: 4279**

**UDIN No.: F005023C000498252**

**Place : Mumbai**

**Date : 22<sup>nd</sup> June, 2021**

**STANDALONE AND CONSOLIDATED  
FINANCIAL STATEMENTS FORMING PART  
OF ANNUAL REPORT OF  
MONARCH NETWORTH CAPITAL LIMITED  
FOR THE YEAR ENDED MARCH 31, 2021**

**INDEPENDENT AUDITOR'S REPORT**

To

The Members of  
**MONARCH NETWORTH CAPITAL LIMITED**

**REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS****Opinion**

We have audited the accompanying Standalone financial statements of **Monarch Network Capital Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Profit / Loss and cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters below to be key audit matters to be communicated in our report:

<b>Key audit matters</b>	<b>How the matter was addressed in our Audit</b>
<b>Information Technology system for the financial reporting process</b> The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as Brokerage income, Trade receivable ageing amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	In view of the significance of the matter we applied the following audit procedures, on test check basis, in this area, among others to obtain reasonable audit assurance: <ul style="list-style-type: none"><li>• Obtained an understanding of the Company's IT environment and identified IT applications, databases and operating systems, for the areas which are relevant to our audit. Sample verification of the key transactions was carried out to verify the effectiveness of the IT environment in the company.</li><li>• Obtained understanding of IT infrastructure i.e. operating systems and databases supporting the identified systems and related data security controls in relation to large number of users working on the entity's systems remotely in the light of COVID-19;</li><li>• Management has given us reasonable assurance about the existence of the suitable IT controls and their persistent review and monitoring of the performance and issues arising on IT matters on a periodic basis.</li></ul>

Key audit matters	How the matter was addressed in our Audit
Further, the prevailing COVID-19 situation has caused the required IT applications to be made accessible to the employees on a remote basis.	<ul style="list-style-type: none"> <li>Reliance is also placed on the independent system audit carried out by the external agencies, as per the mandate of the regulators.</li> </ul>
<p><b>Expected credit loss allowances</b></p> <p>Recognition and measurement of impairment of financial assets involve significant management judgement. With the applicability of Ind AS 109, credit loss assessment is now based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are loan staging criteria, calculation of probability of default / loss and consideration of probability weighted scenarios and forward looking macroeconomic factors. There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed. <i>As per management opinion, there is no expected credit loss in several financial assets including the trade receivables and other financial assets of the Company and all are on fair value, based on the assessment and judgement made by the board of the company.</i></p>	<p>In view of the significance of the matter we applied the following audit procedures, on test check basis, in this area, among others to obtain reasonable audit assurance:</p> <ul style="list-style-type: none"> <li>We evaluated management's process and tested key controls around the determination of extent of requirement of expected credit loss allowances, including recovery process &amp; controls implemented in the company for trade receivables and other financial assets. It was explained to us by the management that the control exists relating to the recovery of receivables, including those aging for large periods and in the opinion of the board there is no requirement making expected credit loss allowance.</li> <li>We have also reviewed the management response and representation on recovery process initiated for sample receivables, and based on the same we have place reliance on these key controls for the purposes of our audit.</li> </ul>
<p><b>Deferred Tax Assets</b></p> <p>Recognition and measurement of deferred tax assets The Company has deferred tax assets in respect of temporary differences and MAT credit entitlements.</p> <p>The recognition of deferred tax assets involves judgment regarding the likelihood of the reasonable certainty of realisation of these assets, in particular whether there will be taxable profits in future periods that support recognition of these assets.</p> <p>Management records deferred tax assets in respect of MAT credit entitlements, temporary differences and brought forward business losses in cases where it is reasonably certain based on the presumed profitability determined on the basis of management estimation that sufficient taxable income will be available to absorb the differed tax assets in future.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain reasonable audit assurance:</p> <ul style="list-style-type: none"> <li>Through discussions with management, we understood the Company's process for recording deferred tax assets;</li> <li>Discussed with the management about the basis of the management estimations of the future revenue for the reasonable certainty of utilisation of the deferred tax assets and therefore recognition of deferred tax assets; and</li> <li>Accordingly based on the projected business plan made by the management, for the purpose of recognition of deferred tax assets in the financial statements, the assets provisions seems to be reasonable.</li> </ul>
<p><b>Investment and Loans to group companies</b></p> <p>The Company has investments in group company and associates which are considered to be associated with significant risk in respect of valuation of such investments. These investments are carried at cost. Management has given us confirmation that the investments are reviewed for impairment at each reporting date. This assessment is based on the presumed future financial performance of these underlying entities, which involve significant estimates and judgment, due to the inherent uncertainty involved in forecasting future cash flows. There is significant judgment in estimating the timing of the cash flows and the appropriate discount rate.</p> <p>In addition, considering the materiality of the investments in group companies, vis-à-vis the total assets of the Company, this is considered to be significant to our overall audit strategy and planning.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain reasonable audit assurance:</p> <ul style="list-style-type: none"> <li>Comparing the carrying amount of investments with the relevant group entity's balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those entities have historically been profit-making;</li> <li>For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the profitability estimation by the management of these group entities;</li> <li>Understanding the return prospects from the group entities, based on discussion with the management; and</li> </ul>



## MONARCH NETWORK CAPITAL LIMITED

Key audit matters	How the matter was addressed in our Audit
The Company has also extended loans to group entities and related parties that are assessed for recoverability at each period end.	<ul style="list-style-type: none"> <li>Obtained independent confirmations to ensure completeness and existence of loans and advances held by related parties as on reporting date.</li> </ul>
<b>Balances of Various Financial Assets and Liabilities</b>  Refer Note No. 44 to the financial statements which describes that the balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable.	We evaluated the management procedure and tested key controls employed by the management to review over the reconciliation and recoverability of the long outstanding assets and payability of long outstanding liabilities. Based on the explanations and representations provided by the management, it was explained to us that the Board is carrying out a regular review of balances of all outstanding assets and liabilities, based on the formal/ informal arrangements with the respective parties involved. As per their opinion, there will be no substantial impact on their reconciliation with their balance confirmations. Based on the same we have place reliance on these key controls for the purposes of our audit.

### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the Standalone financial statements 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.

### Management's responsibility for the Standalone financial statements

The Company's board of directors are 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 Standalone financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The 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 Companies Act, 2013, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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;

## MONARCH NETWORTH CAPITAL LIMITED

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- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - a. The Company does not have any pending litigations which would impact its Standalone financial position, other than those mentioned in Note 34 to 36 to the Standalone Financial Statements;
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - c. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

For **PAREKH SHAH & LODHA**  
Chartered Accountants  
Firm Registration No.: 107487W

Sd/-  
**Amit Saklecha**  
(Partner)  
M. No.: 401133  
UDIN: 21401133AAAAAC9879

Place: Mumbai  
Date : 18<sup>th</sup> June 2021

**ANNEXURE A TO AUDITORS' REPORT****[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors Report of even date]**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. In respect of its fixed assets

- a) The Company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- c) As explained to us, the title deeds of all the immovable properties are held in the name of the company.

2. In respect of its inventories

Inventory represents securities held as stock-in-trade in course of acting as a merchant banker and market maker for the acquired equity shares and on account of error in execution of transaction. As explained to us, inventories have been verified and reconciled during the year by the management at reasonable intervals. As informed to us, no material discrepancies were noticed on verification of inventories by the management as compared to book records.

3. The company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

- a) the terms and conditions of the grant of such loans are not otherwise prejudicial to the company's interest;
- b) According to the information and explanations given to us, the loans given by the company are repayable on demand. As informed, repayment of Principal amount and interest (if agreed) has been received during the year whenever demanded by the company.
- c) There is no overdue amount for more than ninety days in respect of loans to the parties covered in the above register.

4. According to the information and explanations given to us and based on our examination of the records of the Company, in respect of loans, investments, guarantees and security given/ made by the company, during the year, the company has complied with the provisions of section 185 & 186 of the Companies Act, 2013.

5. The Company has not accepted any deposits from the public covered under the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Further no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal on the company. Hence, Paragraph 3(v) of the Order is not applicable.

6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for any of the products of the Company.

7. In respect of Statutory Dues:

- a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities in India. According to the information and explanation given to us, there was no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, except for Professional Tax Liabilities of Rs 7,660/-;
- b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any disputes, except the followings.

## MONARCH NETWORTH CAPITAL LIMITED

Sr No	Name of Statute	Amount (Rs. in Lacs)	Period to which the amount related	Forum where dispute Pending
1	Service Tax	15.14	01.04.2002 to 31.03.2007	Pending With Service tax Tribunal With Joint Commissioner of Service Tax
	Service Tax	3.01	F.Y.2006-07	Superintendent, Service tax, Range XI, Ahmedabad
	Service Tax	6.76	F.Y.2005-07	Pending With Commissioner (Appeals) of Service Tax
	Service Tax	29.03	F.Y.2007-08	Pending With Commissioner (Appeals) of Service Tax
	Service Tax	10.78	F.Y.2007-08	Pending With Commissioner (Appeals) of Service Tax
2	Income Tax	8.54	A.Y. 2002-03	First Appellate Authority
	Income Tax	4.91	A.Y. 2006-07	Assessing Officer
	Income Tax	30.48	A.Y. 2010-11	Pending with CIT (Appeals); Original Demand Rs 75.69 lacs; Rectification Applied: Rs 45.21 lacs
	Income Tax	1.96	A.Y. 2016-17	Appeal Filed against Assessing Office Order
	Income Tax	45.21	A.Y. 2011-12	First Appellate Authority
	Income Tax	4.38	A.Y. 2017-18	Appeal Filed against Assessing Office Order
	Income Tax	2.07	A.Y. 2018-19	Appeal Filed against Assessing Office Order

*# pertaining to Monarch Networth Comtrade Limited, since merged with Company*

There are no dues of Sales tax, Customs tax/Wealth tax, Excise duty/cess, which have not been deposited on account of any dispute.

8. According to the records of the company examined by us and as per the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution, banks or government. The company has also not issued debentures. Hence Paragraph 3 (viii) of the Order is not applicable.
9. According to the records of the company examined by us and as per the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year and the term loans raised during the year were applied for the purpose for which those were raised.
10. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Act.
12. 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.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
14. The company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. 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. Accordingly, paragraph 3(xv) is not applicable.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For **PAREKH SHAH & LODHA**  
Chartered Accountants  
Firm Registration No.: 107487W

Sd/-

**Amit Saklecha**

(Partner)

M. No.: 401133

UDIN: 21401133AAAAAC9879

Place: Mumbai

Date : 18<sup>th</sup> June 2021

## **ANNEXURE B TO AUDITORS' REPORT**

[Referred to in Clause (f) in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors Report of even date]

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

We have audited the internal financial controls over financial reporting of **MONARCH NETWORTH CAPITAL 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**

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 Companies Act, 2013.

#### **Auditors' Responsibility**

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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**

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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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, the Company has, in general, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were found operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company. However the same needs to be further improved and formally documented in view of the size of the company and nature of its business, 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 **PAREKH SHAH & LODHA**  
Chartered Accountants  
Firm Registration No.: 107487W

Sd/-  
**Amit Saklecha**  
(Partner)  
M. No.: 401133  
UDIN: 21401133AAAAAC9879

Place: Mumbai  
Date : 18<sup>th</sup> June 2021



# MONARCH NETWORK CAPITAL LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

(Currency: Indian Rupees)

Particulars	Notes	Year Ended on March 31, 2021	Year Ended on March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property Plant and Equipment	2	49,448,694	37,667,228
Intangible Assets	3	218,729	315,437
Financial assets			
- Investments	4	231,245,981	167,456,438
- Other Financial Assets	5	161,437,019	1,505,330,759
Deferred tax assets (Net)	6	16,735,331	56,051,605
<b>Total Non Current Assets</b>		<b>459,085,754</b>	<b>1,766,821,466</b>
<b>Current assets</b>			
Inventories	7	27,010,514	27,626,201
Financial assets			
- Trade Receivables	8	531,220,770	324,885,796
- Cash and cash equivalents	9	3,037,196,704	2,247,423,837
Other Current Assets	10	35,763,109	28,284,215
<b>Total Current Assets</b>		<b>3,631,191,097</b>	<b>2,628,220,050</b>
<b>Total Assets</b>		<b>4,090,276,852</b>	<b>4,395,041,516</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	11	310,495,180	310,495,180
Other equity	12	745,158,416	527,354,890
<b>Total Equity</b>		<b>1,055,653,596</b>	<b>837,850,070</b>
Non-current liabilities			
Financial liabilities			
- Borrowings	13	8,544,723	5,315,010
Provisions	14	17,377,394	15,356,558
<b>Total Non Current Liabilities</b>		<b>25,922,117</b>	<b>20,671,568</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	7,711,718	91,305,042
- Trade payables	16	2,812,903,701	3,273,415,907
- Other financial Liabilities	17	25,343,698	9,099,545
Provisions	18	21,512,490	8,898,282
Other current liabilities	19	141,229,533	153,801,102
<b>Total Current Liabilities</b>		<b>3,008,701,139</b>	<b>3,536,519,878</b>
<b>Total Equity &amp; Liabilities</b>		<b>4,090,276,852</b>	<b>4,395,041,516</b>

Significant Accounting Policies  
Notes to the financial statements

Notes referred above form an integral part of the financial statements.

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**As per our Report of even date**

**For and on behalf of the Board**

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Amit Saklecha**

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAC9879

**Vaibhav Shah**

(Managing Director)  
DIN 00572666

**Tarak Shah**

(Chief Financial Officer)

**Manju Bafna**

(Whole-Time Director)  
DIN 01459885

**Rupali Verma**

(Company Secretary)  
ICSI Member. No: A42923

Place : Mumbai  
Date : 18<sup>th</sup> June 2021

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(Currency: Indian Rupees)

Particulars	Notes	Year Ended on March 31, 2021	Year Ended on March 31, 2020
<b>INCOME</b>			
Revenue From Operations	20	817,492,268	546,099,711
Other Income	21	109,158,653	75,722,140
<b>Total Income</b>		<b>926,650,920</b>	<b>621,821,851</b>
<b>EXPENSES</b>			
Employee benefit expense	22	252,006,212	253,343,450
Operating Expenses	23	221,668,706	157,558,982
Finance Cost	24	14,825,871	38,727,789
Depreciation & Amortization Expenses	2	9,116,247	8,822,655
Other Expenses	25	88,204,018	141,183,500
<b>Total Expenses</b>		<b>585,821,054</b>	<b>599,636,376</b>
<b>Profit Before Exceptional items, Extraordinary items AND TAX</b>		<b>340,829,866</b>	<b>22,185,475</b>
Less: prior period expenses		(355,263)	(510,320)
Less: Extraordinary Items		(48,001,328)	-
<b>Profit Before Tax</b>		<b>292,473,276</b>	<b>21,675,156</b>
<b>Tax Expenses</b>			
Current Tax		85,768,186	6,314,447
Deferred tax		370,676	1,010,173
Short & Excess Tax Provision for earlier years		2,364,832	389,749
MAT Receivable		-	1,664,125
<b>Total Tax Expenses</b>		<b>88,503,694</b>	<b>9,378,494</b>
<b>Profit for the Year (After Tax)</b>		<b>203,969,582</b>	<b>12,296,662</b>
Other Comprehensive Income	26		
A(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		62,642	(303,766)
- Equity Instruments through Other Comprehensive Income		13,789,542	(3,204,583)
(ii) Income tax related to items that will not be reclassified to profit or loss		(18,241)	88,456
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax related to items that will be reclassified to profit or loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>217,803,525</b>	<b>8,876,769</b>
Earnings Per equity share of face value of Rs 10 each			
Basic (in Rs)	27	7.01	0.29
Diluted (in Rs)	27	7.01	0.29

Significant Accounting Policies

Notes to the financial statements

Notes referred above form an integral part of the financial statements.

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2 to 57

As per our Report of even date

For and on behalf of the Board

For PAREKH SHAH &amp; LODHA

Chartered Accountants  
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAC9879Vaibhav Shah  
(Managing Director)  
DIN 00572666Tarak Shah  
(Chief Financial Officer)Manju Bafna  
(Whole-Time Director)  
DIN 01459885Rupali Verma  
(Company Secretary)  
ICSI Member. No: A42923Place : Mumbai  
Date : 18<sup>th</sup> June 2021Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

# MONARCH NETWORTH CAPITAL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(Currency: Indian Rupees)

Particulars	Year Ended on March 31, 2021	Year Ended on March 31, 2020
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	306,325,460	18,166,807
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>306,325,460</b>	<b>18,166,807</b>
<b>Adjustments to reconcile profit before tax to net cash used in operating activities</b>		
Depreciation and amortisation	9,116,247	8,822,655
Finance cost	14,825,871	38,727,789
Equity Instruments through OCI	(13,789,542)	3,204,583
Interest income	(101,642,407)	(71,717,176)
Dividend Income	(70,606)	(143,810)
(Profit) / loss on sale of fixed assets	(86,548)	99,403
Bad debts/Sundry Balance written off	48,001,328	561,956
	<b>262,679,803</b>	<b>(2,277,793)</b>
Trade receivables	(254,336,301)	145,876,838
Loans & Advances	(4,135,443)	5,341,947
Trade payables	(460,512,206)	2,410,627,855
Other financial liabilities	16,244,153	1,496,383
Other liabilities	(12,571,571)	335,447
Provisions	1,121,852	(1,916,547)
	<b>(450,894,025)</b>	<b>2,564,773,511</b>
Income Tax paid	(36,664,399)	(7,807,941)
<b>Net cash flows from operating activities</b>	<b>(487,558,424)</b>	<b>2,556,965,571</b>
<b>Cash flow from investing activities</b>		
Payment for purchase and construction of property, plant and equipment (Net of proceeds from sales)	(33,392,207)	(21,147,467)
Fixed deposits held as margin deposits	(2,231,137,529)	(115,289,190)
Other Fixed Deposits	191,199,094	136,530
Proceeds from sale of Investments	(50,000,001)	(54,999,980)
Interest received	101,642,407	71,717,176
Dividend Income	70,606	143,810
Proceeds /(Repayment) of Other Non Current Financial Assets	1,349,760,124	(1,142,576,850)
Proceeds /(Repayment) of loans & advances to related parties	4,439,844	111,301,281
<b>Net cash flows from investing activities</b>	<b>(667,417,663)</b>	<b>(1,150,714,691)</b>
<b>Cash flow from financing activities</b>		
Proceeds /(Repayment) of borrowings from banks/ FI	(79,363,611)	(149,193,855)
Proceeds /(Repayment) of borrowings from others	(1,000,000)	(18,347,615)
Finance charges paid	(14,825,871)	(38,727,789)

(Currency: Indian Rupees)

Particulars	Year Ended on March 31, 2021	Year Ended on March 31, 2020
<b>Net cash flows from financing activities</b>	<b>(95,189,483)</b>	<b>(206,269,259)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,250,165,569)</b>	<b>1,199,981,622</b>
Cash and cash equivalents at the beginning of the year	1,502,461,011	302,479,389
Effect of exchanges rate changes on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>252,295,442</b>	<b>1,502,461,011</b>
<b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b>		
Cash and Bank Balances as per Balance Sheet	252,295,442	1,502,461,011
<b>Cash and Cash equivalents as restated as at the year end</b>	<b>252,295,442</b>	<b>1,502,461,011</b>

Note- Cash Flow Statement has been prepared under the indirect method as set out in IND AS 7 - "Cash Flow Statements" prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013

**As per our Report of even date**

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Amit Saklecha**

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAC9879

Place : Mumbai  
Date: 18<sup>th</sup> June 2021

**For and on behalf of the Board**

**Vaibhav Shah**

(Managing Director)  
DIN 00572666

**Tarak Shah**

(Chief Financial Officer)

Place : Ahmedabad  
Date :18<sup>th</sup> June 2021

**Manju Bafna**

(Whole-Time Director)  
DIN 01459885

**Rupali Verma**

(Company Secretary)  
ICSI Member. No: A42923

Place : Ahmedabad  
Date :18<sup>th</sup> June 2021

# MONARCH NETWORK CAPITAL LIMITED

## Statement of Changes in Equity

(Currency: Indian Rupees)

(a) Equity share capital	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	31,049,518	310,495,180	31,049,518	310,495,180
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	31,049,518	310,495,180	31,049,518	310,495,180

## (b) Other equity

Particulars	Reserves & Surplus			Other comprehensive income		Total
	Capital Reserve	Securities Premium Account	Retained earnings	Remeasurements of the net defined benefit Plans	Fair valuation of investments in equity shares	
Balance at 1 April 2019	15,163,560	347,569,238	162,129,676	(778,100)	(5,606,252)	518,478,122
Profit for the year	-	-	12,296,662	-	-	12,296,662
Other comprehensive income for the year	-	-	-	(215,310)	(3,204,583)	(3,419,893)
<b>Total comprehensive income for the year</b>	-	-	<b>12,296,662</b>	<b>(215,310)</b>	<b>(3,204,583)</b>	<b>8,876,769</b>
Balance at 31 March 2020	15,163,560	347,569,238	174,426,338	(993,410)	(8,810,835)	527,354,891
Profit for the year	-	-	203,969,582	-	-	203,969,582
Other comprehensive income for the year	-	-	-	44,401	13,789,542	13,833,943
<b>Total comprehensive income for the year</b>	-	-	<b>203,969,582</b>	<b>44,401</b>	<b>13,789,542</b>	<b>217,803,525</b>
Balance at 31 March 2021	15,163,560	347,569,238	378,395,919	(949,009)	4,978,707	745,158,416

As per our Report of even date

For and on behalf of the Board

### For PAREKH SHAH & LODHA

Chartered Accountants  
(Firm Reg. No. 107487W)

### Amit Saklecha

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAC9879

Place : Mumbai  
Date: 18<sup>th</sup> June 2021

### Vaibhav Shah

(Managing Director)  
DIN 00572666

### Tarak Shah

(Chief Financial Officer)

Place : Ahmedabad  
Date :18<sup>th</sup> June 2021

### Manju Bafna

(Whole-Time Director)  
DIN 01459885

### Rupali Verma

(Company Secretary)  
ICSI Member. No: A42923

Place : Ahmedabad  
Date :18<sup>th</sup> June 2021

**Notes to financial statements for the year ended 31st March 21****Note 1****1.1 Company Information**

Monarch Network Capital Limited (MNCL) was originally formed under the name of "Network Finance Limited on 2nd December 1993. Thereafter, it was changed to Network Stock Broking Limited w.e.f. 30/09/1997 and to Monarch Network Capital Limited w.e.f. 13/10/2015. MNCL is predominantly engaged in Share & Stock Broking, Merchant Banking, and Mutual Fund Distributor. The Company is a member of National Stock Exchange of India Ltd. (NSE) BSE Ltd. (BSE), in the Capital Market and Derivatives (Futures & Options) Segment. It is also Depository Participant with Central Depository Services India (CDSL) and National Securities Depository (India) Limited (NSDL) and also registered in Securities and Exchange Board of India ("SEBI") as a Category 1 Merchant Banker and Research Analyst.

**Significant accounting policies****1.2 Basis of preparation**

1.2.1 These financial statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

1.2.2 The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value :

1. Financial instruments measured at fair value through profit or loss
2. Financial instruments measured at fair value through other comprehensive income
3. Defined benefit plans – plan assets measured at fair value

**1.2.3 Functional and presentation currency:**

These financial statements are presented in INR, which is the Company's functional currency

**1.2.4 Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## Notes to financial statements for the year ended 31st March 21

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

### 1.2.5 Revenue recognition

#### Service Income

Service income is recognized, exclusive of taxes, as and when the services are rendered. Brokerage Income is recognised on the trade date. Subscription income for convenient brokerage plans is recognised on the basis of expiry of the scheme. Account Facilitation charges recognised on quarterly/yearly basis considering registration/activation of the client account. Referral Fees are recognised on accrual basis. Late Payment Charges are shown net of respective interest cost.

#### Interest income

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income ('OCI'), interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

#### Dividends

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

### 1.2.6 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost of the items less accumulated depreciation and impairment loss. Acquisition cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Items of spare parts that meet the definition of 'property, plant and equipment' have been recognised as property, plant and equipment. The depreciation on such an item of spare part will begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of a spare part, as it may be readily available for use, it may be depreciated from the date of purchase of the spare part.

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment.

Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

#### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided using the written down method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirements of Schedule II of the Act. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

**Notes to financial statements for the year ended 31st March 21**

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Cost of lease-hold land is amortized equally over the period of lease.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**1.2.7 Intangible Assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

**Amortisation methods, estimated useful lives and residual value**

Intangible assets are amortised in statement of Profit and Loss over their estimated useful lives based on underlying contracts where applicable.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

**1.2.8 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is determined:

1. In case of individual asset, at higher of the fair value less cost to sell and value in use; and
2. In case of cash-generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.



## Notes to financial statements for the year ended 31st March 21

### 1.2.9 Leases- Company as a lessee

#### Policy applicable with effect from 1 April 2019

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate standalone price of the non-lease components.

The Company recognised right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any re measurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition,

**Notes to financial statements for the year ended 31st March 21**

measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning from 1 April 2019 using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

**Company as a lessee**

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly the entire risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet.

On transition, the Company has applied following practical expedients:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date.
- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.
- Excluded the initial direct costs from the measurement of the right-of -use-asset at the date of transition.
- Grandfathered the assessment of which transactions are, or contain leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. Relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company carried out a test of lease liability measured at the present value of the remaining lease payments. Based on the analysis of the management, the board is of the opinion that there is no significant impact of the application of provision on the financial statements of the company.

**1.2.10 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

**1.2.11 Financial instruments****A. Financial assets****Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

## Notes to financial statements for the year ended 31st March 21

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortised cost
2. Financial assets at fair value through other comprehensive income (FVTOCI)
3. Financial assets at fair value through profit or loss (FVTPL)
4. Equity instruments measured at fair value through other comprehensive income ('FVTOCI')

### Financial asset at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### Financial asset at FVTOCI

A financial asset is classified as at the FVTOCI if both of the following criteria are met:

1. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
2. The asset's contractual cash flows represent SPPI.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

### Financial instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, a company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, company has taken an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

## Notes to financial statements for the year ended 31st March 21

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or
2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

The company assesses impairment based on expected credit loss (ECL) model to the following:

1. Financial assets measured at amortised cost;
2. Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

1. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
2. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

1. Trade receivables or contract revenue receivables; and
2. All lease receivables resulting from transactions within the scope of Ind AS 17

Under the simplified approach, the company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments- for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivable. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

## Notes to financial statements for the year ended 31st March 21

**Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

**Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## B. Financial liabilities

### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

1. Financial liabilities at fair value through profit or loss
2. Loans and borrowings measured on amortised cost basis
3. Financial guarantee contracts

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

**Notes to financial statements for the year ended 31st March 21****Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**C. Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**D. Derivative financial instruments and hedge accounting****Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Premium/Discount, in respect of forward foreign exchange contract, is recognised over the life of the contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes. Profit/Loss on cancellation / renewal of forward exchange contract is recognized as income/expense.

**1.2.12 Taxes****Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the entity operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## Notes to financial statements for the year ended 31st March 21

### Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their corresponding carrying amounts for the financial reporting purposes.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

1. deductible temporary differences;
2. the carry forward of unused tax losses; and
3. the carry forward of unused tax credits.

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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the

MAT credit becomes eligible to be recognized; it is credited to the Statement of Profit and Loss and is considered as (MAT Credit Entitlement). The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

### 1.2.13 Inventories

Inventories are valued at the Market Value.

Inventories mainly represents securities held as stock in course of market making activities and remaining comprises of securities held as a result of error in execution of orders.

### 1.2.14 Employee benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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

**Notes to financial statements for the year ended 31st March 21**

earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

1. The date of the plan amendment or curtailment, and
2. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

1. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
2. Net interest expense or income

**Long-term employee benefits**

Post-employment and other employee benefits are recognised as an expense in the statement of profit and loss for the period in which the employee has rendered services. The expenses are recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post-employment and other long term benefits are charged to the statement of other comprehensive income.

**1.2.15 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**1.2.16 Segment accounting:**

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

**1.2.17 Business Combination under Common Control**

Business combinations under common control are accounted for using the pooling of interest method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at carrying value on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for net identifiable assets acquired and liabilities assumed.



## Notes to financial statements for the year ended 31st March 21

### 1.2.18 Provisions, Contingent liabilities, Contingent assets and Commitments:

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingent liability is disclosed in the case of:

1. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
2. A present obligation arising from the past events, when no reliable estimate is possible;
3. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### 1.2.19 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 1.2.20 Use of estimates and judgments

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are significant management judgments in applying the accounting policies of the Company that have a significant effect on the financial statements.

#### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**Notes to financial statements for the year ended 31st March 21****Classification of assets and liabilities into current and non-current**

The management classifies the assets and liabilities into current and non-current categories based on the operating cycle of the respective business / projects.

**Impairment of assets**

In assessing impairment, management estimates the recoverable amounts of each asset or CGU (in case of non-financial assets) based on expected future cash flows and uses an estimated interest rate to discount them. Estimation relates to assumptions about future cash flows and the determination of a suitable discount rate.

**Useful lives of depreciable / amortisable assets (Property, plant and equipment, intangible assets and investment property)**

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected usage of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the usage of certain assets.

**Defined benefit obligation (DBO)**

The cost of defined benefit gratuity plan and the present value of the gratuity obligation along with leave salary are determined using actuarial valuations. An actuarial valuation involves making various assumptions such as standard rates of inflation, mortality, discount rate, attrition rates and anticipation of future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument /assets. Management bases its assumptions on observable data as far as possible but this may not always be available. In that case management uses the best relevant information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**1.2.21 Statement of cash flows**

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

**1.2.22 Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

1. In the principal market for the asset or liability, or
2. 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.

### Notes to financial statements for the year ended 31st March 21

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 categorised 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:

1. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or Liabilities.
2. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

## Notes to financial statements for the year ended 31st March 21

## Note 2: Property, Plant and Equipment (PPE)

(Currency: Indian Rupees)

Description	Air Conditioners	Computer	Furniture & Fixtures	Vehicles	Office Equipment	Total
<b>Cost as at 1 April 2019 (A)</b>	<b>1,641,690</b>	<b>31,132,226</b>	<b>11,141,274</b>	<b>8,047,738</b>	<b>7,080,486</b>	<b>59,043,414</b>
Additions	6,535,036	2,078,658	2,735,176	6,805,776	905,135	19,059,781
Deletions	406,900	1,807,398	1,851,955	-	586,669	4,652,922
<b>Cost as at 31 March 2020 (B)</b>	<b>7,769,826</b>	<b>31,403,486</b>	<b>12,024,496</b>	<b>14,853,514</b>	<b>7,398,952</b>	<b>73,450,273</b>
Additions	1,244,672	8,343,435	755,700	6,755,479	3,889,783	20,989,069
Deletions	277,276	610,373	356,021	-	235,180	1,478,850
<b>Cost as at 31 March 2021 (C)</b>	<b>8,737,222</b>	<b>39,136,548</b>	<b>12,424,175</b>	<b>21,608,993</b>	<b>11,053,555</b>	<b>92,960,492</b>
<b>Accumulated depreciation as at 1 April 2019 (D)</b>	<b>668,773</b>	<b>19,016,229</b>	<b>5,770,786</b>	<b>2,114,411</b>	<b>3,750,751</b>	<b>31,320,950</b>
Depreciation for the period	938,195	4,921,248	738,350	783,902	1,221,673	8,603,368
Deletions	335,206	1,631,094	1,715,422	-	459,552	4,141,272
<b>Accumulated depreciation as at 31 March 2020 (E)</b>	<b>1,271,763</b>	<b>22,306,384</b>	<b>4,793,715</b>	<b>2,898,313</b>	<b>4,512,872</b>	<b>35,783,046</b>
Depreciation for the period	1,670,257	3,374,211	844,910	1,702,292	1,427,869	9,019,539
Deletions	185,510	581,008	338,221	-	186,047	1,290,786
<b>Accumulated depreciation as at 31st March 2021 (F)</b>	<b>2,756,510</b>	<b>25,099,587</b>	<b>5,300,404</b>	<b>4,600,605</b>	<b>5,754,694</b>	<b>43,511,799</b>
<b>Net carrying amount as at 31 March 2020 (B) - (E)</b>	<b>6,498,063</b>	<b>9,097,103</b>	<b>7,230,781</b>	<b>11,955,201</b>	<b>2,886,080</b>	<b>37,667,228</b>
<b>Net carrying amount as at 31st March 2021 (C) - (F)</b>	<b>5,980,712</b>	<b>14,036,962</b>	<b>7,123,771</b>	<b>17,008,388</b>	<b>5,298,861</b>	<b>49,448,694</b>

## Note: 3 Intangible assets

Description	Computer Software
<b>Cost as at 1 April 2019 (A)</b>	<b>1,142,300</b>
Additions	-
Deletions	-
<b>Cost as at 31 March 2020 (B)</b>	<b>1,142,300</b>
Additions	-
Deletions	-
<b>Cost as at 31 March 2021 (C)</b>	<b>1,142,300</b>
<b>Accumulated amortisation as at 1 st April 2019 (D)</b>	<b>607,576</b>
Amortisation for the period	219,287
<b>Deletions</b>	<b>-</b>
<b>Accumulated amortisation as at 31 March 2020 (E)</b>	<b>826,863</b>
Amortisation for the period	96,708
<b>Deletions</b>	<b>-</b>
<b>Accumulated amortisation as at 31 March 2021 (F)</b>	<b>923,571</b>
<b>Net carrying amount as at 1 April 2019 (A) - (D)</b>	<b>534,724</b>
<b>Net carrying amount as at 31 March 2020 (B) - (E)</b>	<b>315,437</b>
<b>Net carrying amount as at 31 March 2021 (C) - (F)</b>	<b>218,729</b>

# MONARCH NETWORK CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 4</b>		
<b>Non-current Investments</b>		
<b>Investments in subsidiaries and joint ventures</b>		
<b>Investment in equity of subsidiaries - unquoted</b>		
- Monarch Network Finserve Private Limited (81,66,666 (Previous year: 8000000) Equity Shares of Rs 10 each fully paid up)	142,922,185	142,922,185
- Network Network Capital IFSC Private Limited (49999 (Previous year:49999 ) Equity Shares of Rs 10 each fully paid up)	499,990	499,990
- Monarch Network Money Changer Private Limited (500000 (Previous year:500000) Equity Shares of Rs 10 each fully paid up)	5,000,000	5,000,000
- Monarch Network Investment Advisory Private Limited (599900 (Previous year: 499900 ) Equity Shares of Rs 10 each fully paid up)	5,999,000	5,999,000
	<b>154,421,175</b>	<b>154,421,175</b>
Less: Provision for Diminution in Value of Investment	-	-
<b>Subtotal</b>	<b>154,421,175</b>	<b>154,421,175</b>
<b>Investment in Associate Company</b>		
Investment in Network Financial Service Limited (9,49,400 (Previous year: 9,49,400) equity shares of Rs. 10 each, fully paid up)	9,494,000	9,494,000
<b>Subtotal</b>	<b>9,494,000</b>	<b>9,494,000</b>
<b>Investment in Alternate Investment Funds (AIF) - unquoted (FVTOCI)</b>		
- Monarch Network Capital Limited Compounder Fund (500000 (Previous year: NIL)) units of Rs. 100 each, fully paid up)	61,516,700	-
Refer Note 56 for details		
<b>Subtotal</b>	<b>61,516,700</b>	<b>-</b>
<b>Investment in Equity - quoted (FVTOCI)</b>		
- Sadbhav Engineering Limited (1310 (Previous year: 1310)) equity shares of Rs. 10 each, fully paid up)	82,399	35,239
- Unistar Multimedia Limited (774262 (Previous Year: 774262)) equity shares of Rs. 10 each, fully paid up)	2,516,352	1,773,060
-Bombay Stock Exchange Limited (5700 (Previous year: 5700)) equity shares of Rs. 2 each, fully paid up)	2,515,405	1,314,684
- Rattanpower India Limited (229000 (Previous year: 229000)) equity shares of Rs. 10 each, fully paid up)	602,270	320,600
<b>Subtotal</b>	<b>5,716,426</b>	<b>3,443,583</b>
<b>Investment in Government or Trust Securities</b>		
National savings certificates	38,000	38,000
Life Insurance Policies	59,680	59,680
<b>Subtotal</b>	<b>97,680</b>	<b>97,680</b>
<b>Total</b>	<b>231,245,981</b>	<b>167,456,438</b>
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>5,716,426</b>	<b>3,443,583</b>
<b>Aggregate amount of unquoted investments</b>	<b>225,529,555</b>	<b>164,012,855</b>
<b>Aggregate amount of impairment in the value of investments</b>	<b>-</b>	<b>-</b>
	<b>231,245,981</b>	<b>167,456,438</b>

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 5</b>		
<b>Other Financial Assets</b>		
<i>Unsecured considered good unless stated otherwise</i>		
<b>a. Security Deposits</b>		
Deposit with Stock Exchange & Financial Institutions	25,940,307	410,452,698
Additional Base Capital with Clearing Member	458,253	967,958,253
<b>b. Balance with Revenue Authorities</b>		
Advance payment of taxes and tax deducted at source (net of provisions for taxation)	20,428,348	14,561,964
<b>c. Other Deposits</b>		
Deposits for Arbitration Order	13,612,533	13,507,830
Deposits for Office Premises	99,860,337	97,728,592
Deposits for Telephone, VSAT, Electricity etc.	1,137,240	1,121,422
<b>Total</b>	<b>161,437,019</b>	<b>1,505,330,759</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 6</b>		
<b>DEFERRED TAX ASSETS (NET)</b>		
The movement on the deferred tax account is as follows:		
At the start of the year	14,532,337	15,454,053
Charge/(credit) to statement of Profit and Loss	(370,676)	(1,010,172)
Charge/(credit) to statement of OCI	(18,241)	88,456
<b>At the end of the year</b>	<b>14,143,420</b>	<b>14,532,337</b>
MAT Credit Entitlement	2,591,911	41,519,268
<b>Total</b>	<b>16,735,331</b>	<b>56,051,605</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 7</b>		
<b>Inventories</b>		
Stock in Trade*	27,010,514	27,626,201
<b>Total</b>	<b>27,010,514</b>	<b>27,626,201</b>

\* Stock in trade represents shares held as on balance sheet date at valued at fair value

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 8</b>		
<b>Trade Receivables</b>		
<i>Unsecured, considered good</i>		
<b>Trade Receivables from Stock Broking Activities</b>		
- Outstanding for a period exceeding six months	34,613,806	80,650,094
- Outstanding for a period less than six months	226,127,115	191,366,731
<b>Total Trade Receivables from Stock Broking Activities</b>	<b>260,740,921</b>	<b>272,016,825</b>
<b>Trade Receivables from Other Activities</b>		
Receivables from margin trading facility (inclusive of Accrued interest on margin trading fund)	250,735,368	36,477,868
Other Receivables	19,744,481	16,391,103
<b>Total Trade Receivables from Other Activities</b>	<b>270,479,849</b>	<b>52,868,971</b>
Less: Allowance for bad and doubtful debts including expected credit loss	-	-
<b>Total</b>	<b>531,220,770</b>	<b>324,885,796</b>

### Note :

- The Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Company considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. ( When a trade receivable is credit impaired, it is written off against trade receivables ) and the amount of the loss is recognised in the income statement. As per management opinion, there is no Expected Credit Loss in Trade Receivables of the Company and all are on fair value, based on the assessment and judgement made by the management comprising directors of the company.

- The company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 31 : Fair value disclosures

- 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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 9</b>		
<b>Cash and cash equivalents</b>		
Cash on Hand	486,937	240,618
Balance with Bank	251,808,505	1,502,220,394
Fixed deposits held as margin deposits	2,770,401,478	539,263,949
Other Fixed Deposits	14,499,784	205,698,878
<b>Total</b>	<b>3,037,196,704</b>	<b>2,247,423,837</b>

### Notes:

Fixed deposits includes Rs. 277,04,01,478 and Rs. 53,92,63,949 for the year ended 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020, respectively, under lien with banks towards bank guarantee, or kept as security with Exchanges as margin money/arbitration matters.

## Notes to financial statements for the year ended 31st March 21

Bank balances as on 31st March 2021 and as on 31st March 2020 include cheques on hands, which were cleared subsequent to the year end on periodic basis.

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 10</b>		
<b>Other Current Assets</b>		
- Other Current Financial Assets		
Advance to Staff	2,003,284	2,475,559
Advances to Subsidiary Companies	133,388	123,687
Receivables from Related Party	18,212	4,467,757
- Other Current Non-Financial Assets		
Advances to Suppliers	615,815	797,669
Prepaid Expenses	10,041,270	5,273,468
Advance against capital goods	22,677,750	10,000,000
Other Advance	273,390	251,621
- Other Current Tax Assets (Net)		
Receivables from Income Tax Authorities	-	4,894,455
<b>Total</b>	<b>35,763,109</b>	<b>28,284,215</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 11</b>		
<b>Share Capital</b>		
<b>a Authorised :</b>		
Equity Shares of Re. 1/- each		
540,00,000 (Previous year 540,00,000 ) Equity shares of Rs.10 each	540,000,000	540,000,000
60,00,000 (Previous Year 60,00,000) Redeemable Preference Shares of Rs.10 each	60,000,000	60,000,000
5,00,000 (Previous Year 5,00,000) -6% Cumulative Redeemable preference Share of Rs. 100/- each	50,000,000	50,000,000
<b>TOTAL</b>	<b>650,000,000</b>	<b>650,000,000</b>
<b>b Issued and Subscribed and Paid up:</b>		
3,10,49,518 (Previous year 3,10,49,518) Equity shares fully paid up	310,495,180	310,495,180
<b>TOTAL</b>	<b>310,495,180</b>	<b>310,495,180</b>
<b>c Reconciliation of number of shares outstanding at the beginning and end of the year :</b>		
<b>Equity share :</b>		
Outstanding at the beginning of the year	31,049,518	31,049,518
Add/(Less) : Adjustments during the year	-	-
Equity shares allotted as fully paid bonus shares by capitalisation of reserves	-	-
Equity Shares bought back during the year	-	-
<b>Outstanding at the end of the year</b>	<b>31,049,518</b>	<b>31,049,518</b>

**d Terms / Rights attached to each classes of shares**

Terms / Rights attached to Equity shares

The Company has only one class of equity shares with voting rights having a par value of Re 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend.

The Board of Directors, have recommended a Dividend for the financial year ended on 31/03/2021 @ 10% (i.e. Rs. 1/-) per equity share (Previous Year - Nil) to the equity shareholders. The Dividend will be paid after the approval of shareholders at ensuing Annual General Meeting. The date of book closure for the entitlement of such dividend and Annual General Meeting shall be decided and informed in due course of time.

In the event of liquidation of the Company, the shareholders 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.

**e Shareholders holding more than 5% shares in the company is set out below:**

Equity share	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	%	No. of Shares	%
VAIBHAV JAYANTILAL SHAH	3,108,815	10.01%	3,108,815	10.01%
SURESH BABULAL BAFNA	2,512,500	8.09%	2,512,500	8.09%
BELA HIMANSHU SHAH	2,406,000	7.75%	2,406,000	7.75%
BANKIM JAYANTILAL SHAH	2,206,000	7.10%	2,206,000	7.10%
SURESH P JAIN	1,942,137	6.25%	2,296,873	7.40%
CARE WEALTH ADVISORS LLP	1,660,432	5.35%	-	-
METAPHOR REALTY INVESTMENTS PRIVATE LIMITED	10,335	0.03%	2,412,000	7.77%

- f. The company had not issued any bonus share for consideration other than cash and no share had bought back during the period of five years immediately preceding the reporting date.
- g. During the year no share was reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 12</b>		
<b>Other Equity</b>		
<b>Reserves &amp; Surplus</b>		
<b>Capital reserve - at the beginning of the year</b>	15,163,560	15,163,560
Add: Addition during the year	-	-
At the end of the year	<b>15,163,560</b>	<b>15,163,560</b>
Securities premium reserve - at the beginning of the year	347,569,238	347,569,238
Add: Addition during the year	-	-
At the end of the year	<b>347,569,238</b>	<b>347,569,238</b>
<b>Retained earnings - at the beginning of the year</b>	174,426,338	162,129,676
Add: Addition during the year	203,969,582	12,296,662
At the end of the year	<b>378,395,920</b>	<b>174,426,338</b>
<b>Total Reserves &amp; Surplus</b>	<b>741,128,718</b>	<b>537,159,136</b>
<b>Other comprehensive income</b>		
Remeasurements of the net defined benefit Plans	(993,410.0)	(778,100.0)

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
Add: Addition during the year	44,401.0	(215,310.0)
At the end of the year	<b>(949,009.0)</b>	<b>(993,410.0)</b>
Fair valuation of investments in equity shares	(8,810,835)	(5,606,252)
Add: Addition during the year	13,789,542	(3,204,583)
At the end of the year	4,978,707.2	(8,810,835.2)
<b>Total Other comprehensive income</b>	<b>4,029,698.2</b>	<b>(9,804,245.2)</b>
<b>Total Other Equity</b>	<b>745,158,416</b>	<b>527,354,890</b>

The Description of the nature and purpose of each reserve within equity is as follows:

- a) **Capital reserve:** Capital Reserves are mainly the reserves created during business combination for the gain on bargain purchase.
- b) **Securities Premium Reserve:** Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.
- c) **Retained earnings:** Retained earnings represents undistributed profits of the company
- d) **Other comprehensive income:**
  - (i) The company has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments within equity.
  - (ii) Remeasurements of defined benefit liability comprises of actuarial gains and losses.

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 13</b>		
<b>Non Current Borrowing</b>		
<b>Secured Borrowings</b>		
Vehicle Loans (Non Current Matuities)		
Loan from ICICI Bank Ltd	-	444,750
Loan from Kotak Mahindra Prime Limited	1,421,849	-
Loan from Daimler Financial Services India Ltd	3,736,683	4,870,260
Loan from MBU India Financial Services Pvt Ltd	3,386,191	-
<i>(Secured against hypothecation of respective vehicles)</i>		
<b>Total</b>	<b>8,544,723</b>	<b>5,315,010</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 14</b>		
<b>Non Current Provisions</b>		
Provision for Gratuity	17,377,394	15,356,558
<b>Total</b>	<b>17,377,394</b>	<b>15,356,558</b>

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 15</b>		
Current Borrowings		
<b>Secured Borrowings</b>		
Overdraft from HDFC Bank (Secured against hypothecation of Office premises & Securities, and Personal guarantee of Key Management Personnels)	2,121,286	550,523
Short Term Loan from Banks ( Secured against Pledge of Fixed Deposits )	-	85,000,000
<b>Current Maturities</b>		
Vehicle Loans (Non Current Matuities)		
Loan from ICICI Bank Ltd	378,056	726,379
Loan from Kotak Mahindra Prime Limited	299,634	-
Loan from Daimler Financial Services India Ltd	1,121,101	1,028,140
Loan from MBU India Financial Services Pvt Ltd	791,641	-
<b>Unsecured Borrowings</b>		
- Other than promoter group	3,000,000	3,000,000
- Director	-	1,000,000
<b>Total</b>	<b>7,711,718</b>	<b>91,305,042</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 16</b>		
<b>Trade Payable</b>		
Trade Payable	156,333,208	2,402,924,460
Margin Payable to Clearing Member	2,600,844,678	859,583,676
Payable to MTF Clients	53,328,270	10,906,913
Other Payable	2,397,545	857
<b>Total</b>	<b>2,812,903,701</b>	<b>3,273,415,907</b>

### Notes:

Please also refer Note 38 -Dues to micro, small and medium enterprises, of the Financial Statements regarding dues to Dues to micro and small enterprises

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 17</b>		
<b>Other Current financial liabilities</b>		
Creditors for Expenses	7,706,364	6,477,249
Salary & Reimbursements	17,637,334	2,622,296
<b>Total</b>	<b>25,343,698</b>	<b>9,099,545</b>

### Notes:

Please also refer Note 38 -Dues to micro, small and medium enterprises, of the Financial Statements regarding dues to Dues to micro and small enterprises

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 18</b>		
<b>Current Provisions</b>		
Provision for Expenses	1,992,834	1,149,393
Provision for Income Tax	13,513,192	-
Provision for Gratuity (Current)	2,904,403	2,686,344
Provision for CSR	3,102,061	5,062,545
<b>Total</b>	<b>21,512,490</b>	<b>8,898,282</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 19</b>		
<b>Other Current Liabilities</b>		
Statutory Remittances	11,960,125	56,837,669
Deposits from Clients	93,213,582	67,301,952
Deposits from Business Associates	23,766,669	24,002,495
Advance Brokerage from Client	407,891	776,578
Other Current Liabilities	11,881,266	4,882,408
<b>Total</b>	<b>141,229,533</b>	<b>153,801,102</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 20 : Revenue from operations</b>		
<b>(a) Stock broking services</b>		
Brokerage	618,642,441	435,648,617
Demat Services	28,743,671	20,216,336
Late Payment Charges income	32,638,792	58,280,893
Interest Income from Margin Funding	11,116,501	8,756,388
<b>(b) Other operating revenues</b>		
Merchant Banking	1,291,102	5,860,000
Financial Products Distribution	5,842,926	4,993,998
Advisory Services	116,125,500	10,173,620
Miscellaneous income	3,091,334	2,169,860
<b>Total</b>	<b>817,492,268</b>	<b>546,099,711</b>

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 21 : Other income</b>		
(a) Dividend Income	70,606	143,810
(b) Interest Income		
From banks on fixed deposits	96,495,003	44,021,612
From a subsidiary company	4,541,851	21,134,340
Other interest income	605,553	6,561,224
(c) Profit on sale of stock-in-pro trading	859,603	-
(d) Other non-operating income:		
Miscellaneous income	6,586,037	3,861,154
<b>Total</b>	<b>109,158,653</b>	<b>75,722,140</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 22</b>		
<b>Employee Benefit Expenses</b>		
Salary & Other Allowances		
Employee Salary	226,593,782	229,729,031
Director Remuneration	5,448,991	4,763,340
Performance Incentive	6,771,508	5,624,358
Contribution to Provident & Other fund	14,899,664	13,433,143
Staff Welfare Expenses	3,982,338	5,166,237
Common Infrastructure Charges**	(5,690,071)	(5,372,660)
<b>Total</b>	<b>252,006,212</b>	<b>253,343,450</b>

**\*\*This represents recovery of expenses in agreed proportion towards utilization of common facilities including staff cost from subsidiaries and associate concerns.**

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 23 : Operating Expenses</b>		
Sub Brokerage & Commission Expenses	180,705,742	128,889,338
Depository charges	7,707,865	5,363,060
Exchange Expenses	2,682,620	2,384,689
Connectivity Charges	6,038,521	3,701,349
Membership Fees & Subscription	5,820,183	3,577,977
Software Charges	16,120,518	11,218,612
Merchant Banking Expenses	1,880,743	1,733,955
Loss on sale of stock-in-error	176,226	245,590
Other operating charges	536,287	444,413
<b>Total</b>	<b>221,668,706</b>	<b>157,558,982</b>

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 24 : Finance Cost</b>		
<b>Interest expense on:</b>		
On Temporary overdrafts availed from banks	4,863,416	24,950,267
On Car Loans	682,955	226,829
Other Interest	2,435,756	3,954,257
<b>Other borrowing costs:</b>		
Bank Guarantee Charges	5,735,781	8,706,748
<b>Other Charges</b>	1,107,963	889,688
<b>Total</b>	<b>14,825,871</b>	<b>38,727,789</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 25 : Other Expenses</b>		
<b>Administrative, Selling and Distribution Expenses</b>		
Legal and professional charges	14,320,680	16,938,264
Rent Rates & Taxes	35,064,524	39,336,683
Electricity Charges	6,498,170	8,729,423
Telephone Charges	5,445,301	5,583,584
Repairs & Maintenance	6,910,674	6,763,357
Manpower supply charges	1,086,068	1,195,322
Postage & Courier Charges	1,385,316	1,499,948
Conveyance & Travelling	2,259,479	6,086,719
Printing and stationery	1,348,878	1,526,290
Office expenses	5,038,529	4,700,280
Insurance	593,949	233,223
Auditors Remuneration	600,000	600,000
Corporate Social Responsibility	3,102,203	2,401,262
Charity & Donations	35,000	1,215,700
Sundry Balance written off	(5,184)	561,956
Loss on Assets sold / discarded	(86,548)	99,403
Loss on sale of stock-in-pro trading	-	38,482,563
Other Expenses	4,494,194	4,190,954
Business Promotion Expenses	2,611,100	3,841,904
Recovery of Expenses**	(2,498,316)	(2,803,337)
<b>Total</b>	<b>88,204,018</b>	<b>141,183,500</b>

**\*\*This represents recovery of expenses in agreed proportion towards utilization of common facilities including staff cost from subsidiaries and associate concerns.**

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 26 : Statement of other comprehensive income</b>		
<b>(i) Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	62,642	(303,766)
Equity Instruments through Other Comprehensive Income	13,789,542	(3,204,583)
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>	<b>(18,241)</b>	<b>88,456</b>
<b>Total</b>	<b>13,833,943</b>	<b>(3,419,893.0)</b>

### Note: 27

#### Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

#### i. Profit attributable to Equity holders

	31-Mar-21	31-Mar-20
Profit attributable to equity holders :		
Continuing operations	217,803,525	8,876,769
Discontinued operations	-	-
<b>Profit attributable to equity holders for basic earnings</b>	<b>217,803,525</b>	<b>8,876,769</b>
<b>Adjustments:</b>		
Others	-	-
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>217,803,525</b>	<b>8,876,769</b>

#### ii. Weighted average number of ordinary shares

	31-Mar-21	31-Mar-20
Issued ordinary shares at April 1	31,049,518	31,049,518
Effect of shares issued as Bonus shares	-	-
Effect of shares bought back during the year	-	-
<b>Weighted average number of shares at March 31 for EPS</b>	<b>31,049,518</b>	<b>31,049,518</b>
<b>Effect of dilution:</b>		
Share options	-	-
Convertible preference shares	-	-
	<b>31,049,518</b>	<b>31,049,518</b>

#### iii. Basic and Diluted earnings per share

	31-Mar-21	31-Mar-20
<b>Basic earnings per share</b>	<b>7.01</b>	<b>0.29</b>
<b>Diluted earnings per share</b>	<b>7.01</b>	<b>0.29</b>

## Notes to financial statements for the year ended 31st March 21

## Note: 28: Tax expense

## (a) Amounts recognised in profit and loss

(Currency: Indian Rupees)

	For the year ended	
	31-Mar-21	31-Mar-20
Current income tax	85,768,186	6,314,447
Changes in tax estimates of prior years	2,364,832	389,749
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	370,676	1,010,173
Change in tax rate	-	-
Deferred tax expense	370,676	1,010,173
<b>Tax expense for the year</b>	<b>88,503,694</b>	<b>7,714,369</b>

## (b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans	62,642	(18,241)	44,401
Equity Instruments through Other Comprehensive Income	13,789,542	-	13,789,542
<b>Items that will be reclassified to profit or loss</b>	-	-	-
	<b>13,852,184</b>	<b>(18,241)</b>	<b>13,833,943</b>

	For the year ended 31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans	(303,766)	88,456	(215,310)
Equity Instruments through Other Comprehensive Income	(3,204,583)	-	(3,204,583)
<b>Items that will be reclassified to profit or loss</b>	-	-	-
	<b>(3,508,349)</b>	<b>88,456</b>	<b>(3,419,893)</b>

## (c) Reconciliation of effective tax rate on the Amounts recognised in profit and loss as Current Income Tax

	For the year ended	
	31-Mar-21	31-Mar-20
<b>Profit before tax</b>	<b>292,473,276</b>	<b>21,675,156</b>
Statutory income tax rate	29.120%	27.820%
Tax using the Company's domestic tax rate	85,168,218	6,030,028
<b>Tax effect of:</b>		
Non-deductible tax expenses	4,924,287	2,135,321
Provision for assets	-	(161,495)
Deductions Under Income Tax Act	(4,324,499)	(1,689,407)
Other Adjustments	180	-
	<b>85,768,186</b>	<b>6,314,447</b>



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

### (d) Movement in deferred tax balances

(Currency: Indian Rupees)

Particular	31-Mar-21				
	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset/(Deferred tax liability)
<b>Deferred tax asset/(Liabilities)</b>					
Property, plant and equipment	9,278,242	(1,040,882)	-	8,237,360	8,237,360
Compensated absences and gratuity	5,254,095	670,206	(18,241)	5,906,060	5,906,060
Provision for Doubtful Debt	-	-	-	-	-
<b>Tax assets (Liabilities)</b>	<b>14,532,337</b>	<b>(370,676)</b>	<b>-18,241</b>	<b>14,143,420</b>	<b>14,143,420</b>
Set off tax	-	-	-	-	-
<b>Net tax assets</b>	<b>14,532,337</b>	<b>(370,676)</b>	<b>-18,241</b>	<b>14,143,420</b>	<b>14,143,420</b>

### (e) Movement in deferred tax balances

Particular	31-Mar-20				
	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset/(Deferred tax liability)
<b>Deferred tax asset/(liabilities)</b>					
Property, plant and equipment	10,371,869	(1,093,627)	-	9,278,242	9,278,242
Compensated absences and gratuity	5,057,845	107,794	88,456	5,254,095	5,254,095
Provision for Doubtful Debt	24,339	(24,339)	-	-	-
<b>Tax assets (Liabilities)</b>	<b>15,454,053</b>	<b>(1,010,172.3)</b>	<b>88,456</b>	<b>14,532,337</b>	<b>14,532,337</b>
Set off tax	-	-	-	-	-
<b>Net tax assets</b>	<b>15,454,053</b>	<b>(1,010,172.3)</b>	<b>88,456</b>	<b>14,532,337</b>	<b>14,532,337</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

### Note: 29: Employee benefit expense

The Company contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans:

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised following amounts for provident fund and ESIC contributions in the Statement of Profit and Loss.

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

	Year ended 31-Mar-21	Year ended 31-Mar-20
Contribution to Provident Fund	8,082,700	8,228,163
Contribution to ESIC	767,889	1,118,053
	<b>8,850,589</b>	<b>9,346,216</b>

## (ii) Defined Benefit Plan:

A) The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

- i) On normal retirement / early retirement / withdrawal / resignation:  
As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- ii) On death in service:  
As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31-Mar-21	31-Mar-20
<b>Net defined benefit liability</b>		
Liability for Gratuity	20,281,797	18,042,902
<b>Total employee benefit liabilities</b>	<b>20,281,797</b>	<b>18,042,902</b>
Non-current	17,377,394	15,356,558
Current	2,904,403	2,686,344

## B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Opening balance	18,709,828	18,046,511	666,926	646,850	18,042,902	17,399,661
<b>Included in profit or loss</b>						
Current service cost	2,686,344	2,625,125	-	-	2,686,344	2,625,125
Past service cost	-	-	-	-	-	-
Interest cost (income)	870,305	1,032,254	-	-	870,305	1,032,254
Others	-	(180,555)	-	-	-	(180,555)
	<b>22,266,477</b>	<b>21,523,335</b>	<b>666,926</b>	<b>646,850</b>	<b>21,599,551</b>	<b>20,876,485</b>
Included in OCI						
<b>Remeasurement loss (gain):</b>						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	(1,012)	-	-	-	(1,012)

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Financial assumptions	111,709	629,262	-	-	111,709	629,262
Experience adjustment	(134,419)	(384,707)	-	-	(134,419)	(384,707)
Return on plan assets excluding interest income	-	-	39,932	(60,223)	(39,932)	60,223
	<b>(22,710)</b>	<b>243,543</b>	<b>39,932</b>	<b>(60,223)</b>	<b>(62,642)</b>	<b>303,766</b>
<b>Other</b>						
Contributions paid by the employer	-	-	500,000	1,500,000	(500,000)	(1,500,000)
Benefits paid	(1,405,615)	(3,057,050)	(650,503)	(1,419,701)	(755,112)	(1,637,349)
<b>Closing balance</b>	<b>20,838,152</b>	<b>18,709,828</b>	<b>556,355</b>	<b>666,926</b>	<b>20,281,797</b>	<b>18,042,902</b>

### Represented by:

Net defined benefit asset	556,355	666,926
Net defined benefit liability	20,281,797	18,042,902
	<b>20,838,152</b>	<b>18,709,828</b>

### Maturity Analysis of Projected Benefit Obligation from the reporting year:

	1st Following Year	2nd Following Year	3rd Following Year	4th Following Year	5th Following Year	Sum of Years 6 To 10
March 31, 2021	6,638,094	4,406,563	3,294,916	2,575,731	2,100,993	4,361,581
March 31, 2020	5,481,851	4,359,985	3,211,306	2,303,739	1,732,157	3,905,495

### C. Plan assets

Plan assets comprise the following:

	31-Mar-21	31-Mar-20
Policy of insurance	100%	100%
Bank Balance	0%	0%
	<b>100%</b>	<b>100%</b>

### D. Defined benefit obligations

#### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31-Mar-21	31-Mar-20
Discount rate	5.25%	5.45%
Salary escalation rate	5.10%	5.10%
Withdrawal Rates	30% at all ages	30% at all ages
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

**Notes to financial statements for the year ended 31st March 21**

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

**ii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Currency: Indian Rupees)

	31-Mar-21		31-Mar-20	
	Increase	Decrease	Increase	Decrease
Rate of discounting (0.50% movement)	20,561,396	21,123,438	18,462,032	18,965,203
Rate of salary increase (0.50% movement)	21,117,139	20,564,308	18,962,295	18,462,614
Rate of employee turnover (10% movement)	20,659,411	21,030,283	18,558,323	18,868,872

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**Note: 30: Leases- Operating leases****Leases as lessee**

- a) The Company has entered into cancellable operating leasing arrangements for residential and office premises. Following Lease rentals has been included under the head "Other Expenses" under Note No 25 in the notes to the financial statements."

	Year ended 31-Mar-21	Year ended 31-Mar-20
Lease Rental Payments	35,064,524	39,336,683
	<b>35,064,524</b>	<b>39,336,683</b>

**b) Future minimum lease payments**

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows.

	31-Mar-21 INR	31-Mar-20 INR
Less than one year	44,254,273	32,753,615
Between one and five years	56,153,187	2,741,616
	<b>100,407,460</b>	<b>35,495,231</b>

**c) Adoption of Ind AS 116**

The Company has adopted Ind AS 116, effective annual reporting period beginning from 1 April 2019 using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019).

On transition, the Company carried out a test of lease liability measured at the present value of the remaining lease payments. Based on the analysis of the management, the board is of the opinion that there is no significant impact of the application of provision on the financial statements of the company, considering the nature, amount and tenure of the lease agreements. Hence no recognition of the Right of use assets and corresponding Lease liabilities and provision for Interest cost on lease liabilities and Depreciation on right of use assets are made by the company. Lease rentals paid by the company are recognised under the head "Other Expenses" under Note No 25 in the notes to the financial statements and Security Deposits are recognised as "Other Non-Current Financial Assets" under Note No 5 in the notes to the financial statements.

# MONARCH NETWORK CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

### Note: 31

#### Fair value disclosures

#### 1. Financial instruments – Fair values and risk management

##### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Currency: Indian Rupees)

31-Mar-21	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	231,245,981	-	231,245,981	5,716,426	-	-	5,716,426
Non-current loans	-		161,437,019	161,437,019			-	-
Trade receivables	-		531,220,770	531,220,770	-	-	-	-
Cash and cash equivalents	-		3,037,196,704	3,037,196,704	-	-	-	-
Current Loans and advances	-		35,763,109	35,763,109	-	-	-	-
	-	<b>231,245,981</b>	<b>3,765,617,602</b>	<b>3,996,863,583</b>	<b>5,716,426</b>	-	-	<b>5,716,426</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	8,544,723	8,544,723	-	-	-	-
Current borrowings	-	-	7,711,718	7,711,718	-	-	-	-
Trade payables	-	-	2,812,903,701	2,812,903,701	-	-	-	-
Other Non-Current financial liabilities	-	-	25,343,698	25,343,698	-	-	-	-
	-	-	<b>2,854,503,840</b>	<b>2,854,503,840</b>	-	-	-	-

31-Mar-20	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	167,456,438	-	167,456,438	3,443,583	-	-	3,443,583
		167,456,438						
		167,456,438						
Non-current loans	-	-	1,505,330,759	1,505,330,759			-	-
Trade receivables	-	-	324,885,796	324,885,796	-	-	-	-
Cash and cash equivalents	-	-	2,247,423,837	2,247,423,837	-	-	-	-
Current Loans and advances	-	-	28,284,215	28,284,215	-	-	-	-
	-	<b>167,456,438</b>	<b>4,105,924,607</b>	<b>4,273,381,045</b>	<b>3,443,583</b>	-	-	<b>3,443,583</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	5,315,010	5,315,010	-	-	-	-
Current borrowings	-	-	91,305,042	91,305,042	-	-	-	-
Trade payables	-	-	3,273,415,907	3,273,415,907	-	-	-	-
Other Non-Current financial liabilities	-	-	9,099,545	9,099,545	-	-	-	-
	-	-	<b>3,379,135,504</b>	<b>3,379,135,504</b>	-	-	-	-

- (1) Assets that are not financial assets, in the opinion of the management are not included.
- (2) Other liabilities that are not financial liabilities, in the opinion of the management are not included.
- (3) In the opinion of the management, based on the details available with the company, all the financial assets and liabilities are tested for valuation, to identify their fair value, as prescribed in Indian Accounting Standards, and are measured at fair value, to the extent possible. The assets/ liabilities, which are not possible to be measured at fair value, in the opinion of the

**Notes to financial statements for the year ended 31st March 21**

management, in the opinion of the management, are presented in the financial statements at their book value, without any adjustment towards fair valuation.”

**B. Measurement of fair values (Key inputs for valuation techniques) :**

1. Listed Equity Investments (other than Subsidiaries, Joint Ventures and Associates): Quoted Bid Price on Stock Exchange (Level 1)
2. Forward contracts : Forward exchange rate is taken from Foreign Exchange Dealers Association of India (FEDAI) (Level 2)
3. Valuation techniques and significant unobservable inputs: Not applicable (Level 3)

**Transfers between Levels 1 and 2**

There were no transfer from Level 1 to Level 2 or vice versa in any of the reporting periods.

**C. Financial risk management**

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

Total Trade receivables as on 31 March 2021 are as follows:

31 March 2021	531,220,770
31 March 2020	324,885,796

The Company does not have higher concentration of credit risks to a single customer.

# MONARCH NETWORK CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed half yearly. Any sales exceeding those limits require approval from the Board of Directors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics as follow:

Receivable from Exchange (Unsecured) : There are no historical loss incurred in respect of Receivable from exchange. Entire exposure/receivable as at each reporting period is received and settled within 7 days from reporting period. Therefore, no ECL is recognised in respect of receivable from exchange.

Receivable from Brokerage and depository: Company has large number of customer base with shared credit risk characteristics. As per policy of the Company, trade receivable to the extent not covered by collateral (i.e. unsecured trade receivable) is considered as default and are fully written off as bad debt against respective trade receivables and the amount of loss is recognised in the Statement of Profit and Loss. Subsequent recoveries of amounts previously written off are credited to the income statement as bad debts recovered. Trade receivable of the company are of short duration with credit period ranging up to maximum 30 days. In case of delay in collection, the Company has right to charges interest (commonly referred as delayed payment charges) on overdue amount for the overdue period. However, in case of receivable from depository, the Company doesn't have right to charge interest. Though credit period given to customer in respect of receivable from depository is very short, generally there is significant delay in ultimate collection. The Company has computed expected credit loss due to significant delay in collection. Incremental borrowing rate is considered as effective interest rate on these trade receivable for the purpose of computing time value loss.

Receivables from margin trading facility: In accordance with Ind AS 109, the Company applies expected credit loss model (ECL) for measurement and recognition of impairment loss. The expected credit loss is a product of exposure at default (EAD), probability of default (PD) and Loss given default (LGD). The financial assets have been segmented into three stages based on the risk profiles, primarily based on past due. Company has large number of customer base with shared credit risk characteristics. Receivables against margin trading facilities are secured by collaterals. As per policy of the Company, Receivables against Margin trade facilities to the extent not covered by collateral (i.e. unsecured portion) is considered as default and are fully written off as bad debt against respective loan receivables and the amount of loss is recognised in the Statement of Profit and Loss. Subsequent recoveries of amounts previously written off are credited to the Statement of Profit and Loss as bad debts recovered. As per Ind AS 109, the maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice. Therefore, the maximum period to consider when measuring expected credit losses for these loans is the maximum contractual period (i.e. on demand/one day). ECL is computed assuming that these loans are fully recalled by the Company at each reporting period

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

At 31 March 2021, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	Carrying amount (in INR)	
	31 March 2021	31 March 2020
India	531,220,770	324,885,796
	<b>531,220,770</b>	<b>324,885,796</b>

**Notes to financial statements for the year ended 31st March 21**

Management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

(Currency: Indian Rupees)

	31 March 2021	31 March 2020
<b>Opening balance</b>	-	-
Provision for receivables impairment	48,001,328	-
Receivables written off during the year as uncollectible	(48,001,328)	-
Provision released during the year	-	-
<b>Closing balance</b>	-	-

With the applicability of Ind AS 109, the recognition and measurement of impairment of financial assets is based on credit loss assessment by expected credit loss (ECL) model. The ECL assessment involve significant management judgement. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors, like staging criteria, calculation of probability of default / loss and consideration of probability weighted scenarios and forward looking macroeconomic factors. The board acknowledges and understands that these factors, since there is a large increase in the data inputs required by the ECL model, which increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Based on the internal management analysis, as per Board Opinion, there is no requirement of provision for expected credit loss in several financial assets including the trade receivables and other receivables of the Company and all are on fair value, based on the assessment and judgement made by the board of the company.

The company maintains its Cash and cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

**iii. Liquidity risk**

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

The Company uses product-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(Currency: Indian Rupees)

31-Mar-21	Contractual cash flows				
	Carrying amount	Total	12 months or less	1-5 years	More than 5 years
<b>INR</b>					
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	8,544,723	8,544,723	-	8,544,723	-
Current borrowings	7,711,718	7,711,718	7,711,718	-	-
Trade payables	2,812,903,701	2,812,903,701	2,812,903,701	-	-
Other financial liabilities	25,343,698	25,343,698	25,343,698	-	-



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

31-Mar-21	Contractual cash flows				
	Carrying amount	Total	12 months or less	1-5 years	More than 5 years
<b>Derivative financial liabilities</b>					
Forward exchange contracts	-	-	-	-	-

31-Mar-20	Contractual cash flows				
	Carrying amount	Total	12 months or less	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	5,315,010	5,315,010	-	5,315,010	-
Current borrowings	91,305,042	91,305,042	91,305,042	-	-
Trade payables	3,273,415,907	3,273,415,907	3,273,415,907	-	-
Other financial liabilities	9,099,545	9,099,545	9,099,545	-	-
<b>Derivative financial liabilities</b>					
Forward exchange contracts	-	-	-	-	-

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### Currency risk

The Company is not exposed to any currency risk on account of its borrowings, other payables and receivables in foreign currency. All dealings are done in domestic markets by the company. The functional currency of the Company is Indian Rupee.

#### Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing financial instruments will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income financial instruments. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

	Nominal amount in INR	
	31-Mar-21	31-Mar-20
<b>Fixed-rate instruments</b>		
Financial assets	2,785,359,515	1,712,921,080
Financial liabilities	11,135,155	7,069,529
	<b>2,774,224,361</b>	<b>1,705,851,551</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	2,121,286	85,550,523
	(2,121,286)	(85,550,523)
<b>Total</b>	<b>2,772,103,075</b>	<b>1,620,301,028</b>

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

The company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Note: 32 : Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 31 March 2021 was as follows.

Particular	INR	
	As at 31 March 2021	As at 31 March 2020
Total Borrowings	16,256,440	96,620,052
Less : Cash and cash equivalent **	266,795,227	1,708,159,889
<b>Adjusted net debt</b>	<b>(250,538,786)</b>	<b>(1,611,539,837)</b>
Total equity	1,055,653,596	837,850,070
Less : Hedging reserve	-	-
<b>Adjusted equity</b>	<b>1,055,653,596</b>	<b>837,850,070</b>
Adjusted net debt to adjusted equity ratio	(0.24)	(1.92)

\*\* Cash and cash equivalents excludes the Fixed deposits held as margin deposits

In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc. which is maintained by the Company.

# MONARCH NETWORTH CAPITAL LIMITED

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Notes to financial statements for the year ended 31st March 21

**Note: 33: Related party relationships, transactions and balances**

**A Nature of relationship**

**I Subsidiary Companies**

- a Monarch Network Finserve Private Limited
- b Monarch Network Investment Advisors Private Limited
- c Monarch Network Capital IFSC Pvt Ltd
- d Monarch Network Money Changers Private Limited

**II Associate Companies**

- a Network Financial Services Ltd

**III Enterprises over which Directors / Promotor / KMP and their relatives exercise significant influence**

- a Premjayanti Properties
- b Monarch Infra Ventures
- c Monarch Comtrade Private Limited
- d Monarch Intraparks Private Limited

**IV Promotors / Key Management Personnel and their relatives**

- a Mr. Vaibhav Shah (Managing Director)
- b Mrs. Manju Bafna (Wholetime Director)
- c Mr. Ashok Bafna (Wholetime Director)
- d Mr. Gaurav Bhandari (CEO)
- e Mr. Chetan Bohra (Director)
- f Ms Avni Chouhan (Director)
- g Mr. Satish Kumar (Director)
- h Ms Rupali Verma (Company Secretary)
- i Mr. Tarak Shah (CFO)
- j Mrs. Kinnari Shah
- k Mr. Bankim Shah
- l Mr. Himanshu Shah
- m Mr. Suresh Bafna
- n Mrs. Bela Shah
- o Mr. Shailen Shah
- p Mrs. Hemangi B. Shah
- q Mr. Suresh Pukhraj Jain
- r Mrs. Kanta Jain

## Notes to financial statements for the year ended 31st March 21

**B. The following transactions were carried out during the year with the related parties in the ordinary course of business:**

(Currency: Indian Rupees)

Nature of Transactions	Subsidiary Companies		Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Revenue</b>								
Common Infra Income	8,188,387	8,175,997	-	-	-	-	8,188,387	8,175,997
Rent Income	900,000	900,000	-	-	-	-	900,000	900,000
Interest Income	4,541,851	21,134,340	438,293	5,960,914	-	-	4,980,144	27,095,254
Demat Charges Income	6,381	45,827	-	-	-	-	6,381	45,827
Brokerage Income	387,838	459,456	1,141,796	1,442,412	14,234	12,429	1,543,868	1,914,297
<b>Total</b>	<b>14,024,457</b>	<b>30,715,620</b>	<b>1,580,089</b>	<b>7,403,326</b>	<b>14,234</b>	<b>12,429</b>	<b>15,618,780</b>	<b>38,131,375</b>
<b>Expenses</b>								
Professional Fees Paid	-	-	-	-	2,750,000	2,700,000	2,750,000	2,700,000
Salaries	-	-	-	-	10,175,454	9,107,340	10,175,454	9,107,340
<b>Lease Rent Paid</b>	<b>-</b>	<b>-</b>	<b>10,800,000</b>	<b>10,800,000</b>	<b>3,600,000</b>	<b>3,600,000</b>	<b>14,400,000</b>	<b>14,400,000</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>10,800,000</b>	<b>10,800,000</b>	<b>16,525,454</b>	<b>15,407,340</b>	<b>27,325,454</b>	<b>26,207,340</b>

**B. The following transactions were carried out during the year with the related parties in the ordinary course of business:**

Nature of Transactions	Subsidiary Companies		Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Outstanding Balances</b>								
<b>Investments as on</b>								
Monarch Network Finserve Private Limited	142,922,185	142,922,185	-	-	-	-	142,922,185	142,922,185
Monarch Network Investment Advisory Private Limited	5,999,000	5,999,000	-	-	-	-	5,999,000	5,999,000
Monarch Network Capital IFSC Private Ltd	499,990	499,990	-	-	-	-	499,990	499,990
Monarch Network Money Changer Private Limited	5,000,000	5,000,000	-	-	-	-	5,000,000	5,000,000
Network Financial Service Limited			9,494,000	9,494,000	-	-	9,494,000	9,494,000
<b>Total</b>	<b>154,421,175</b>	<b>154,421,175</b>	<b>9,494,000</b>	<b>9,494,000</b>	<b>-</b>	<b>-</b>	<b>163,915,175</b>	<b>163,915,175</b>

Nature of Transactions	Subsidiary Companies		Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Receivables / Advances</b>								
Monarch Network Capital IFSC Private Limited	132,388	123,687	-	-	-	-	132,388	123,687
Monarch Comtrade Pvt Ltd	-	-	-	4,467,757	-	-	-	4,467,757
Monarch Network Money Changer Private Limited	1,000	-	-	-	-	-	1,000	-
Network Financial Services Limited	-	-	18,212	-	-	-	18,212	-
<b>Total</b>	<b>133,388</b>	<b>123,687</b>	<b>18,212</b>	<b>4,467,757</b>	<b>-</b>	<b>-</b>	<b>151,600</b>	<b>4,591,444</b>

# MONARCH NETWORK CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Nature of Transactions	Subsidiary Companies		Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Payables</b>								
Monarch Infra Venture	-	-	11,578,173	174,106	-	-	11,578,173	174,106
Vaibhav J Shah	-	-	-	-	201,715	1,000,000	201,715	1,000,000
Ashok Bafna	-	-	-	-	113	-	113	-
Bankim J Shah	-	-	-	-	201,500	-	201,500	-
Bela H Shah	-	-	-	-	201,343	-	201,343	-
Hemangi B Shah	-	-	-	-	201,715	-	201,715	-
Kinnari V Shah	-	-	-	-	201,742	-	201,742	-
Manju Bafna	-	-	-	-	1,002,528	-	1,002,528	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,578,173</b>	<b>174,106</b>	<b>2,010,656</b>	<b>1,000,000</b>	<b>13,588,829</b>	<b>1,174,106</b>

### Note:

Directors of the Companies have given personal guarantees towards certain borrowings and cash credit of the Company. Gratuity and Compensated absences are included in managerial remuneration as disclosed above. All transactions with the related parties are priced on an arm's length prices and resulting outstanding balances are to be settled in cash on demand. None of the balances are secured.

### Note 34: Contingent liabilities (to the extent not provided for)

Contingent liabilities	Rs in Lacs	
	31-Mar-21	31-Mar-20
Bank Guarantee	8,246	7,700
Income Tax matters pending with various authorities	97.55	95.48
Service Tax matters pending with various authorities	64.72	64.72
<i>(Merged Entity -Monarch Project &amp; Finmarkets Limited and Monarch Research Brokerage Pvt Ltd)</i>		
Client Litigation matter	70.45	105.78

### Notes

- There are certain claims aggregating to Rs. 318 lacs (previous year Rs. 318 lacs) against the company for which the company has taken suitable legal recourse. Hence the same has not been recognized as a debt and no provision has been made thereof.
- The Company's pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2021.
- Pending resolution of the respective proceedings, it is not practicable for the company to estimate the timing of the cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.

### Note 35

The company has taken suitable legal action for recovering deposits of Rs. 40 lacs (previous year Rs. 40 lacs) for premises at Bangalore and Rs. 300 lacs (previous year Rs. 300 lacs) for premises at Nariman Point- Mumbai. The management expects favorable order for the same, hence no provisions have been made thereof.

**Notes to financial statements for the year ended 31st March 21****Note 36**

The company has taken suitable legal action for recovering debts of Rs. 239 lacs (previous year Rs. 239 lacs) for fraudulent transaction done by client in the year 2008-09. SEBI has passed the interim order withholding the payout which is kept with Bombay Stock Exchange till completion of investigation. The management expects favorable order for the same, hence no provisions have been made thereof.

**Note 37: Commitments**

	Rs in Lacs	
	31-Mar-21	31-Mar-20
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil

**Note 38**

The Company has an informal process of obtaining confirmations from the vendors to record whether they are covered under Micro, Small and Medium Enterprise Development Act 2006 as well as they have filed required memorandum with prescribed authority. Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year end are furnished below:

Dues to micro, small and medium enterprises	Rs in Lacs	
	31-Mar-21	31-Mar-20
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	600,000	896,400
Interest	Nil	Nil
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

**Note 39**

Earnings and expenditure in Foreign Currency during the year:	Rs in Lacs	
	31-Mar-21	31-Mar-20
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

# MONARCH NETWORTH CAPITAL LIMITED

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## Notes to financial statements for the year ended 31st March 21

### Note 40

#### PROPOSED DIVIDEND

The Board of Directors, have recommended a Dividend for the financial year ended on 31/03/2021 @ 10% (i.e. Rs. 1/-) per equity share (Previous Year - Nil) to the equity shareholders. The Dividend will be paid after the approval of shareholders at ensuing Annual General Meeting. The date of book closure for the entitlement of such dividend and Annual General Meeting shall be decided and informed in due course of time.

### Note 41

#### Segment information

As per the requirements of Ind AS 108 on "Operating Segments", segment information has been provided under the Notes to Consolidated Financial Statements.

### Note 42

	Rs in Lacs	
	31-Mar-21	31-Mar-20
Forward exchange contracts outstanding on the balance sheet date which is entered to hedge foreign exchange exposures of the Company.	Nil	Nil

### Note 43

The Company has carried out Impairment test on its Fixed Assets as on the date of Balance Sheet and the management is of the opinion that there is no asset for which provision of impairment is required to be made as per applicable Indian Accounting Standard.

### Note 44

Balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable, which may be considerable. As per the opinion of the Board, there will be no substantial impact on their reconciliation with their balance confirmations as on the reporting date.

### Note 45

All Property Plant and Equipment were physically verified by the management of the of the company in accordance with a planned program of verifying them once in three years, which is due for verification considering the momement restrictions due to covid pendamic. As per the opinion of the Board, there will be no substantial impact on their reconciliation with their physical verification as on the reporting date.

### Note 46

In the opinion of the board, the current assets, loans and advances are approximately of the value state, if realized in ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

### Note 47

#### Events Occurring After the Balance Sheet Date

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company.

## Notes to financial statements for the year ended 31st March 21

## Note 48

(Currency: Indian Rupees)

Directors Remuneration	Rs in Lacs	
	31-Mar-21	31-Mar-20
Director Remuneration	5,448,991	4,763,340

Computation of net profit u/s 198 of the Companies Act, 2013 is not furnished as no commission is payable / paid to the Directors. The reimbursement or payment of expenses as per the contractual appointment, are not in the nature of personal expenses, as the same are accepted/incurred under contractual obligation as per the business practices. Also the expenditure incurred in the normal course of business, in accordance with the generally accepted business practices, on employees and directors, is not considered as expenditure of personal nature. There for the same has not been considered for the above purpose.

## Note 49

Auditors Remuneration	Rs in Lacs	
	31-Mar-21	31-Mar-20
Towards Statutory & Tax Audit (Exclusive of GST)	600,000	600,000
	<b>600,000</b>	<b>600,000</b>

## Note 50

The Company provides for the use by its subsidiaries certain facilities like use of premises infrastructure and other facilities / services and the same are termed as 'Shared Services'. The cost of such Shared Services are recovered from subsidiaries either on actual basis or on reasonable management estimates which are constantly refined in the light of additional knowledge gained relevant to such estimation.

## Note 51

## Corporate social responsibility

Pursuant to the application of Section 135 of the Act and the Rules framed thereunder, the Company has constituted the CSR committee during the year. The company is required to spend at least two per cent of the average net profits of the company made during the three immediately preceding financial years as per the activities which are specified in Schedule VII of the Act and the Company has decided to spend the amount by way of contribution to a Trust. The disclosure as required by the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by the Institute of Chartered Accounts of India are as follows:

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
Unspent Balance at the beginning	5,062,545	2,709,870
Provision made by the Company during the year	3,102,203	2,401,262
Prior Period Provision made by the Company during the year	62,040	(48,587)
Amount Spent during the year	(5,124,727)	-
- Construction / acquisition of any asset	-	-
- On purpose of other than above	5,124,727	-
Amount remaining to be Spent at the end of the year	3,102,061	5,062,545



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to financial statements for the year ended 31st March 21

### Note 52

#### Uncertainty relating to the global health pandemic on COVID-19

Covid-19 outbreak was declared as a global pandemic by World Health Organisation. As per the current reports the Second wave of COVID-19 pandemic has peaked in most states in India. Stock Broking services, being part of Capital Market operations have been declared as essential services and accordingly, the Company has been in operation consistently with minimal permitted staff. The Company is closely monitoring the impact due to COVID-19 on various aspects of its business including its customers/ vendors/ employees and other business partners. The Company will continue to monitor for any material changes to future economic conditions and as of March 31, 2021 based on the facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern. In management view, the Company's capital and liquidity position stands strong as on reporting date. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration.

### Note 53

#### Disclosure as per Clause 32 of the listing Agreement with the Stock Exchanges

(Figures in INR)

Particulars	Relationship		Amount outstanding as at March 31, 2021	Maximum balance outstanding during the year
Monarch Network Finserve Private Limited	Wholly-owned Subsidiary	CY	-	260,950,358
		PY	-	300,001,724
Monarch Network Money Changers Pvt Ltd	Subsidiary	CY	1,000	9,250
		PY	-	197,251
Monarch Network Capital IFSC Pvt Ltd	Subsidiary	CY	132,387	132,387
		PY	123,687	123,687

### Note 54

#### REVENUE FROM CONTRACT WITH CUSTOMERS

The Company derives revenue primarily from the Share Broking Business. Its other major revenue sources are Portfolio Management Services and Interest Income

#### Disaggregate revenue information

1. The table below presents disaggregate revenues from contracts with customers for the year ended 31 March 2021 and 31 March 2020. The Company believes that this disaggregation best depicts how the nature, amount, Timing and uncertainty of revenue and cash flows are affected by market and other economic factors.

#### Nature of Services

- (a) Stock Broking Services - Income from services rendered as a broker is recognised upon rendering of the services, in accordance with the terms of contract. This includes Brokerage, Demat Services, Late Payment Charges income & Interest Income from Margin Funding
- (b) Other operating revenues - This includes revenue generated from Merchant Banking services, Financial Products Distribution, Financial Advisory Services, etc incurred by the company in the normal course of operations during the year.

## Notes to financial statements for the year ended 31st March 21

## 2. Disaggregate revenue information

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>(a) Stock broking services</b>		
Brokerage	618,642,441	435,648,617
Demat Services	28,743,671	20,216,336
Late Payment Charges income	32,638,792	58,280,893
Interest Income from Margin Funding	11,116,501	8,756,388
<b>(b) Other operating revenues</b>		
Merchant Banking	1,291,102	5,860,000
Financial Products Distribution	5,842,926	4,993,998
Advisory Services	116,125,500	10,173,620
Miscellaneous income	3,091,334	2,169,860

## 3. Nature, Timing of satisfaction of the performance obligation on and significant payment terms.

- (i) Income from services rendered as a broker is recognised upon rendering of the services.
- (ii) Fees for subscription on based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract
- (iii) Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant.
- (iv) Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- (v) Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable
- (vi) Income from services rendered on behalf of depository is recognised upon rendering of the services, in accordance with the terms of contract.

The above services are point in time in nature, and no performance obligation remains once the transaction is executed. Fees for subscription on based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract, and are over the period in nature.

## Note 55

The carrying amounts of assets pledged as security for borrowings are:

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Fixed deposits held as margin deposits	412,300,000	555,000,000
Property, plant and equipment	17,008,388	11,955,201
<b>Total assets pledged as security</b>	<b>429,308,388</b>	<b>566,955,201</b>

- Investments, Trade receivables, Loans and Property, plant and equipments are pledge with Banks and NBFCs to against borrowing facilities taken by the company

## Notes to financial statements for the year ended 31st March 21

### Note 56

#### MNCL CAPITAL COMPOUNDER FUND

Monarch Network Capital Ltd, being the Investment Manager and Sponsor of Monarch AIF (Alternative Investment Fund) - Category III, a SEBI registered fund as defined under Securities Exchange Board of India (Alternative Investment Funds) Regulations, 2012, has invested a sum of Rs. 5 Crores in a scheme of Monarch AIF i.e. MNCL CAPITAL COMPOUNDER FUND ('the Fund') for a period of 3 years (which can be extended by upto 2 years). MNCL CAPITAL COMPOUNDER FUND is a Category 3 long only AIF Equity fund which is launched by Monarch AIF.

#### **Key Features of the fund are as follows:**

- 'MNCL Capital Compounder Fund' is a close ended scheme of the Trust and is offering through a private placement Class A Units, Class B Units, Class C Units and such other Class(es) /Subclass(es) of Units as the Investment Manager may decide from time to time for subscription aggregating to Rs. 100,00,00,000 (Indian Rupees One Hundred Crores) with a green shoe option of up to Rs. 50,00,00,000 (Indian Rupees Fifty Crores). The Fund is a scheme of an Indian trust set-up under the Indian Trusts Act, 1882 and is registered with SEBI as a Category III AIF under the Regulations and would be operated in compliance with other Applicable Laws.
- Sponsor's Contribution by MNCL : As per the terms of The Sponsor/Investment Manager shall commit an amount equivalent to 5% (five percent) of the Corpus or Rs. 10,00,00,000 (Rupees Ten Crore), whichever is lower, and shall maintain a continuing interest in the Fund in accordance with the Regulations.
- 'Beacon Trusteeship Limited' shall act as the Trustee to the Trust. The Trustee shall have all powers in respect of the property of the Trust, including power to manage the same, which would be delegated to the Investment Manager in terms of the Investment Management Agreement. The Trustee shall not interfere with the actions of the Investment Manager so long as the actions are within the powers of the Investment Manager.
- Commitment Period : The Commitment Period for the Fund shall commence from the date of execution of Contribution Agreement on 28-09-2020 and shall end on the expiry of 3 (three) months from the Final Closing that may be extended for a further period up to 3 (three) months by the Investment Manager. During which the Capital Commitments can be drawn down upon issuance of a Drawdown Notice to the Contributors.
- Lock-in Period : Lock-in Period means the period commencing from the date of signing of the respective Contribution Agreement till the expiry of 18 (eighteen) months from the date of last Drawdown or the date of Final Closing, whichever is later. To clarify, no exit of any Units shall be allowed during the Lock-in Period, except at the discretion of the Investment Manager.
- Management Fee : Pursuant to the Investment Management Agreement, the Investment Manager will be entitled to receive Management Fee, that will accrue and commence from the date of First Closing and shall be chargeable on annual basis in arrears in respect of Class A Units and Class C Units. The Management Fee shall be charged up to 0.5% (zero point five percent) p.a. on the NAV (calculated at the beginning of each year) of Class A Units and Class C Units. No Management Fee shall be payable with respect to the holders of Class B Units. The Revenue from Management Fees is disclosed under "Note: 20 : Revenue from operations".
- Performance Fee : The Investment Manager will establish and maintain an account for the Fund. The Fund's account will contain separate capital accounts (each a "Capital Account") in order to separately track the Net Asset Value of each Contributor's Units in the Fund. The Investment Manager shall charge performance fee ("Performance Fee") based on the performance of each Capital Account at the rate of 15% (fifteen percent) p.a. of all the profits after deducting Fund Expenses (except Performance Fee), reserves, provisions/withholdings, (in case the profits are higher than the Hurdle Rate of Return) from the holders of Class A Units and Class C Units, on annual basis at the end of financial year or shorter period in certain circumstances as listed out in the Contribution Agreements viz. in case of exit etc. The Performance Fee shall be charged at the end of each year on an annual basis. The Revenue from performance Fees is disclosed under "Note: 20 : Revenue from operations".
- Hurdle Rate of Return : The hurdle rate of return shall be the compounded rate of return of an INR based calculation of 10% (pre-Tax) on an annualized basis.

**Notes to financial statements for the year ended 31st March 21**

- Set-up Cost : The Investment Manager will charge one-time Set-up Cost from the holders of Class A Units and Class C Units at actuals subject to a limit of up to 0.5% (zero point five percent) of the aggregate Capital Commitments by the holders of Class A Units and Class C Units. The Investment Manager may, in its discretion reduce/waive the Set-Up Cost payable by an Investor. No Set-up Cost shall be payable with respect to the holders of Class B Units.

**Note: 57**

Previous year's figures have been regrouped or reclassified wherever necessary

**As per our Report of even date****For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Amit Saklecha**

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAC9879

Place : Mumbai  
Date: 18<sup>th</sup> June 2021

**For and on behalf of the Board**

Monarch Network Capital Limited  
CIN: L65920GJ1993PLC120014

**Vaibhav Shah**

(Managing Director)  
DIN 00572666

**Tarak Shah**

(Chief Financial Officer)

Place : Ahmedabad  
Date :18<sup>th</sup> June 2021

**Manju Bafna**

(Whole-Time Director)  
DIN 01459885

**Rupali Verma**

(Company Secretary)  
ICSI Member. No: A42923

Place : Ahmedabad  
Date :18<sup>th</sup> June 2021

## INDEPENDENT AUDITOR'S REPORT

To

The Members of  
MONARCH NETWORTH CAPITAL LIMITED

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying consolidated financial statements of Monarch Network Capital Limited ((hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entities, which comprise the balance sheet as at March 31, 2021, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, an associate and jointly controlled entities as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entities as at March 31, 2021, of its consolidated profit and consolidated cash flows for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. 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 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 consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters below to be key audit matters to be communicated in our report:

Key audit matters	How the matter was addressed in our Audit
<b>Information Technology system for the financial reporting process</b> The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis.	In view of the significance of the matter we applied the following audit procedures, on test check basis, in this area, among others to obtain reasonable audit assurance: <ul style="list-style-type: none"><li>• Obtained an understanding of the Company's IT environment and identified IT applications, databases and operating systems, for the areas which are relevant to our audit. Sample verification of the key transactions was carried out to verify the effectiveness of the IT environment in the company.</li><li>• Obtained understanding of IT infrastructure i.e. operating systems and databases supporting the identified systems and related data security controls in relation to large number of users working on the entity's systems remotely in the light of COVID-19;</li></ul>

Key audit matters	How the matter was addressed in our Audit
<p>Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as Brokerage income, Trade receivable ageing amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Further, the prevailing COVID-19 situation has caused the required IT applications to be made accessible to the employees on a remote basis.</p>	<ul style="list-style-type: none"> <li>• Management has given us reasonable assurance about the existence of the suitable IT controls and their persistent review and monitoring of the performance and issues arising on IT matters on a periodic basis.</li> <li>• Reliance is also placed on the independent system audit carried out by the external agencies, as per the mandate of the regulators.</li> </ul>
<p><b>Expected credit loss allowances</b></p> <p>Recognition and measurement of impairment of financial assets involve significant management judgement. With the applicability of Ind AS 109, credit loss assessment is now based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are loan staging criteria, calculation of probability of default / loss and consideration of probability weighted scenarios and forward looking macroeconomic factors. There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed. As per management opinion, there is no expected credit loss in several financial assets including the trade receivables and other financial assets of the Company and all are on fair value, based on the assessment and judgement made by the board of the company.</p>	<p>In view of the significance of the matter we applied the following audit procedures, on test check basis, in this area, among others to obtain reasonable audit assurance:</p> <ul style="list-style-type: none"> <li>• We evaluated management's process and tested key controls around the determination of extent of requirement of expected credit loss allowances, including recovery process &amp; controls implemented in the company for trade receivables and other financial assets. It was explained to us by the management that the control exists relating to the recovery of receivables, including those aging for large periods and in the opinion of the board there is no requirement making expected credit loss allowance.</li> <li>• We have also reviewed the management response and representation on recovery process initiated for sample receivables, and based on the same we have place reliance on these key controls for the purposes of our audit.</li> </ul>
<p><b>Deferred Tax Assets</b></p> <p>Recognition and measurement of deferred tax assets The Company has deferred tax assets in respect of temporary differences and MAT credit entitlements.</p> <p>The recognition of deferred tax assets involves judgment regarding the likelihood of the reasonable certainty of realisation of these assets, in particular whether there will be taxable profits in future periods that support recognition of these assets.</p> <p>Management records deferred tax assets in respect of MAT credit entitlements, temporary differences and brought forward business losses in cases where it is reasonably certain based on the presumed profitability determined on the basis of management estimation that sufficient taxable income will be available to absorb the differed tax assets in future.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain reasonable audit assurance:</p> <ul style="list-style-type: none"> <li>• Through discussions with management, we understood the Company's process for recording deferred tax assets;</li> <li>• Discussed with the management about the basis of the management estimations of the future revenue for the reasonable certainty of utilisation of the deferred tax assets and therefore recognition of deferred tax assets; and</li> <li>• Accordingly based on the projected business plan made by the management, for the purpose of recognition of deferred tax assets in the financial statements, the assets provisions seems to be reasonable.</li> </ul>
<p><b>Investment and Loans to group companies</b></p> <p>The Company has investments in group company and associates which are considered to be associated with significant risk in respect of valuation of such investments. These investments are carried at cost. Management has given us confirmation that the investments are reviewed for impairment at each reporting date. This assessment is based on the presumed future financial performance of these underlying entities, which involve significant estimates and judgment, due</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain reasonable audit assurance:</p> <ul style="list-style-type: none"> <li>• Comparing the carrying amount of investments with the relevant group entity's balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those entities have historically been profit-making;</li> </ul>

## MONARCH NETWORK CAPITAL LIMITED

Key audit matters	How the matter was addressed in our Audit
<p>to the inherent uncertainty involved in forecasting future cash flows. There is significant judgment in estimating the timing of the cash flows and the appropriate discount rate.</p> <p>In addition, considering the materiality of the investments in group companies, vis-à-vis the total assets of the Company, this is considered to be significant to our overall audit strategy and planning.</p> <p>The Company has also extended loans to group entities and related parties that are assessed for recoverability at each period end.</p>	<ul style="list-style-type: none"> <li>• For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the profitability estimation by the management of these group entities;</li> <li>• Understanding the return prospects from the group entities, based on discussion with the management; and</li> <li>• Obtained independent confirmations to ensure completeness and existence of loans and advances held by related parties as on reporting date.</li> </ul>
<p><b>Balances of Various Financial Assets and Liabilities</b></p> <p>Refer Note No. 44 to the financial statements which describes that the balance of Receivables and Payables, including Trade Receivables, loans, deposits &amp; advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable.</p>	<p>We evaluated the management procedure and tested key controls employed by the management to review over the reconciliation and recoverability of the long outstanding assets and payability of long outstanding liabilities. Based on the explanations and representations provided by the management, it was explained to us that the Board is carrying out a regular review of balances of all outstanding assets and liabilities, based on the formal/ informal arrangements with the respective parties involved. As per their opinion, there will be no substantial impact on their reconciliation with their balance confirmations. Based on the same we have place reliance on these key controls for the purposes of our audit.</p>

### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 are required to report that fact. We have nothing to report in this regard.

### Management's responsibility for the consolidated financial statements

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

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

### **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 scepticism 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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



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

### Other Matter

The consolidated financial statements include the audited financial statements of four subsidiaries whose financial statements reflect total assets (before consolidation adjustments) of Rs. 2,138.29 lakhs as at March 31, 2021, total revenue (before consolidation adjustments) of Rs. 1,087.74 lakhs and total net profit after tax (before consolidation adjustments) of Rs. 394.86 lakhs and net cash inflows of Rs. 562.06 lakhs for the year ended on that date, as considered in the consolidated financial statements, which have been audited by their respective independent auditors. These financial statements have been audited by other auditors whose reports have 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 these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

The Consolidated statements also includes the Company's share of Net Loss of Rs 0.16 lacs for the year ended 31st March 2021 as considered in the consolidated financial statements, in respect of one associate company. These financial statements are unaudited and have 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 the aforesaid associate company, 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 company, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, 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;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (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 as on March 31, 2021 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- (a) The Company does not have any pending litigations which would impact its consolidated financial position, other than those mentioned in Note 34 to 36 to the consolidated Financial Statements;
  - (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - (c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

For **PAREKH SHAH & LODHA**  
Chartered Accountants  
Firm Registration No.: 107487W

Sd/-  
**Amit Saklecha**  
(Partner)  
M. No.: 401133  
UDIN: 21401133AAAAAD1638

Place: Mumbai  
Date: 18<sup>th</sup> June, 2021

## ANNEXURE A TO AUDITORS' REPORT

[Referred to in Clause (f) in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors Report of even date]

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

We have audited the internal financial controls over financial reporting of **MONARCH NETWORTH CAPITAL LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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**

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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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, the Company has, in general, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were found 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 **PAREKH SHAH & LODHA**  
Chartered Accountants  
Firm Registration No.: 107487W

Sd/-  
**Amit Saklecha**  
(Partner)  
M. No.: 401133  
UDIN: 21401133AAAAAD1638

Place: Mumbai  
Date: 18<sup>th</sup> June, 2021

# MONARCH NETWORK CAPITAL LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

(Currency: Indian Rupees)

Particulars	Notes	Year Ended on 31st March 2021	Year Ended on 31st March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property Plant and Equipment	2	51,462,231	39,680,765
Intangible Assets	3	218,729	315,437
Financial assets			
- Investments	4	76,133,408	12,360,140
- Other Financial Assets	5	166,864,512	1,521,354,273
Deferred tax assets (Net)	6	16,827,570	56,217,412
<b>Total Non Current Assets</b>		<b>311,506,450</b>	<b>1,629,928,027</b>
<b>Current assets</b>			
Inventories	7	27,010,514	27,626,201
Financial assets			
- Trade Receivables	8	645,518,308	685,538,224
- Cash and cash equivalents	9	3,128,195,377	2,279,449,537
Other Current Assets	10	36,629,718	31,938,225
<b>Total Current Assets</b>		<b>3,837,353,918</b>	<b>3,024,552,188</b>
<b>Total Assets</b>		<b>4,148,860,368</b>	<b>4,654,480,215</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	11	310,495,180	310,495,180
Other equity	12	767,814,402	510,541,497
<b>Total Equity</b>		<b>1,078,309,582</b>	<b>821,036,677</b>
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	13	27,884,723	24,655,010
Provisions	14	17,602,573	15,507,491
<b>Total Non Current Liabilities</b>		<b>45,487,296</b>	<b>40,162,501</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	7,711,718	91,305,042
- Trade payables	16	2,817,054,044	3,527,563,600
- Other financial Liabilities	17	26,096,842	9,392,840
Provisions	18	31,783,741	10,637,756
Other current liabilities	19	142,417,147	154,381,799
<b>Total Current Liabilities</b>		<b>3,025,063,490</b>	<b>3,793,281,037</b>
<b>Total Equity &amp; Liabilities</b>		<b>4,148,860,368</b>	<b>4,654,480,215</b>

Significant Accounting Policies

See accompanying notes to the financial statements

Notes referred above form an integral part of the financial statements.

1

2 to 55

**As per our Report of even date**

**For and on behalf of the Board**

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Amit Saklecha**

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAD1638

**Vaibhav Shah**  
(Managing Director)  
DIN 00572666

**Tarak Shah**  
(Chief Financial Officer)

**Manju Bafna**  
(Whole-Time Director)  
DIN 01459885

**Rupali Verma**  
(Company Secretary)  
ICSI Member. No: A42923

Place : Mumbai  
Date: 18<sup>th</sup> June 2021

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(Currency: Indian Rupees)

Particulars	Notes	Year Ended on March 31, 2021	Year Ended on March 31, 2020
<b>INCOME</b>			
Revenue From Operations	20	925,319,501	648,889,234
Other Income	21	105,557,392	55,501,166
<b>Total Income</b>		<b>1,030,876,892</b>	<b>704,390,400</b>
<b>EXPENSES</b>			
Employee benefit expense	22	262,229,797	264,334,118
Operating Expenses	23	221,783,223	157,777,898
Finance Cost	24	23,498,338	78,611,848
Depreciation & Amortization Expenses	2	9,116,247	8,822,655
Other Expenses	25	116,949,478	158,852,498
Provision for Standard Assets		(1,340,398)	318,756
Provision for Non Performing Assets		1,844,251	(21,779)
<b>Total Expenses</b>		<b>634,080,936</b>	<b>668,695,994</b>
<b>Profit Before Exceptional items, Extraordinary items and Tax</b>		<b>396,795,956</b>	<b>35,694,406</b>
Less: Prior period expenses		(512,640)	(510,320)
Less: Extraordinary Items		(48,001,328)	-
<b>Profit Before Tax</b>		<b>348,281,989</b>	<b>35,184,086</b>
<b>Tax Expenses</b>			
Current Tax		103,212,445	9,458,182
Deferred tax		444,244	1,140,665
Short & Excess Tax Provision		1,170,063	417,229
Mat Receivable		-	1,664,125
<b>Total Tax Expenses</b>		<b>104,826,752</b>	<b>12,680,201</b>
<b>Profit for the Year (After Tax)</b>		<b>243,455,237</b>	<b>22,503,885</b>
Add : Share of Profit/(Loss) from Associates (net of taxes)		(16,275)	(10,959)
Add : Minority Interest		-	-
<b>Net Profit</b>		<b>243,438,962</b>	<b>22,492,926</b>
<b>Other Comprehensive Income</b>	<b>26</b>		
A(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		62,642	(303,766)
- Equity Instruments through Other Comprehensive Income		13,789,542	(3,204,583)
(ii) Income tax related to items that will not be reclassified to profit or loss		(18,241)	88,456
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax related to items that will be reclassified to profit or loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>257,272,905</b>	<b>19,073,033</b>
Earnings Per equity share of face value of Rs 10 each			
Basic(in Rs)	27	7.84	0.72
Diluted (in Rs)	27	7.84	0.72

Significant Accounting Policies

1

Notes to the financial statements

2 to 55

Notes referred above form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

For PAREKH SHAH &amp; LODHA

Chartered Accountants  
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAD1638Vaibhav Shah  
(Managing Director)  
DIN 00572666Tarak Shah  
(Chief Financial Officer)Manju Bafna  
(Whole-Time Director)  
DIN 01459885Rupali Verma  
(Company Secretary)  
ICSI Member. No: A42923Place : Mumbai  
Date: 18<sup>th</sup> June 2021Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

# MONARCH NETWORK CAPITAL LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(Currency: Indian Rupees)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	362,117,898	31,664,778
Profit/(loss) before tax from discontinued operations		
<b>Profit before tax</b>	<b>362,117,898</b>	<b>31,664,778</b>
<b>Adjustments to reconcile profit before tax to net cash used in operating activities</b>		
Depreciation and amortisation	9,116,247	8,822,655
Finance cost	23,498,338	78,611,848
Equity Instruments through OCI	(13,789,542)	3,204,583
Share of Profit/(Loss) from Associates	16,275	(10,959)
Interest income	(98,041,146)	(51,252,552)
Dividend Income	(70,606)	(143,810)
(Profit) / loss on sale of fixed assets	(86,548)	99,403
Provision for Standard Assets	(1,340,398)	318,756
Provision for Non Performing Assets	1,844,251	(21,779)
Bad debts/Sundry Balance written off	48,001,328	11,700,131
	<b>331,266,098</b>	<b>82,993,054</b>
Working capital adjustments		
Inventories	615,687	5,289,381
Trade receivables	(7,981,411)	81,909,429
Loans & Advances	(4,242,618)	14,653,421
Trade payables	(710,509,557)	2,477,746,198
Other financial liabilities	16,704,002	1,737,744
Other liabilities	(11,964,655)	1,169,087
Provisions	1,217,255	(2,084,495)
	<b>(384,895,200)</b>	<b>2,663,413,819</b>
Income Tax paid	(31,426,221)	(18,806,310)
<b>Net cash flows from operating activities</b>	<b>(416,321,421)</b>	<b>2,644,607,509</b>
<b>Cash flow from investing activities</b>		
Payment for purchase and construction of property, plant and equipment (Net of proceeds from sales)	(33,392,207)	(18,647,467)
Fixed deposits held as margin deposits	(2,243,637,529)	(110,289,190)
Other Fixed Deposits	200,931,774	(14,612,820)
Proceeds from sale of Investments	(50,000,001)	21,918
Interest received	98,041,146	51,252,552
Dividend Income	70,606	143,810
Proceeds /(Repayment) of Other Non Current Financial Assets	1,349,760,124	(1,142,567,350)
Proceeds /(Repayment) of loans and advances to related parties	4,449,545	27,212,900
<b>Net cash flows from investing activities</b>	<b>(673,776,544)</b>	<b>(1,207,485,647)</b>
<b>Cash flow from financing activities</b>		
Proceeds /(Repayment) of borrowings from banks/ FI	(79,363,611)	(149,193,855)
Proceeds /(Repayment) of borrowings from others	(1,000,000)	992,385
Finance charges paid	(23,498,338)	(78,611,848)
<b>Net cash flows from financing activities</b>	<b>(103,861,950)</b>	<b>(226,813,318)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,193,959,914)</b>	<b>1,210,308,544</b>

	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash and cash equivalents at the beginning of the year	1,519,737,360	309,428,816
Effect of exchanges rate changes on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>325,777,446</b>	<b>1,519,737,360</b>
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and Bank Balances as per Balance Sheet	325,777,446	1,519,737,360
Cash and Cash equivalents as restated as at the year end	<b>325,777,446</b>	<b>1,519,737,360</b>

Note- Cash Flow Statement has been prepared under the indirect method as set out in IND AS 7 - "Cash Flow Statements" prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013

**As per our Report of even date****For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Amit Saklecha**

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAD1638

Place : Mumbai  
Date: 18<sup>th</sup> June 2021

**For and on behalf of the Board**

**Vaibhav Shah**  
(Managing Director)  
DIN 00572666

**Tarak Shah**  
(Chief Financial Officer)

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

**Manju Bafna**  
(Whole-Time Director)  
DIN 01459885

**Rupali Verma**  
(Company Secretary)  
ICSI Member. No: A42923

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021



# MONARCH NETWORK CAPITAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

(Currency: Indian Rupees)

(a) Equity share capital	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	31,049,518	310,495,180	31,049,518	310,495,180
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	31,049,518	310,495,180	31,049,518	310,495,180

### (b) Other equity

Particulars	Reserves & Surplus			Other comprehensive income		Total
	Capital Reserve	Securities Premium	Retained earnings	Remeasurements of the net defined benefit Plans	Fair valuation of investments in equity shares	
<b>Balance at 1 April 2019</b>	<b>15,163,560</b>	<b>347,569,238</b>	<b>135,120,018</b>	<b>(778,100)</b>	<b>(5,606,252)</b>	<b>491,468,464</b>
Profit for the year	-	-	22,492,926	-	-	22,492,926
Other comprehensive income for the year	-	-	-	(215,310)	(3,204,583)	(3,419,893)
Total comprehensive income for the year	-	-	22,492,926	(215,310)	(3,204,583)	19,073,033
<b>Balance at 31 March 2020</b>	<b>15,163,560</b>	<b>347,569,238</b>	<b>157,612,944</b>	<b>(993,410)</b>	<b>(8,810,835)</b>	<b>510,541,497</b>
Profit for the year	-	-	243,438,962	-	-	243,438,962
Other comprehensive income for the year	-	-	-	44,401	13,789,542	13,833,943
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>243,438,962</b>	<b>44,401</b>	<b>13,789,542</b>	<b>257,272,905</b>
<b>Balance at 31 March 2021</b>	<b>15,163,560</b>	<b>347,569,238</b>	<b>401,051,906</b>	<b>(949,009)</b>	<b>4,978,707</b>	<b>767,814,403</b>

As per our Report of even date

For and on behalf of the Board

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Amit Saklecha**

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAD1638

Place : Mumbai  
Date : 18<sup>th</sup> June 2021

**Vaibhav Shah**  
(Managing Director)  
DIN 00572666

**Tarak Shah**  
(Chief Financial Officer)

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

**Manju Bafna**  
(Whole-Time Director)  
DIN 01459885

**Rupali Verma**  
(Company Secretary)  
ICSI Member. No: A42923

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

**Notes to consolidated financial statements for the year ended 31st March 21****1.1 Company Information**

Monarch Network Capital Limited (MNCL) was originally formed under the name of "Network Finance Limited on 2<sup>nd</sup> December 1993. Thereafter, it was changed to Network Stock Broking Limited w.e.f. 30/09/1997 and to Monarch Network Capital Limited w.e.f. 13/10/2015. MNCL is predominantly engaged in Share & Stock Broking, Merchant Banking, and Mutual Fund Distributor. The Company is a member of National Stock Exchange of India Ltd. (NSE) BSE Ltd. (BSE), in the Capital Market and Derivatives (Futures & Options) Segment. It is also Depository Participant with Central Depository Services India (CDSL) and National Securities Depository (India) Limited (NSDL) and also registered in Securities and Exchange Board of India ("SEBI") as a Category 1 Merchant Banker and Research Analyst.

The Company, its Subsidiaries (jointly referred to as the "Group" herein under) considered in this Consolidated Financial Statement are:

**1.1.1 Subsidiaries**

Name of the Company	Principal Activities	Proportion (%) of equity Interest	
		As at 31st March, 2021	As at 31st March, 2020
Monarch Network Finserve Private Limited	NBFC Business	100	100
Monarch Network Investment Advisory Private Limited	Insurance Business	99.99	99.99
Monarch Network Capital IFSC Private Limited	IFSC Activities	99.99	99.99
Monarch Network Money Changers Private Limited	Currency Changing	100	100

**1.1.2 Associates**

Section 129(3) of the Companies Act, 2013, requires preparation of consolidated financial statement of the company and of all the subsidiaries including associate company businesses in the same form and manner as that of its own. Indian Accounting Standard (IndAS) 28 on Investments in Associates defines Associate Group as an entity over which the investor has significant influence. It mentions that if an entity holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

The Group holds investments in the below entities which by share ownership are deemed to be an associate company:

- i) Network Financial Services Limited where the Group has 45.32% equity holding.

**Significant accounting policies****1.2 Basis of preparation**

**1.2.1** These Consolidated Financial Statements ('Consolidated Financial Statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

Subsidiaries are entities where the group exercises or controls more than one-half of its total share capital. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

**1.2.2** The Consolidated Financial Statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value :

## Notes to consolidated financial statements for the year ended 31st March 21

1. Financial instruments measured at fair value through profit or loss
2. Financial instruments measured at fair value through other comprehensive income
3. Defined benefit plans – plan assets measured at fair value

### 1.2.3 Functional and presentation currency:

These Consolidated Financial Statements are presented in INR, which is the Company's functional currency.

### 1.2.4 Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

### 1.2.5 Basis of consolidation

#### Accounting for subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

## Notes to consolidated financial statements for the year ended 31st March 21

**Equity accounted investee**

The Group's interests in equity accounted investees include interest in a joint venture. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised gain on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

**1.2.6 Business Combination**

The Group has selected to apply the relevant Ind AS, viz. Ind AS103, Business Combinations, to only those business combinations that occurred on or after 1 April 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

**1.2.7 Revenue recognition****Service Income**

Service income is recognized, exclusive of taxes, as and when the services are rendered. Brokerage Income is recognised on the trade date. Subscription income for convenient brokerage plans is recognised on the basis of expiry of the scheme. Account Facilitation charges are recognised on quarterly/yearly basis considering registration/activation of the client account. Referral Fees are recognised on accrual basis. Late Payment Charges are shown net of respective interest cost.

**Interest income**

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income ('OCI'), interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

**Dividends**

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

**1.2.8 Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost of the items less accumulated depreciation and impairment loss. Acquisition cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

## Notes to consolidated financial statements for the year ended 31st March 21

Items of spare parts that meet the definition of 'property, plant and equipment' have been recognised as property, plant and equipment. The depreciation on such an item of spare part will begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of a spare part, as it may be readily available for use, it may be depreciated from the date of purchase of the spare part.

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment.

Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided using the written down method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirements of Schedule II of the Act. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Cost of lease-hold land is amortized equally over the period of lease.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 1.2.9 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### Amortisation methods, estimated useful lives and residual value

Intangible assets are amortised in statement of Profit and Loss over their estimated useful lives based on underlying contracts where applicable.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

### 1.2.10 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## Notes to consolidated financial statements for the year ended 31st March 21

**Recoverable amount is determined:**

1. In case of individual asset, at higher of the fair value less cost to sell and value in use; and
2. In case of cash-generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**1.2.11 Leases- Company as a lessee****Policy applicable with effect from 1 April 2019**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate standalone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a

## Notes to consolidated financial statements for the year ended 31st March 21

purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning from 1 April 2019 using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

### Company as a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet.

On transition, the Company has applied following practical expedients:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date.
- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.
- Excluded the initial direct costs from the measurement of the right-of -use-asset at the date of transition.
- Grandfathered the assessment of which transactions are, or contain leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. Relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**On transition, the Company carried out a test of lease liability measured at the present value of the remaining lease payments. Based on the analysis of the management, the board is of the opinion that there is no significant impact of the application of provision on the financial statements of the company.**

### 1.2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other

**Notes to consolidated financial statements for the year ended 31st March 21**

borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

**1.2.13 Financial instruments****A. Financial assets****Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortised cost
2. Financial assets at fair value through other comprehensive income (FVTOCI)
3. Financial assets at fair value through profit or loss (FVTPL)
4. Equity instruments measured at fair value through other comprehensive income ('FVTOCI')

**Financial asset at amortised cost**

A financial asset is measured at the amortised cost if both the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Financial asset at FVTOCI**

A financial asset is classified as at the FVTOCI if both of the following criteria are met:

1. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
2. The asset's contractual cash flows represent SPPI.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Financial instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, a company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.



## Notes to consolidated financial statements for the year ended 31st March 21

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, company has taken an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or
2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

The company assesses impairment based on expected credit loss (ECL) model to the following:

1. Financial assets measured at amortised cost;
2. Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

1. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
2. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

1. Trade receivables or contract revenue receivables; and
2. All lease receivables resulting from transactions within the scope of Ind AS 17

**Notes to consolidated financial statements for the year ended 31st March 21**

Under the simplified approach, the company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments- for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivable. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

**Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

**Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**B. Financial liabilities****Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

1. Financial liabilities at fair value through profit or loss
2. Loans and borrowings measured on amortised cost basis
3. Financial guarantee contracts

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

**Gains or losses on liabilities held for trading are recognised in the profit or loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/

## Notes to consolidated financial statements for the year ended 31st March 21

losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## C. Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## D. Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Premium/Discount, in respect of forward foreign exchange contract, is recognised over the life of the contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes. Profit/Loss on cancellation / renewal of forward exchange contract is recognized as income/expense.

## Notes to consolidated financial statements for the year ended 31st March 21

## 1.2.14 Taxes

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the entity operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their corresponding carrying amounts for the financial reporting purposes.

**Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:**

1. deductible temporary differences;
2. the carry forward of unused tax losses; and
3. the carry forward of unused tax credits.

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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the

MAT credit becomes eligible to be recognized; it is credited to the Statement of Profit and Loss and is considered as (MAT Credit Entitlement). The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

## 1.2.15 Inventories

Inventories are valued at the Market Value.

Inventories mainly represents securities held as stock in course of market making activities and remaining comprises of securities held as a result of error in execution of orders.

## Notes to consolidated financial statements for the year ended 31st March 21

### 1.2.16 Employee benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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 OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

1. The date of the plan amendment or curtailment, and
2. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

1. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
2. Net interest expense or income

### Long-term employee benefits

Post-employment and other employee benefits are recognised as an expense in the statement of profit and loss for the period in which the employee has rendered services. The expenses are recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post-employment and other long term benefits are charged to the statement of other comprehensive income.

### 1.2.17 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 1.2.18 Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to

**Notes to consolidated financial statements for the year ended 31st March 21**

the Company as a whole and are not allocated to segments on a reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

**1.2.19 Provisions, Contingent liabilities, Contingent assets and Commitments:****General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

1. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
2. A present obligation arising from the past events, when no reliable estimate is possible;
3. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**1.2.20 Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**1.2.21 Use of estimates and judgments**

The presentation of the Consolidated Financial Statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of Consolidated Financial Statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are significant management judgements in applying the accounting policies of the Company that have a significant effect on the Consolidated Financial Statements.

## Notes to consolidated financial statements for the year ended 31st March 21

### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### Classification of assets and liabilities into current and non-current

The management classifies the assets and liabilities into current and non-current categories based on the operating cycle of the respective business / projects.

### Impairment of assets

In assessing impairment, management estimates the recoverable amounts of each asset or CGU (in case of non-financial assets) based on expected future cash flows and uses an estimated interest rate to discount them. Estimation relates to assumptions about future cash flows and the determination of a suitable discount rate.

### Useful lives of depreciable / amortisable assets (Property, plant and equipment, intangible assets and investment property)

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected usage of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the usage of certain assets.

### Defined benefit obligation (DBO)

The cost of defined benefit gratuity plan and the present value of the gratuity obligation along with leave salary are determined using actuarial valuations. An actuarial valuation involves making various assumptions such as standard rates of inflation, mortality, discount rate, attrition rates and anticipation of future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument /assets. Management bases its assumptions on observable data as far as possible but this may not always be available. In that case management uses the best relevant information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## 1.2.22 Statement of cash flows

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

## 1.2.23 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability.

**Notes to consolidated financial statements for the year ended 31st March 21**

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.

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 categorised 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:

1. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or Liabilities.
2. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.



# MONARCH NETWORTH CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 21

## Note 2: Property, Plant and Equipment (PPE)

(Currency: Indian Rupees)

Description	Air Conditioners	Computer	Furniture & Fixtures	Vehicles	Office Equipment	Total
<b>Cost as at 1 April 2019 (A)</b>	<b>1,641,690</b>	<b>32,883,993</b>	<b>11,141,274</b>	<b>8,047,738</b>	<b>7,342,257</b>	<b>61,056,951</b>
Additions	6,535,036	2,078,658	2,735,176	6,805,776	905,135	19,059,781
Deletions	406,900	1,807,398	1,851,955	-	586,669	4,652,922
<b>Cost as at 31 March 2020 (B)</b>	<b>7,769,826</b>	<b>33,155,253</b>	<b>12,024,495</b>	<b>14,853,514</b>	<b>7,660,723</b>	<b>75,463,810</b>
Additions	1,244,672	8,343,435	755,700	6,755,479	3,889,783	20,989,069
Deletions	277,276	610,373	356,021	-	235,180	1,478,850
<b>Cost as at 31 March 2021 (C)</b>	<b>8,737,222</b>	<b>40,888,315</b>	<b>12,424,174</b>	<b>21,608,993</b>	<b>11,315,326</b>	<b>94,974,029</b>
<b>Accumulated depreciation as at 1 April 2019 (D)</b>	<b>668,773</b>	<b>19,016,229</b>	<b>5,770,787</b>	<b>2,114,411</b>	<b>3,750,851</b>	<b>31,320,983</b>
Depreciation for the period	938,195	4,921,248	738,350	783,902	1,221,673	8,603,368
Deletions	335,206	1,631,094	1,715,422	-	459,652	4,141,374
<b>Accumulated depreciation as at 31 March 2020 (E)</b>	<b>1,271,762</b>	<b>22,306,383</b>	<b>4,793,715</b>	<b>2,898,313</b>	<b>4,512,872</b>	<b>35,783,045</b>
Depreciation for the period	1,670,257	3,374,211	844,910	1,702,292	1,427,869	9,019,539
Deletions	185,510	581,008	338,221	-	186,047	1,290,786
<b>Accumulated depreciation as at 31 March 2021 (F)</b>	<b>2,756,509</b>	<b>25,099,586</b>	<b>5,300,404</b>	<b>4,600,605</b>	<b>5,754,694</b>	<b>43,511,798</b>
<b>Net carrying amount as at 31 March 2020 (B) - (E)</b>	<b>6,498,064</b>	<b>10,848,870</b>	<b>7,230,780</b>	<b>11,955,201</b>	<b>3,147,851</b>	<b>39,680,765</b>
<b>Net carrying amount as at 31 March 2021 (C) - (F)</b>	<b>5,980,713</b>	<b>15,788,729</b>	<b>7,123,770</b>	<b>17,008,388</b>	<b>5,560,632</b>	<b>51,462,231</b>

## Note: 3 Intangible assets

Description	Computer Software
<b>Cost as at 1 April 2019 (A)</b>	<b>1,142,300</b>
Additions	-
Deletions	-
<b>Cost as at 31 March 2020 (B)</b>	<b>1,142,300</b>
Additions	-
Deletions	-
<b>Cost as at 31 March 2021 (C)</b>	<b>1,142,300</b>
<b>Accumulated amortisation as at 1 April 2019 (D)</b>	<b>607,576</b>
Amortisation for the period	219,287
Deletions	-
<b>Accumulated amortisation as at 31 March 2020 (E)</b>	<b>826,863</b>
Amortisation for the period	96,708
Deletions	-
<b>Accumulated depreciation as at 31 March 2021 (F)</b>	<b>923,571</b>
<b>Net carrying amount as at 1 April 2019 (A) - (D)</b>	<b>534,724</b>
<b>Net carrying amount as at 31 March 2020 (B) - (E)</b>	<b>315,437</b>
<b>Net carrying amount as at 31 March 2021 (C) - (F)</b>	<b>218,729</b>

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 4</b>		
<b>Non-current Investments</b>		
Investment in Associate Company		
Investment in Networth Financial Service Limited (9,49,400 (Previous year: 9,49,400) equity shares of Rs. 10 each, fully paid up)	8,802,602	8,818,877
<b>Subtotal</b>	<b>8,802,602</b>	<b>8,818,877</b>
Investment in Alternate Investment Funds (AIF) - unquoted (FVTOCI)		
- Monarch Networth Capital Limited Compounder Fund (500000 (Previous year: NIL)) units of Rs. 100 each, fully paid up)	61,516,700	-
Refer Note 53 for details		
<b>Subtotal</b>	<b>61,516,700</b>	<b>-</b>
<b>Investment in equity - quoted (FVTOCI)</b>		
- Sadbhav Engineering Limited (1310 (Previous year: 1310)) equity shares of Rs. 10 each, fully paid up)	82,399	35,239
- Unistar Multimedia Limited (774262 (Previous Year: 774262)) equity shares of Rs. 10 each, fully paid up)	2,516,352	1,773,060
- Bombay Stock Exchange Limited (5700 (Previous year: 5700)) equity shares of Rs. 2 each, fully paid up)	2,515,405	1,314,684
- Rattanpower India Limited (229000 (Previous year: 229000)) equity shares of Rs. 10 each, fully paid up)	602,270	320,600
<b>Subtotal</b>	<b>5,716,426</b>	<b>3,443,583</b>
<b>Investment in Government or Trust Securities</b>		
National savings certificates	38,000	38,000
Life Insurance Policies	59,680	59,680
<b>Subtotal</b>	<b>97,680</b>	<b>97,680</b>
	<b>76,133,408</b>	<b>12,360,140</b>
Aggregate amount of quoted investments and market value thereof	5,716,426	3,443,583
Aggregate amount of unquoted investments	70,416,982	8,916,557
Aggregate amount of impairment in the value of investments	-	-
	<b>76,133,408</b>	<b>12,360,140</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 5</b>		
<b>Other Financial Assets</b>		
<b>Unsecured considered good unless stated otherwise :</b>		
<b>a. Security Deposits</b>		
Deposit with Stock Exchange & Financial Institutions	25,945,807	410,458,198
Additional Base capital with Clearing Member	458,253	967,958,253
<b>b. Balance with Revenue Authorities</b>		
Advance payment of taxes and tax deducted at source (net of provisions for taxation)	25,850,340	30,579,978

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>c. Other Deposits</b>		
Deposits for Arbitration Order	13,612,533	13,507,830
Deposits for Office Premises	99,860,337	97,728,592
Deposits for Telephone, VSAT, Electricity etc.	1,137,240	1,121,422
<b>Total</b>	<b>166,864,512</b>	<b>1,521,354,273</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 6</b>		
<b>DEFERRED TAX ASSETS (NET)</b>		
The movement on the deferred tax account is as follows:		
At the start of the year	14,698,144	15,750,354
Charge/(credit) to statement of Profit and Loss	(444,244)	(1,140,665)
Charge/(credit) to statement of OCI	(18,241)	88,456
<b>At the end of the year</b>	<b>14,235,659</b>	<b>14,698,144</b>
MAT Receivable	2,591,911	41,519,268
<b>Total</b>	<b>16,827,570</b>	<b>56,217,412</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 7</b>		
<b>Inventories</b>		
Stock in Trade*	27,010,514	27,626,201
<b>Total</b>	<b>27,010,514</b>	<b>27,626,201</b>

\* Stock in trade represents shares held as on balance sheet date at valued at fair value.

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 8</b>		
<b>Trade Receivables</b>		
<i>Unsecured, considered good</i>		
<b>Trade Receivables from Stock Broking Activities</b>		
- Outstanding for a period exceeding six months	34,613,806	80,650,094
- Outstanding for a period less than six months	226,127,115	191,366,731
<b>Total Trade Receivables from Stock Broking Activities</b>	<b>260,740,921</b>	<b>272,016,825</b>
<b>Trade Receivables from Other Activities</b>		
Receivables from margin trading facility (inclusive of Accrued interest on margin trading fund)	250,735,368	36,477,868
Receivable against NBFC Funding	80,745,268	360,169,043
Other Receivables	53,296,751	16,874,488
<b>Total Trade Receivables from Other Activities</b>	<b>384,777,387</b>	<b>413,521,399</b>
Less: Allowance for bad and doubtful debts including expected credit loss	-	-
<b>Total</b>	<b>645,518,308</b>	<b>685,538,224</b>

**Notes to consolidated financial statements for the year ended 31st March 21**

Note:

- The Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Company considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. As per management opinion, there is no Expected Credit Loss in Trade Receivables of the Company and all are on fair value, based on the assessment and judgement made by the management comprising directors of the company.

- The company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 31

: Fair value disclosures

- 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

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 9</b>		
<b>Cash and cash equivalents</b>		
Cash on Hand	541,457	262,778
Balance with Bank	325,235,988	1,519,474,583
Fixed deposits held as margin deposits	2,782,901,478	539,263,949
Other Fixed Deposits	19,516,454	220,448,228
<b>Total</b>	<b>3,128,195,377</b>	<b>2,279,449,537</b>

Notes:

Fixed deposits includes Rs. 2,78,29,01,478 and Rs. 53,92,63,949 for the year ended 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020, respectively, under lien with banks towards bank guarantee, or kept as security with Exchanges as margin money/arbitration matters.

Bank balances as on 31<sup>st</sup> March 2021 and as on 31<sup>st</sup> March 2020 include cheques on hands, which were cleared subsequent to the year end on periodic basis.

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 10</b>		
<b>Other Current Assets</b>		
- Other Current Financial Assets		
Advances to Staff	2,034,284	2,482,559
Receivables from Related Party	18,212	4,467,757
<b>- Other Current Non-Financial Assets</b>		
Advances to Suppliers	615,815	797,669
Prepaid Expenses	10,041,270	5,273,468
Advance against capital goods	22,677,750	10,000,000
Other Current Advances	1,242,387	1,137,443
<b>- Other Current Tax Assets (Net)</b>		
Receivables from Income Tax Authorities	-	7,779,330
<b>Total</b>	<b>36,629,718</b>	<b>31,938,225</b>

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 11</b>		
<b>Share Capital</b>		
<b>a Authorised :</b>		
Equity Shares of Re. 1/- each		
540,00,000 (Previous year 540,00,000 ) Equity shares of Rs.10 each	540,000,000	540,000,000
60,00,000 (Previous Year 60,00,000) Redeemable Preference Shares of Rs.10 each	60,000,000	60,000,000
5,00,000 (Previous Year 5,00,000) -6% Cumulative Redeemable preference Share of Rs. 100/- each	50,000,000	50,000,000
<b>TOTAL</b>	<b>650,000,000</b>	<b>650,000,000</b>
<b>b Issued and Subscribed and Paid up:</b>		
<b>3,10,49,518 (Previous year 3,10,49,518) Equity shares fully paid up</b>	<b>310,495,180</b>	<b>310,495,180</b>
<b>TOTAL</b>	<b>310,495,180</b>	<b>310,495,180</b>
<b>c Reconciliation of number of shares outstanding at the beginning and end of the year :</b>		
Equity share :		
Outstanding at the beginning of the year	31,049,518	31,049,518
<b>Add/(Less) : Adjustments during the year</b>	-	-
<b>Equity shares allotted as fully paid bonus shares by capitalisation of reserves</b>	-	-
<b>Equity Shares bought back during the year</b>	-	-
<b>Outstanding at the end of the year</b>	<b>31,049,518</b>	<b>31,049,518</b>

### d Terms / Rights attached to each classes of shares

#### Terms / Rights attached to Equity shares

The Company has only one class of equity shares with voting rights having a par value of Re 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend.

The Board of Directors, have recommended a Dividend for the financial year ended on 31/03/2021 @ 10% (i.e. Rs. 1/-) per equity share (Previous Year - Nil) to the equity shareholders. The Dividend will be paid after the approval of shareholders at ensuing Annual General Meeting. The date of book closure for the entitlement of such dividend and Annual General Meeting shall be decided and informed in due course of time.

In the event of liquidation of the Company, the shareholders 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.

## Notes to consolidated financial statements for the year ended 31st March 21

## e Shareholders holding more than 5% shares in the company is set out below:

Equity share	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	%	No. of Shares	%
VAIBHAV JAYANTILAL SHAH	3,108,815	10.01%	3,108,815	10.01%
SURESH BABULAL BAFNA	2,512,500	8.09%	2,512,500	8.09%
BELA HIMANSHU SHAH	2,406,000	7.75%	2,406,000	7.75%
BANKIM JAYANTILAL SHAH	2,206,000	7.10%	2,206,000	7.10%
SURESH P JAIN	1,942,137	6.25%	2,296,873	7.40%
CARE WEALTH ADVISORS LLP	1,660,432	5.35%	-	-
METAPHOR REALTY INVESTMENTS PRIVATE LIMITED	10,335	0.03%	2,412,000	7.77%

f The company had not issued any bonus share for consideration other than cash and no share had bought back during the period of five years immediately preceding the reporting date.

g During the year no share was reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 12</b>		
<b>Other Equity</b>		
<b>Reserves &amp; Surplus</b>		
<b>Capital reserve - at the beginning of the year</b>	<b>15,163,560</b>	<b>15,163,560</b>
Add: Addition during the year	-	-
At the end of the year	15,163,560	15,163,560
<b>Securities premium reserve - at the beginning of the year</b>	<b>347,569,238</b>	<b>347,569,238</b>
Add: Addition during the year	-	-
At the end of the year	347,569,238	347,569,238
<b>Retained earnings - at the beginning of the year</b>	<b>157,612,944</b>	<b>135,120,018</b>
Add: Addition during the year	243,438,962	22,492,926
At the end of the year	401,051,906	157,612,944
<b>Total Reserves &amp; Surplus</b>	<b>763,784,704</b>	<b>520,345,742</b>
<b>Other comprehensive income</b>		
<b>Remeasurements of the net defined benefit Plans</b>	<b>(993,410)</b>	<b>(778,100)</b>
Add: Addition during the year	44,401	(215,310)
At the end of the year	(949,009)	(993,410)
<b>Fair valuation of investments in equity shares</b>	<b>(8,810,835)</b>	<b>(5,606,252)</b>
Add: Addition during the year	13,789,542	(3,204,583)
At the end of the year	4,978,707	(8,810,835)
<b>Total Other comprehensive income</b>	<b>4,029,698</b>	<b>(9,804,245)</b>
<b>Total Other Equity</b>	<b>767,814,402</b>	<b>510,541,497</b>

## The Description of the nature and purpose of each reserve within equity is as follows:

- a) **Capital reserve:** Capital Reserves are mainly the reserves created during business combination for the gain on bargain purchase.
- b) **Securities Premium Reserve:** Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

# MONARCH NETWORK CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

c) **Retained earnings:** Retained earnings represents undistributed profits of the company

d) **Other comprehensive income:**

- (i) The company has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments within equity.
- (ii) Remeasurements of defined benefit liability comprises of actuarial gains and losses.

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 13</b>		
<b>Non Current Borrowing</b>		
Secured Borrowings		
Vehicle Loans (Non Current Matuities)		
Loan from ICICI Bank Ltd	-	444,750
Loan from Kotak Mahindra Prime Limited	1,421,849	-
Loan from Daimler Financial Services India Ltd	3,736,683	4,870,260
Loan from MBU India Financial Services Pvt Ltd	3,386,191	-
(Secured against hypothecation of respective vehicles)		
Unsecured Borrowings		
Loan to related parties and others	19,340,000	19,340,000
<b>Total</b>	<b>27,884,723</b>	<b>24,655,010</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 14</b>		
<b>Non Current Provisions</b>		
Provision for Gratuity	17,602,573	15,507,491
<b>Total</b>	<b>17,602,573</b>	<b>15,507,491</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 15</b>		
<b>Current Borrowings</b>		
Secured Borrowings		
Overdraft from HDFC Bank	2,121,286	550,523
(Secured against hypothecation of Office premises & Securities, and Personal guarantee of Key Management)		
Short Term Loan from Banks	-	85,000,000
( Secured against Pledge of Fixed Deposits )		
<b>Current Maturities</b>		
Vehicle Loans (Non Current Matuities)		
Loan from ICICI Bank Ltd	378,056	726,379
Loan from Kotak Mahindra Prime Limited	299,634	-
Loan from Daimler Financial Services India Ltd	1,121,101	1,028,140
Loan from MBU India Financial Services Pvt Ltd	791,641	-
<b>Unsecured Borrowings</b>		
- Other than promoter group	3,000,000	3,000,000
- Directors	-	1,000,000
<b>Total</b>	<b>7,711,718</b>	<b>91,305,042</b>

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 16</b>		
<b>Trade Payable</b>		
Trade Payable	156,333,208	2,655,524,235
Margin Payable to Clearing Member	2,600,844,678	859,583,676
Payable to MTF Clients	53,328,270	10,906,913
Other Payable	6,547,888	1,548,776
<b>Total</b>	<b>2,817,054,044</b>	<b>3,527,563,600</b>

**Notes:**

Please also refer Note 38 -Dues to micro, small and medium enterprises, of the Financial Statements regarding dues to Dues to micro and small enterprises

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 17</b>		
<b>Other Current financial liabilities</b>		
Creditors for Expenses	7,850,641	6,556,566
Salary & Reimbursements	18,246,201	2,836,274
<b>Total</b>	<b>26,096,842</b>	<b>9,392,840</b>

**Notes:**

Please also refer Note 38 -Dues to micro, small and medium enterprises, of the Financial Statements regarding dues to Dues to micro and small enterprises

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 18</b>		
<b>Current Provisions</b>		
Provision for Expenses	2,057,834	1,194,393
Provision for Income Tax	21,519,965	-
Provision for Gratuity (Current)	2,979,267	2,760,057
Provision for CSR	3,102,061	5,062,545
Provisions for Standard Assets	280,363	1,620,761
Provision for NPA	1,844,251	-
<b>Total</b>	<b>31,783,741</b>	<b>10,637,756</b>

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note: 19</b>		
<b>Other Current Liabilities</b>		
Statutory Remittances	13,147,733	57,418,362
Deposits from Clients	93,213,582	67,301,952
Deposits from Business Associates	23,766,669	24,002,495
Advance Brokerage from Client	407,891	776,578
Other Current Liabilities	11,881,272	4,882,412
<b>Total</b>	<b>142,417,147</b>	<b>154,381,799</b>



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 20 : Revenue from operations</b>		
<b>(a) Stock broking services</b>		
Brokerage	618,642,441	435,648,617
Demat Services	28,737,290	20,170,509
Late Payment Charges Income	32,470,381	58,280,893
Interest Income from Margin Funding	11,284,913	8,756,388
<b>(b) Other operating revenues</b>		
Merchant Banking	1,291,102	5,860,000
Financial Products Distribution	5,842,926	4,993,998
Advisory Services	176,000,500	10,173,620
Insurance Services	8,272,178	9,631,608
Interest Income from NBFC	39,310,133	93,041,741
Miscellaneous income	3,467,637	2,331,860
<b>Total</b>	<b>925,319,501</b>	<b>648,889,234</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 21 : Other income</b>		
(a) Dividend Income	70,606	143,810
(b) Interest Income		
From banks on fixed deposits	97,435,593	44,564,007
Other interest income	605,553	6,688,545
(c) Profit on sale of stock-in-pro trading	859,603	-
(d) Other non-operating income		
Miscellaneous income	6,586,036	4,104,804
<b>Total</b>	<b>105,557,392</b>	<b>55,501,166</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 22</b>		
<b>Employee Benefit Expenses</b>		
Salary & Other Allowances		
Employee Salary	231,051,199	234,874,733
Director Remuneration	5,448,991	4,763,340
Performance Incentive	6,771,508	5,999,887
Contribution to Provident & Other fund	14,975,762	13,529,920
Staff Welfare Charges	3,982,338	5,166,237
<b>Total</b>	<b>262,229,797</b>	<b>264,334,118</b>

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 23</b>		
<b>Operating Expenses</b>		
Sub Brokerage & Commission Expenses	180,705,742	128,889,338
Depository charges	7,707,865	5,363,060
Exchange Expenses	2,682,620	2,384,689
Connectivity Charges	6,038,521	3,701,349
Membership Fees & Subscription	5,934,699	3,793,393
Software Charges	16,120,518	11,218,612
Merchant Banking Expenses	1,880,743	1,733,955
Loss on sale of stock-in-error	176,226	245,590
Other operating charges	536,287	447,913
<b>Total</b>	<b>221,783,223</b>	<b>157,777,898</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 24 : Finance Cost</b>		
<b>Interest expense on:</b>		
On Temporary overdrafts availed from banks	4,863,416	24,950,267
On Car Loans	682,955	226,829
Other Interest	11,094,338	43,611,129
<b>Other borrowing costs:</b>		
Bank Guarantee Charges	5,735,781	8,706,748
<b>Other Charges</b>	1,121,848	1,116,875
<b>Total</b>	<b>23,498,338</b>	<b>78,611,848</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 25</b>		
<b>Other Expenses</b>		
<b>Administration expenses</b>		
Legal & Professional Charges	39,470,248	19,231,863
Telephone Charges	5,447,799	5,586,075
Electricity Charges	6,498,170	8,729,423
Rent Rates & Taxes	35,964,524	40,236,683
Repairs & Maintenance	6,910,674	6,763,357
Manpower supply charges	1,086,068	1,195,322
Insurance	618,949	258,223
Postage & Courier Charges	1,385,316	1,501,248
Conveyance & Travelling	2,271,274	6,143,348
Printing Stationery & Xerox Charges	1,350,766	1,533,290
Office expenses	5,038,529	4,788,913
Corporate Social Responsibility	3,102,203	2,401,262

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
Auditors' Remuneration	665,000	660,000
Sundry Balance written off	(6,263)	11,700,131
Loss on Assets sold / discarded	(86,548)	99,403
Loss on sale of stock-in-pro trading	-	38,482,563
Other Expenses	4,562,133	4,283,789
Charity & Donations	35,000	1,415,700
Business Promotion Expenses	2,635,635	3,841,904
<b>Total of Administrative, selling and Distribution</b>	<b>116,949,478</b>	<b>158,852,498</b>

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
<b>Note: 26</b>		
<b>Statement of other comprehensive income</b>		
<b>(i) Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	62,642	(303,766)
Equity Instruments through Other Comprehensive Income	13,789,542	(3,204,583)
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>	<b>(18,241)</b>	<b>88,456</b>
<b>Total</b>	<b>13,833,943</b>	<b>(3,419,893)</b>

### Note: 27: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

#### i. Profit attributable to Equity holders

	31-Mar-21 INR	31-Mar-20 INR
Profit attributable to equity holders :		
Continuing operations	243,438,962	22,492,926
Discontinued operations	-	-
<b>Profit attributable to equity holders for basic earnings</b>	<b>243,438,962</b>	<b>22,492,926</b>
<b>Adjustments:</b>		
Others	-	-
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>243,438,962</b>	<b>22,492,926</b>

## Notes to consolidated financial statements for the year ended 31st March 21

## ii. Weighted average number of ordinary shares

(Currency: Indian Rupees)

	31-Mar-21 INR	31-Mar-20 INR
Issued ordinary shares at April 1	31,049,518	31,049,518
Effect of shares issued as Bonus shares	-	-
Effect of shares bought back during the year	-	-
<b>Weighted average number of shares at March 31 for EPS</b>	<b>31,049,518</b>	<b>31,049,518</b>
<b>Effect of dilution:</b>		
Share options	-	-
Convertible preference shares	-	-
	<b>31,049,518</b>	<b>31,049,518</b>

## iii. Basic and Diluted earnings per share

	31-Mar-21 INR	31-Mar-20 INR
Basic earnings per share	7.84	0.72
Diluted earnings per share	7.84	0.72

## Note: 28: Tax expense

## (a) Amounts recognised in profit and loss

	For the year ended	
	31-Mar-21	31-Mar-20
Current income tax	103,212,445	9,458,182
Changes in tax estimates of prior years	1,170,063	417,229
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	444,244	1,140,665
Change in tax rate	-	-
<b>Deferred tax expense</b>	<b>444,244</b>	<b>1,140,665</b>
<b>Tax expense for the year</b>	<b>104,826,752</b>	<b>11,016,076</b>

## (b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans	62,642	(18,241)	44,401
Equity Instruments through Other Comprehensive Income	13,789,542	-	13,789,542
<b>Items that will be reclassified to profit or loss</b>	-	-	-
	<b>13,852,184</b>	<b>(18,241)</b>	<b>13,833,943</b>

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

Currency: Indian Rupees)

	For the year ended 31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans	(303,766)	88,456	(215,310)
Equity Instruments through Other Comprehensive Income	(3,204,583)	-	(3,204,583)
<b>Items that will be reclassified to profit or loss</b>	-	-	-
	<b>(3,508,349)</b>	<b>88,456</b>	<b>(3,419,893)</b>

### (c) Reconciliation of effective tax rate on the Amounts recognised in profit and loss as Current Income Tax

	For the year ended	
	31-Mar-21	31-Mar-20
<b>Profit before tax</b>	348,281,989	35,184,086
Statutory income tax rate	29.120%	27.820%
Tax using the Company's domestic tax rate	101,419,715	9,788,213
<b>Tax effect of:</b>		
Non-deductible tax expenses	4,924,287	2,135,321
Provision for assets	-	(161,495)
Deductions Under Income Tax Act	(4,324,499)	(1,689,407)
Subsidiary / Other Adjustments	1,192,942	(614,450)
	<b>103,212,445</b>	<b>9,458,182</b>

### (d) Movement in deferred tax balances

Particular	31-Mar-21				
	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset/ (Deferred tax liability)
<b>Deferred tax asset/(Liabilities)</b>					
Property, plant and equipment	9,376,470	(1,054,056)		8,322,414	8,322,414
Compensated absences and gratuity	5,321,674	609,812	(18,241)	5,913,245	5,913,245
Provision for Doubtful Debt	-	-	-	-	-
<b>Tax assets (Liabilities)</b>	<b>14,698,144</b>	<b>(444,244)</b>	<b>(18,241)</b>	<b>14,235,659</b>	<b>14,235,659</b>
Set off tax					
<b>Net tax assets</b>	<b>14,698,144</b>	<b>(444,244)</b>	<b>(18,241)</b>	<b>14,235,659</b>	<b>1,46,98,147</b>

## Notes to consolidated financial statements for the year ended 31st March 21

## (e) Movement in deferred tax balances

(Currency: Indian Rupees)

Particular	31-Mar-20				
	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset/ (Deferred tax liability)
<b>Deferred tax asset/(liabilities)</b>					
Property, plant and equipment	10,578,215	(1,201,745)	-	9,376,470	9,376,470
Compensated absences and gratuity	5,147,799	85,419	88,456	5,321,674	5,321,674
Provision for Doubtful Debt	24,339	(24,339)		-	-
<b>Tax assets (Liabilities)</b>	<b>15,750,354</b>	<b>(1,140,665)</b>	<b>88,456</b>	<b>14,698,144</b>	<b>14,698,144</b>
<b>Set off tax</b>	-	-	-	-	-
<b>Net tax assets</b>	<b>15,750,354</b>	<b>(1,140,665)</b>	<b>88,456</b>	<b>14,698,144</b>	<b>14,698,144</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

**Note: 29: Employee benefit expense**

The Company contributes to the following post-employment defined benefit plans in India.

**(i) Defined Contribution Plans:**

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised following amounts for provident fund and ESIC contributions in the Statement of Profit and Loss.

	Year ended 31-Mar-21	Year ended 31-Mar-20
Contribution to Provident Fund	8,082,700	8,228,163
Contribution to ESIC	767,889	1,118,053
	<b>8,850,589</b>	<b>9,346,216</b>

**(ii) Defined Benefit Plan:**

A) The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

- i) On normal retirement / early retirement / withdrawal / resignation:  
As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

# MONARCH NETWORK CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

### ii) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(Currency: Indian Rupees)

	31-Mar-21	31-Mar-20
<b>Net defined benefit liability</b>		
Liability for Gratuity	20,581,840	18,267,548
<b>Total employee benefit liabilities</b>	<b>20,581,840</b>	<b>18,267,548</b>
Non-current	17,602,573	15,507,491
Current	2,979,267	2,760,057

In the case of subsidiary companies, the provision for the gratuity is made by the managements of the respective companies, based on their internal assessment and no actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2021 as well as as at 31 March 2020. Hence all details mentioned herein below are based on the acturial valuation report pertaining to holding company only.

### B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Opening balance	18,934,474	18,401,220	666,926	646,850	18,267,548	17,754,370
Included in profit or loss						
Current service cost	2,686,344	2,625,125	-	-	2,686,344	2,625,125
Past service cost	-	-	-	-	-	-
Interest cost (income)	870,305	1,032,254	-	-	870,305	1,032,254
Others	-	(180,555)	-	-	-	(180,555)
	<b>22,491,123</b>	<b>21,878,044</b>	<b>666,926</b>	<b>646,850</b>	<b>21,824,197</b>	<b>21,231,194</b>
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	300,443	(1,012)	-	-	300,443	(1,012)
Financial assumptions	111,709	629,262	-	-	111,709	629,262
Experience adjustment	(134,419)	(384,707)	-	-	(134,419)	(384,707)
Return on plan assets excluding interest income	-	-	39,932	(60,223)	(39,932)	60,223
	<b>277,733</b>	<b>243,543</b>	<b>39,932</b>	<b>(60,223)</b>	<b>237,801</b>	<b>303,766</b>

Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Other Contributions paid by the employer	-	-	500,000	1,500,000	(500,000)	(1,500,000)
Benefits paid	(1,405,615)	(3,057,050)	(650,503)	(1,419,701)	(755,112)	(1,637,349)
Subsidiary Adjustment	(225,046)	(130,063)	-	-	(225,046)	(130,063)
<b>Closing balance</b>	<b>21,138,195</b>	<b>18,934,474</b>	<b>556,355</b>	<b>666,926</b>	<b>20,581,840</b>	<b>18,267,548</b>

Represented by:

Net defined benefit asset	6,66,926	6,46,850
<b>Net defined benefit liability</b>	<b>1,82,67,548</b>	<b>1,77,54,370</b>
	1,89,34,474	1,84,01,220

Maturity Analysis of Projected Benefit Obligation from the reporting year:

	1st Following Year	2nd Following Year	3rd Following Year	4th Following Year	5th Following Year	Sum of Years 6 To 10
March 31, 2021	6,638,094	4,406,563	3,294,916	2,575,731	2,100,993	4,361,581
March 31, 2020	5,481,851	4,359,985	3,211,306	2,303,739	1,732,157	3,905,495

C. Plan assets

Plan assets comprise the following:

	31-Mar-21	31-Mar-20
Policy of insurance	100%	100%
Bank Balance	0%	0%
	100%	100%

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31-Mar-21	31-Mar-20
Discount rate	5.25%	5.45%
Salary escalation rate	5.10%	5.10%
Withdrawal Rates	30% at all ages	30% at all ages
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Currency: Indian Rupees)

	31-Mar-21		31-Mar-20	
	Increase	Decrease	Increase	Decrease
Rate of discounting (0.50% movement)	20,561,396	21,123,438	18,462,032	18,965,203
Rate of salary increase (0.50% movement)	21,117,139	20,564,308	18,962,295	18,462,614
Rate of employee turnover (10% movement)	20,659,411	21,030,283	18,558,323	18,868,872

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### Note: 30: Leases- Operating leases

#### Leases as lessee

- a) The Company has entered into cancellable operating leasing arrangements for residential and office premises. Following Lease rentals has been included under the head "Other Expenses" under Note No 25 in the notes to the financial statements.

	Year ended 31-Mar-21	Year ended 31-Mar-20
Lease Rental Payments	35,964,524	40,236,683
	<b>35,964,524</b>	<b>40,236,683</b>

#### b) Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows.

	31-Mar-21	31-Mar-20
Less than one year	44,254,273	32,753,615
Between one and five years	56,153,187	2,741,616
	<b>100,407,460</b>	<b>35,495,231</b>

#### c) Adoption of Ind AS 116

The Company has adopted Ind AS 116, effective annual reporting period beginning from 1 April 2019 using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019).

On transition, the Company carried out a test of lease liability measured at the present value of the remaining lease payments. Based on the analysis of the management, the board is of the opinion that there is no significant impact of the application of provision on the financial statements of the company, considering the nature, amount and tenure of the lease agreements. Hence no recognition of the Right of use assets and corresponding Lease liabilities and provision for Interest cost on lease liabilities and Depreciation on right of use assets are made by the company. Lease rentals paid by the company are recognised under the head "Other Expenses" under Note No 25 in the notes to the financial statements and Security Deposits are recognised as "Other Non-Current Financial Assets" under Note No 5 in the notes to the financial statements.

## Notes to consolidated financial statements for the year ended 31st March 21

## Note: 31: Fair value disclosures

## 1. Financial instruments – Fair values and risk management

## A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Currency: Indian Rupees)

31-Mar-21	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	76,133,408	-	76,133,408	5,716,426	-	-	5,716,426
Non-current loans	-	-	166,864,512	166,864,512	-	-	-	-
Trade receivables	-	-	645,518,308	645,518,308	-	-	-	-
Cash and cash equivalents	-	-	3,128,195,377	3,128,195,377	-	-	-	-
Current Loans and advances	-	-	36,629,718	36,629,718	-	-	-	-
	-	76,133,408	3,977,207,915	4,053,341,323	5,716,426	-	-	5,716,426
<b>Financial liabilities</b>								
Non-current borrowings	-	-	27,884,723	27,884,723	-	-	-	-
Current borrowings	-	-	7,711,718	7,711,718	-	-	-	-
Trade payables	-	-	2,817,054,044	2,817,054,044	-	-	-	-
Other Non-Current financial liabilities	-	-	26,096,842	26,096,842	-	-	-	-
	-	-	2,878,747,326	2,878,747,326	-	-	-	-

31-Mar-20	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	12,360,140	-	12,360,140	3,443,583	-	-	3,443,583
Non-current loans	-	-	1,521,354,273	1,521,354,273	-	-	-	-
Trade receivables	-	-	685,538,224	685,538,224	-	-	-	-
Cash and cash equivalents	-	-	2,279,449,537	2,279,449,537	-	-	-	-
Current Loans and advances	-	-	31,938,225	31,938,225	-	-	-	-
	-	12,360,140	4,518,280,259	4,530,640,399	3,443,583	-	-	3,443,583
<b>Financial liabilities</b>								
Non-current borrowings	-	-	24,655,010	24,655,010	-	-	-	-
Current borrowings	-	-	91,305,042	91,305,042	-	-	-	-
Trade payables	-	-	3,527,563,600	3,527,563,600	-	-	-	-
<b>Other Non-Current financial liabilities</b>	-	-	9,392,840	9,392,840	-	-	-	-
	-	-	3,652,916,492	3,652,916,492	-	-	-	-

- (1) Assets that are not financial assets, in the opinion of the management are not included.
- (2) Other liabilities that are not financial liabilities, in the opinion of the management are not included.
- (3) In the opinion of the management, based on the details available with the company, all the financial assets and liabilities are tested for valuation, to identify their fair value, as prescribed in Indian Accounting Standards, and are measured at fair value, to the extent possible. The assets/ liabilities, which are not possible to be measured at fair value, in the opinion of the

## Notes to consolidated financial statements for the year ended 31st March 21

management, in the opinion of the management, are presented in the financial statements at their book value, without any adjustment towards fair valuation.”

### B. Measurement of fair values (Key inputs for valuation techniques):

1. Listed Equity Investments (other than Subsidiaries, Joint Ventures and Associates): Quoted Bid Price on Stock Exchange (Level 1)
2. Forward contracts : Forward exchange rate is taken from Foreign Exchange Dealers Association of India (FEDAI) (Level 1)
3. Valuation techniques and significant unobservable inputs: Not applicable (Level 3)

### Transfers between Levels 1 and 2

There were no transfer from Level 1 to Level 2 or vice versa in any of the reporting periods.

### C. Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

#### Trade and other receivables

Total Trade receivables as on 31 March 2021 are as follows:

31 March 2021	645,518,308
31 March 2020	685,538,224

**Notes to consolidated financial statements for the year ended 31st March 21**

The Company does not have higher concentration of credit risks to a single customer.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed half yearly. Any sales exceeding those limits require approval from the Board of Directors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics as follow:

**Receivable from Exchange (Unsecured) :** There are no historical loss incurred in respect of Receivable from exchange. Entire exposure/receivable as at each reporting period is received and settled within 7 days from reporting period. Therefore, no ECL is recognised in respect of receivable from exchange.

**Receivable from Brokerage and depository:** Company has large number of customer base with shared credit risk characteristics. As per policy of the Company, trade receivable to the extent not covered by collateral (i.e. unsecured trade receivable) is considered as default and are fully written off as bad debt against respective trade receivables and the amount of loss is recognised in the Statement of Profit and Loss. Subsequent recoveries of amounts previously written off are credited to the income statement as bad debts recovered. Trade receivable of the company are of short duration with credit period ranging up to maximum 30 days. In case of delay in collection, the Company has right to charges interest (commonly referred as delayed payment charges) on overdue amount for the overdue period. However, in case of receivable from depository, the Company doesn't have right to charge interest. Though credit period given to customer in respect of receivable from depository is very short, generally there is significant delay in ultimate collection. The Company has computed expected credit loss due to significant delay in collection. Incremental borrowing rate is considered as effective interest rate on these trade receivable for the purpose of computing time value loss.

**Receivables from margin trading facility:** In accordance with Ind AS 109, the Company applies expected credit loss model (ECL) for measurement and recognition of impairment loss. The expected credit loss is a product of exposure at default (EAD), probability of default (PD) and Loss given default (LGD). The financial assets have been segmented into three stages based on the risk profiles, primarily based on past due. Company has large number of customer base with shared credit risk characteristics. Receivables against margin trading facilities are secured by collaterals. As per policy of the Company, Receivables against Margin trade facilities to the extent not covered by collateral (i.e. unsecured portion) is considered as default and are fully written off as bad debt against respective loan receivables and the amount of loss is recognised in the Statement of Profit and Loss. Subsequent recoveries of amounts previously written off are credited to the Statement of Profit and Loss as bad debts recovered. As per Ind AS 109, the maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice. Therefore, the maximum period to consider when measuring expected credit losses for these loans is the maximum contractual period (i.e. on demand/one day). ECL is computed assuming that these loans are fully recalled by the Company at each reporting period

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

At 31 March 2021, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

(Currency: Indian Rupees)

	Carrying amount (in INR)	
	31 March 2021	31 March 2020
India	645,518,308	685,538,224
	645,518,308	685,538,224

Management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	31 March 2021	31 March 2020
<b>Opening balance</b>	-	-
Provision for receivables impairment	48,001,328	-
Receivables written off during the year as uncollectible	(48,001,328)	-
Provision released during the year	-	-
<b>Closing balance</b>	-	-

With the applicability of Ind AS 109, the recognition and measurement of impairment of financial assets is based on credit loss assessment by expected credit loss (ECL) model. The ECL assessment involve significant management judgement. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors, like staging criteria, calculation of probability of default / loss and consideration of probability weighted scenarios and forward looking macroeconomic factors. The board acknowledges and understands that these factors, since there is a large increase in the data inputs required by the ECL model, which increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Based on the internal management analysis, as per Board Opinion, there is no requirement of provision for expected credit loss in several financial assets including the trade receivables and other receivables of the Company and all are on fair value, based on the assessment and judgement made by the board of the company.

### Cash and cash equivalents

The company maintains its Cash and cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

### iii. Liquidity risk

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

The Company uses product-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

31-Mar-21	Contractual cash flows				
	Carrying amount	Total	12 months or less	1-5 years	More than 5 years
<b>INR</b>					
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	27,884,723	27,884,723	-	8,544,723	19,340,000
Current borrowings	7,711,718	7,711,718	7,711,718	-	-
Trade payables	2,817,054,044	2,817,054,044	2,817,054,044	-	-
Other financial liabilities	26,096,842	26,096,842	26,096,842	-	-
Derivative financial liabilities					
Forward exchange contracts	-	-	-	-	-

31-Mar-20	Contractual cash flows				
	Carrying amount	Total	12 months or less	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	24,655,010	24,655,010	-	5,315,010	19,340,000
Current borrowings	91,305,042	91,305,042	91,305,042	-	-
Trade payables	3,527,563,600	3,527,563,600	3,527,563,600	-	-
Other financial liabilities	9,392,840	9,392,840	9,392,840	-	-
<b>Derivative financial liabilities</b>					
Forward exchange contracts	-	-	-	-	-

## iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**Currency risk**

The Company is not exposed to any currency risk on account of its borrowings, other payables and receivables in foreign currency. All dealings are done in domestic markets by the company. The functional currency of the Company is Indian Rupee.

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing financial instruments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Company's interest rate risk arises from borrowings and fixed income financial instruments. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

## MONARCH NETWORTH CAPITAL LIMITED

### Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

	Nominal amount in INR	
	31-Mar-21	31-Mar-20
Fixed-rate instruments		
Financial assets	2,802,876,185	1,727,670,430
Financial liabilities	11,135,155	7,069,529
	<b>2,791,741,031</b>	<b>1,720,600,901</b>
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	2,121,286	85,550,523
	<b>(2,121,286)</b>	<b>(85,550,523)</b>
<b>Total</b>	<b>2,789,619,745</b>	<b>1,635,050,378</b>

#### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable-rate instruments

The company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Note 32 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 31 March 2021 was as follows.

Particular	As at 31 March 2021	As at 31 March 2020
Total Borrowings	35,596,440	115,960,052
Less : Cash and cash equivalent	345,293,900	1,740,185,588
<b>Adjusted net debt</b>	<b>(309,697,460)</b>	<b>(1,624,225,536)</b>
Total equity	1,078,309,582	821,036,677
Less : Hedging reserve	-	-
<b>Adjusted equity</b>	<b>1,078,309,582</b>	<b>821,036,677</b>
Adjusted net debt to adjusted equity ratio	(0.29)	(1.98)

\*\* Cash and cash equivalent excludes the Fixed Deposits held as margin deposits

In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc. which is maintained by the Company.

## Notes to consolidated financial statements for the year ended 31st March 21

## Note 33 Related party relationships, transactions and balances

## Nature of relationship

**I Associate Companies**

- a Network Financial Services Ltd

**II Enterprises over which Directors / Promotor / KMP and their relatives exercise significant influence**

- a Premjayanti Properties
- b Monarch Infra Venture
- c Premjayanti Enterprises Private Limited
- d Monarch Comtrade Private Limited
- e Monarch Infraparks Private Limited
- f Krone Finstock Private Limited
- g Mahaveer Equibiz
- h Vibrant Investments
- i Krone Investments
- j GSEC Monarch & Deccan Aviation Private Limited
- k Ascent Shares and Stock Brokers Private Limited

**III Promoters / Key Management Personnel and their relatives**

- a Mr. Vaibhav Shah (Managing Director)
- b Mrs. Manju Bafna (Wholetime Director)
- c Mr. Ashok Bafna (Wholetime Director)
- d Mr. Gaurav Bhandari (CEO)
- e Mr. Chetan Bohra (Director)
- f Ms Avni Chouhan (Director)
- g Mr. Satish Kumar (Director)
- h Ms Rupali Verma (Company Secretary)
- i Mr. Tarak Shah (CFO)
- j Mrs. Kinnari Shah
- k Mr. Bankim Shah
- l Mr. Himanshu Shah
- m Mr. Suresh Bafna
- n Mrs. Bela Shah
- o Mr. Shailen Shah
- p Mrs. Hemangi B. Shah
- q Mr. Suresh Pukhraj Jain
- r Mrs. Kanta Jain



## MONARCH NETWORTH CAPITAL LIMITED

### Notes to consolidated financial statements for the year ended 31st March 21

**B. The following transactions were carried out during the year with the related parties in the ordinary course of business:**

(Currency: Indian Rupees)

Nature of Transactions	Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Revenue</b>						
Interest Income	438,293	5,960,914			438,293	5,960,914
Brokerage Income	1,141,796	1,442,412	14,234	12,429	1,156,030	1,454,841
<b>Total</b>	<b>1,580,089</b>	<b>7,403,326</b>	<b>14,234</b>	<b>12,429</b>	<b>1,594,323</b>	<b>7,415,755</b>
<b>Expenses</b>						
Professional Fees Paid	-	-	2,750,000	2,700,000	2,750,000	2,700,000
Salaries	-	-	10,175,454	9,107,340	10,175,454	9,107,340
<b>Lease Rent Paid</b>	<b>10,800,000</b>	<b>10,800,000</b>	<b>3,600,000</b>	<b>3,600,000</b>	<b>14,400,000</b>	<b>14,400,000</b>
<b>Total</b>	<b>10,800,000</b>	<b>10,800,000</b>	<b>16,525,454</b>	<b>15,407,340</b>	<b>27,325,454</b>	<b>26,207,340</b>

Nature of Transactions	Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Outstanding Balances</b>						
<b>Investments as on</b>	-	-	-	-	-	-
Network Financial Service Limited	8,802,602	8,818,877	-	-	8,802,602	8,818,877
<b>Total</b>	<b>8,802,602</b>	<b>8,818,877</b>	<b>-</b>	<b>-</b>	<b>8,802,602</b>	<b>8,818,877</b>
<b>Receivables / Advances</b>						
Network Financial Services Limited	18,212	-	-	-	18,212	-
Monarch Comtrade Private Limited	-	4,467,757	-	-	-	4,467,757
<b>Total</b>	<b>18,212</b>	<b>4,467,757</b>	<b>-</b>	<b>-</b>	<b>18,212</b>	<b>4,467,757</b>
<b>Payables</b>						
Monarch Infra Venture	11,578,173	174,106	-	-	11,578,173	174,106
Network Financial Services Limited	19,340,000	19,340,000	-	-	19,340,000	19,340,000
Vaibhav J shah	-	-	201,715	1,000,000	201,715	1,000,000
Ashok Bafna	-	-	113	-	113	-
Bankim J Shah	-	-	201,500	-	201,500	-
Bela H Shah	-	-	201,343	-	201,343	-
Hemangi B Shah	-	-	201,715	-	201,715	-
Kinnari V Shah	-	-	201,742	-	201,742	-
Manju Bafna	-	-	1,002,528	-	1,002,528	-
<b>Total</b>	<b>30,918,173</b>	<b>19,514,106</b>	<b>2,010,656</b>	<b>1,000,000</b>	<b>32,928,829</b>	<b>20,514,106</b>

Directors of the Companies have given personal guarantees towards certain borrowings and cash credit of the Company

**Notes to consolidated financial statements for the year ended 31st March 21**

Gratuity and Compensated absences are included in managerial remuneration as disclosed above

All transactions with the related parties are priced on an arm's length prices and resulting outstanding balances are to be settled in cash on demand. None of the balances are secured.

**Note 34 Contingent liabilities (to the extent not provided for)**

	Rs in Lacs	
Contingent liabilities	31-Mar-21	31-Mar-20
Bank Guarantee (Monarch Network Capital Ltd)	8,246	7,700
Income Tax matters pending with various authorities	97.55	95.48
Service Tax matters pending with various authorities	64.72	64.72
(Merged Entity -Monarch Project & Finmarkets Limited and Monarch Research Brokege Pvt Ltd)		
Client Litigation matter	70.45	105.78

**Notes**

- (i) There are certain claims aggregating to Rs. 318 lacs (previous year Rs. 318 lacs) against the company for which the company has taken suitable legal recourse. Hence the same has not been recognized as a debt and no provision has been made thereof.
- (ii) The Company's pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2021
- (iii) Pending resolution of the respective proceedings, it is not practicable for the company to estimate the timing of the cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.
- (iv) In respect of NBFC Business, Monarch Network Finserve Private Limited has received order u/s 143(3) of the Income Tax Act, 1961 for A.Y 2011-12 and demand of Rs 1.33 Lakhs raised and also company has received u/s 271(1)( C) of Income Tax Act 1961 for same Assessment Year and demand of Rs 5.20 Lakhs raised. In Connection with the same company has filled an appeal against the same demand.
- (v) In respect of NBFC Business, Monarch Network Finserve Private Limited has received order u/s 143(3) of the Income Tax Act, 1961 for A.Y 2012-13 and demand of Rs 3.35 Lakhs raised. In Connection with the same company has filled an appeal against the same demand.
- (vi) In respect of NBFC Business, Monarch Network Finserve Private Limited has received order u/s 143(3) of the Income Tax Act, 1961 for A.Y 2014-15 and demand of Rs 4.13 Lakhs raised. In Connection with the same company has filled an appeal against the same demand.

**Note 35**

The company has taken suitable legal action for recovering deposits of Rs. 40 lacs (previous year Rs. 40 lacs) for premises at Bangalore and Rs. 300 lacs (previous year Rs. 300 lacs) for premises at Nariman Point- Mumbai . The management expects favorable order for the same, hence no provisions have been made thereof.

**Note 36**

The company has taken suitable legal action for recovering debts of Rs. 239 lacs (previous year Rs. 239 lacs) for fraudulent transaction done by client in the year 2008-09. SEBI has passed the interim order withholding the payout which is kept with Bombay Stock Exchange till completion of investigation. The management expects favorable order for the same, hence no provisions have been made thereof.

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

### Note 37 Commitments

	Rs in Lacs	
	31-Mar-21	31-Mar-20
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil

### Note 38

The Company has an informal process of obtaining confirmations from the vendors to record whether they are covered under Micro, Small and Medium Enterprise Development Act 2006 as well as they have filed required memorandum with prescribed authority. Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year end are furnished below:

	Rs in Lacs	
	31-Mar-21	31-Mar-20
<b>Dues to micro, small and medium enterprises</b>		
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	600,000	896,400
Interest	Nil	Nil
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

### Note 39

	Rs in Lacs	
	31-Mar-21	31-Mar-20
<b>Earnings and expenditure in Foreign Currency during the year:</b>		
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

### Note 40

#### PROPOSED DIVIDEND

The Board of Directors, have recommended a Dividend for the financial year ended on 31/03/2021 @ 10% (i.e. Rs. 1/-) per equity share (Previous Year - Nil) to the equity shareholders. The Dividend will be paid after the approval of shareholders at ensuing Annual General Meeting. The date of book closure for the entitlement of such dividend and Annual General Meeting shall be decided and informed in due course of time.

**Notes to consolidated financial statements for the year ended 31st March 21****Note 41**

	31-Mar-21	31-Mar-20
Forward exchange contracts outstanding on the balance sheet date which is entered to hedge foreign exchange exposures of the Company.	Nil	Nil

**Note 42**

The Company has carried out Impairment test on its Fixed Assets as on the date of Balance Sheet and the management is of the opinion that there is no asset for which provision of impairment is required to be made as per applicable Indian Accounting Standard.

**Note 43**

Balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable, which may be considerable. As per the opinion of the Board, there will be no substantial impact on their reconciliation with their balance confirmations as on the reporting date.

**Note 44**

All Property Plant and Equipment were physically verified by the management of the of the company in accordance with a planned program of verifying them once in three years, which is due for verification considering the movement restrictions due to covid pandemic. As per the opinion of the Board, there will be no substantial impact on their reconciliation with their physical verification as on the reporting date.

**Note 45**

In the opinion of the board, the current assets, loans and advances are approximately of the value state, if realized in ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

**Note 46****Events Occurring After the Balance Sheet Date**

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company.

**Note 47**

(Currency: Indian Rupees)

	Rs in Lacs	
Directors Remuneration	31-Mar-21	31-Mar-20
Director Remuneration	5,448,991	4,763,340

Computation of net profit u/s 198 of the Companies Act, 2013 is not furnished as no commission is payable / paid to the Directors. The reimbursement or payment of expenses as per the contractual appointment, are not in the nature of personal expenses, as the same are accepted/incurred under contractual obligation as per the business practices. Also the expenditure incurred in the normal course of business, in accordance with the generally accepted business practices, on employees and directors, is not considered as expenditure of personal nature. There for the same has not been considered for the above purpose.

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

### Note 48

(Currency: Indian Rupees)

Auditors Remuneration	31-Mar-21	31-Mar-20
Towards Statutory & Tax Audit (Exclusive of Service Tax/GST)	665,000	660,000
	<b>665,000</b>	<b>660,000</b>

### Note 49

#### Corporate social responsibility

Pursuant to the application of Section 135 of the Act and the Rules framed thereunder, the Company has constituted the CSR committee during the year. The company is required to spend at least two per cent of the average net profits of the company made during the three immediately preceding financial years as per the activities which are specified in Schedule VII of the Act and the Company has decided to spend the amount by way of contribution to a Trust. The disclosure as required by the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by the Institute of Chartered Accounts of India are as follows:

Particulars	Year Ended on 31 March 2021	Year Ended on 31 March 2020
Unspent Balance at the beginning	5,062,545	2,709,870
Provision made by the Company during the year	3,102,203	2,401,262
Prior Period Provision made by the Company during the year	62,040	(48,587)
Amount Spent during the year	(5,124,727)	-
- Construction / acquisition of any asset		-
- On purpose of other than above	5,124,727	-
Amount remaining to be Spent at the end of the year	3,102,061	5,062,545

### Note 50

#### Uncertainty relating to the global health pandemic on COVID-19

Covid-19 outbreak was declared as a global pandemic by World Health Organisation. As per the current reports the Second wave of COVID-19 pandemic has peaked in most states in India. Stock Broking services, being part of Capital Market operations have been declared as essential services and accordingly, the Company has been in operation consistently with minimal permitted staff. The Company is closely monitoring the impact due to COVID-19 on various aspects of its business including its customers/ vendors/ employees and other business partners. The Company will continue to monitor for any material changes to future economic conditions and as of March 31, 2021 based on the facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern. In management view, the Company's capital and liquidity position stands strong as on reporting date. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration.

### Note 51

#### REVENUE FROM CONTRACT WITH CUSTOMERS

The Company derives revenue primarily from the Share Broking Business. Its other major revenue sources are Portfolio Management Services and Interest Income

#### Disaggregate revenue information

1. The table below presents disaggregate revenues from contracts with customers for the year ended 31 March 2021 and 31 March 2020. The Company believes that this disaggregation best depicts how the nature, amount, Timing and uncertainty of revenue and cash flows are affected by market and other economic factors.

**Notes to consolidated financial statements for the year ended 31st March 21****Nature of Services**

- (a) Stock Broking Services - Income from services rendered as a broker is recognised upon rendering of the services, in accordance with the terms of contract. This includes Brokerage, Demat Services, Late Payment Charges income & Interest Income from Margin Funding
- (b) Other operating revenues - This includes revenue generated from Merchant Banking services, Financial Products Distribution, Financial Advisory Services, etc incurred by the company in the normal course of operations during the year.

**2. Disaggregate revenue information**

(Currency: Indian Rupees)

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>(a) Stock broking services</b>		
Brokerage	618,642,441	435,648,617
Demat Services	28,737,290	20,170,509
Late Payment Charges Income	32,470,381	58,280,893
Interest Income from Margin Funding	11,284,913	8,756,388
<b>(b) Other operating revenues</b>		
Merchant Banking	1,291,102	5,860,000
Financial Products Distribution	5,842,926	4,993,998
Advisory Services	176,000,500	10,173,620
Insurance Services	8,272,178	9,631,608
Interest Income from NBFC	39,310,133	93,041,741
Miscellaneous income	3,467,637	2,331,860

**3. Nature, Timing of satisfaction of the performance obligation on and significant payment terms.**

- (i) Income from services rendered as a broker is recognised upon rendering of the services.
- (ii) Fees for subscription on based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract
- (iii) Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant.
- (iv) Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- (v) Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable
- (vi) Income from services rendered on behalf of depository is recognised upon rendering of the services, in accordance with the terms of contract.

The above services are point in time in nature, and no performance obligation remains once the transaction is executed. Fees for subscription on based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract, and are over the period in nature.

# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

### Note 52

The carrying amounts of assets pledged as security for borrowings are:

(Currency: Indian Rupees)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Fixed deposits held as margin deposits	412,300,000	555,000,000
Property, plant and equipment	17,008,388	11,955,201
Total assets pledged as security	429,308,388	566,955,201

- Investments and Property, plant and equipments are pledge with Banks and NBFCs to against fund based and non-fund based borrowing facilities taken by the company

### Note 53

#### MNCL CAPITAL COMPOUNDER FUND

Monarch Network Capital Ltd, being the Investment Manager and Sponsor of Monarch AIF (Alternative Investment Fund) - Category III, a SEBI registered fund as defined under Securities Exchange Board of India (Alternative Investment Funds) Regulations, 2012, has invested a sum of Rs. 5 Crores in a scheme of Monarch AIF i.e. MNCL CAPITAL COMPOUNDER FUND ('the Fund') for a period of 3 years (which can be extended by upto 2 years). MNCL CAPITAL COMPOUNDER FUND is a Category 3 long only AIF Equity fund which is launched by Monarch AIF.

#### Key Features of the fund are as follows:

- 'MNCL Capital Compounder Fund' is a close ended scheme of the Trust and is offering through a private placement Class A Units, Class B Units, Class C Units and such other Class(es) /Subclass(es) of Units as the Investment Manager may decide from time to time for subscription aggregating to Rs. 100,00,00,000 (Indian Rupees One Hundred Crores) with a green shoe option of up to Rs. 50,00,00,000 (Indian Rupees Fifty Crores). The Fund is a scheme of an Indian trust set-up under the Indian Trusts Act, 1882 and is registered with SEBI as a Category III AIF under the Regulations and would be operated in compliance with other Applicable Laws.
- Sponsor's Contribution by MNCL : As per the terms of The Sponsor/Investment Manager shall commit an amount equivalent to 5% (five percent) of the Corpus or Rs. 10,00,00,000 (Rupees Ten Crore), whichever is lower, and shall maintain a continuing interest in the Fund in accordance with the Regulations.
- 'Beacon Trusteeship Limited' shall act as the Trustee to the Trust. The Trustee shall have all powers in respect of the property of the Trust, including power to manage the same, which would be delegated to the Investment Manager in terms of the Investment Management Agreement. The Trustee shall not interfere with the actions of the Investment Manager so long as the actions are within the powers of the Investment Manager.
- Commitment Period : The Commitment Period for the Fund shall commence from the date of execution of Contribution Agreement on 28-09-2020 and shall end on the expiry of 3 (three) months from the Final Closing that may be extended for a further period up to 3 (three) months by the Investment Manager. During which the Capital Commitments can be drawn down upon issuance of a Drawdown Notice to the Contributors.
- Lock-in Period : Lock-in Period means the period commencing from the date of signing of the respective Contribution Agreement till the expiry of 18 (eighteen) months from the date of last Drawdown or the date of Final Closing, whichever is later. To clarify, no exit of any Units shall be allowed during the Lock-in Period, except at the discretion of the Investment Manager.
- Management Fee : Pursuant to the Investment Management Agreement, the Investment Manager will be entitled to receive Management Fee, that will accrue and commence from the date of First Closing and shall be chargeable on annual basis in arrears in respect of Class A Units and Class C Units. The Management Fee shall be charged up to 0.5% (zero point five percent) p.a. on the NAV (calculated at the beginning of each year) of Class A Units and Class C Units. No Management Fee shall be payable with respect to the holders of Class B Units. The Revenue from Management Fees is disclosed under "Note: 20 : Revenue from operations".

**Notes to consolidated financial statements for the year ended 31st March 21**

- Performance Fee : The Investment Manager will establish and maintain an account for the Fund. The Fund's account will contain separate capital accounts (each a "Capital Account") in order to separately track the Net Asset Value of each Contributor's Units in the Fund. The Investment Manager shall charge performance fee ("Performance Fee") based on the performance of each Capital Account at the rate of 15% (fifteen percent) p.a. of all the profits after deducting Fund Expenses (except Performance Fee), reserves, provisions/withholdings, (in case the profits are higher than the Hurdle Rate of Return) from the holders of Class A Units and Class C Units, on annual basis at the end of financial year or shorter period in certain circumstances as listed out in the Contribution Agreements viz. in case of exit etc. The Performance Fee shall be charged at the end of each year on an annual basis. The Revenue from performance Fees is disclosed under "Note: 20 : Revenue from operations".
- Hurdle Rate of Return : The hurdle rate of return shall be the compounded rate of return of an INR based calculation of 10% (pre-Tax) on an annualized basis.
- Set-up Cost : The Investment Manager will charge one-time Set-up Cost from the holders of Class A Units and Class C Units at actuals subject to a limit of up to 0.5% (zero point five percent) of the aggregate Capital Commitments by the holders of Class A Units and Class C Units. The Investment Manager may, in its discretion reduce/waive the Set-Up Cost payable by an Investor. No Set-up Cost shall be payable with respect to the holders of Class B Units.

**Notes 54****Segment reporting****A. General Information****(a) Factors used to identify the entity's reportable segments, including the basis of organisation**

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- Segment-1 Broking & other Finance Market Services
- Segment-2 Non Banking Finance Business
- Segment-3 Insurance business

The Board evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The Board reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment."

**(b) Following are reportable segments**

Segment-1 Broking & Other Finance Market Services  
 Segment-2 Non Banking Finance Business  
 Segment-3 Insurance business

**B. Information about reportable segments**

(Currency: Indian Rupees)

Particulars	Year Ended	
	31.03.2021	31.03.2020
<b>1. Segment Revenue</b>		
a) Broking & Others		
1) Broking	694,232,739	525,072,093
2) Financial Products Distribution	5,842,926	4,993,998
3) Merchant Banking Income	1,291,102	5,860,000
4) Advisory Income	116,125,500	10,173,620



# MONARCH NETWORTH CAPITAL LIMITED

## Notes to consolidated financial statements for the year ended 31st March 21

(Currency: Indian Rupees)

Particulars	Year Ended	
	31.03.2021	31.03.2020
5) Others (Un-allocated)	109,447,648	76,147,944
b) Non Banking financial business	99,561,437	93,203,741
c) Insurance business	8,923,773	10,119,170
Less: Inter Segment Revenue	4,548,232	21,180,167
<b>Net sales/Income From Operations</b>	<b>1,030,876,892</b>	<b>704,390,400</b>
2. Segment Results (Profit)(+)/ Loss(-) before tax and interest from Each segment)		
a) Broking & Others (1 To 5)	254,863,605	-10,857,523
b) Non Banking financial business	66,514,498	69,778,623
c) Insurance business	2,421,187	4,802,318
<b>Total</b>	<b>323,799,291</b>	<b>63,723,418</b>
Less: (i)Interest	(23,498,338)	(78,611,848)
(ii) Other Un-allocable Expenditure net off	-	-
(iii) Un-allocable income	-	-
Add : Exceptional Item	(48,513,967)	(510,320)
Interest Income	96,495,004	50,582,836
<b>Total Profit/(Loss) Before Tax</b>	<b>348,281,989</b>	<b>35,184,086</b>
<b>3. Capital Employed</b>		
(Segment assets – Segment Liabilities)		
a) Broking & Others (1 To 4)	906,142,101	688,179,815
b) Non Banking financial business	157,770,002	120,273,356
c) Insurance business	14,397,479	12,583,506
<b>Total</b>	<b>1,078,309,582</b>	<b>821,036,677</b>

### C. Geographic information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

Since all the operations of the group are based in India, the presentation of geographic information is not applicable"

#### Note: 55

Previous year's figures have been regrouped or reclassified wherever necessary

#### As per our Report of even date

##### For PAREKH SHAH & LODHA

Chartered Accountants  
(Firm Reg. No. 107487W)

##### Amit Saklecha

(Partner)  
M.No. 401133  
UDIN: 21401133AAAAAD1638

Place : Mumbai  
Date: 18<sup>th</sup> June 2021

#### For and on behalf of the Board

**Vaibhav Shah**  
(Managing Director)  
DIN 00572666

**Tarak Shah**  
(Chief Financial Officer)

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

**Manju Bafna**  
(Whole-Time Director)  
DIN 01459885

**Rupali Verma**  
(Company Secretary)  
ICSI Member. No: A42923

Place : Ahmedabad  
Date : 18<sup>th</sup> June 2021

**MONARCH NETWORK CAPITAL LIMITED**

CIN: L65920GJ1993PLC120014

Regd Off: Unit No. PO4-01D, 4<sup>th</sup> Floor, Tower A, WTC GIFT CITY, Block No. 51,  
Road 5E, Zone-5, GIFT City, Gandhinagar - 382355.Tel: 079-26666500/079-66000500, Email: [cs@mnclgroup.com](mailto:cs@mnclgroup.com), Website: [www.mnclgroup.com](http://www.mnclgroup.com)**ATTENDANCE SLIP****28<sup>TH</sup> ANNUAL GENERAL MEETING ON THURSDAY, 30<sup>TH</sup> SEPTEMBER, 2021**

(To be completed and presented at the Entrance)

Name of Member	
Registered Address	
Regd. Folio No.	
Client ID/ D.P. ID*	
No. of Share(s) held	
Joint Holder 1	
Joint Holder 2	

\* Applicable for investors holding shares in Electronic form

I certify that I am the registered shareholder(s)/proxy for the registered shareholder of the Company.

I/we hereby record my/our presence at the 28<sup>th</sup> Annual General Meeting of the Company held on Thursday, 30<sup>th</sup> September, 2021 at 2.00 pm. At Fortune Inn Haveli, East Wing - Banquet Hall, Plot No 235, Sector 11, Gandhinagar - 382011.\_\_\_\_\_  
**Member's/Proxy's name**\_\_\_\_\_  
**Member's/Proxy's Signature****Note:**

1. Please fill in the Folio/DP ID-Client ID No., name and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Please read the instructions for e-voting given along with Annual Report. The voting period starts from Sunday, 26<sup>th</sup> September, 2021 (09.00 a.m.) and ends on Wednesday, 29<sup>th</sup> September, 2021 (05.00 p.m.). The voting module shall be disabled by NSDL for voting thereafter.

# MONARCH NETWORK CAPITAL LIMITED

## MONARCH NETWORK CAPITAL LIMITED

CIN: L65920GJ1993PLC120014

Regd Off: Unit No. PO4-01D, 4th Floor, Tower A, WTC GIFT CITY, Block No. 51,  
Road 5E, Zone-5, GIFT City, Gandhinagar - 382355.

Tel: 079-26666500/079-66000500, Email: [cs@mnclgroup.com](mailto:cs@mnclgroup.com), Website: [www.mnclgroup.com](http://www.mnclgroup.com)

### PROXY FORM FORM NO. MGT-11

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

#### 28<sup>TH</sup> ANNUAL GENERAL MEETING ON THURSDAY, 30<sup>TH</sup> SEPTEMBER, 2021

Name of the Member (s) : \_\_\_\_\_  
Name(s) of the Joint Holder, if any : \_\_\_\_\_  
Registered Address : \_\_\_\_\_  
Email Id : \_\_\_\_\_  
Folio No/Client Id/ DP ID : \_\_\_\_\_

I/We, being a Member (s) of \_\_\_\_\_ shares of the above named Company hereby appoint:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email ID : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email ID : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him
3. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email ID : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him

as my/our proxy to attend and vote (on poll) for me/us on my /our behalf of at the 28<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 30<sup>th</sup> September, 2021 at 2.00 pm. At Fortune Inn Haveli, East Wing - Banquet Hall, Plot No 235, Sector 11, Gandhinagar - 382011 and at any adjournment thereof in respect of such resolution as are indicated below:

Sr. No	Resolutions	Vote (Optional see note 2) (Please mention no. of Share)		
		For	Against	Abstain
Ordinary Business:				
1.	Ordinary Resolution for adoption of Audited Financial Statements (including Consolidated Audited Financial Statements) for the year ended 31st March, 2021 and the Reports of the Directors' and the Auditors.			
2.	Ordinary Resolution for Declaration of Dividend			
3.	Ordinary Resolution for Re-Appointment of Ms. Manju Bafna, Director retiring by rotation			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature of Member: \_\_\_\_\_

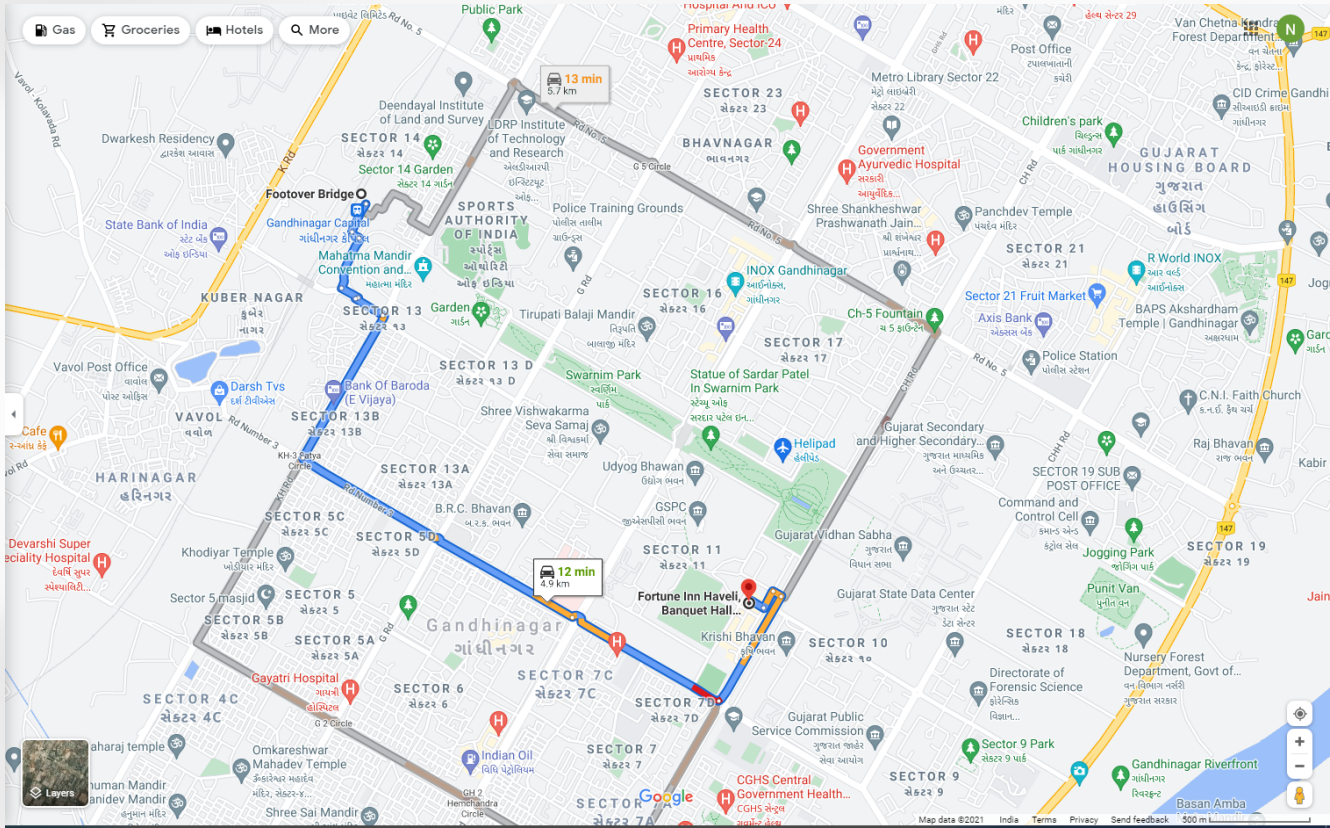
Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp  
of not less than  
Rs..1/-

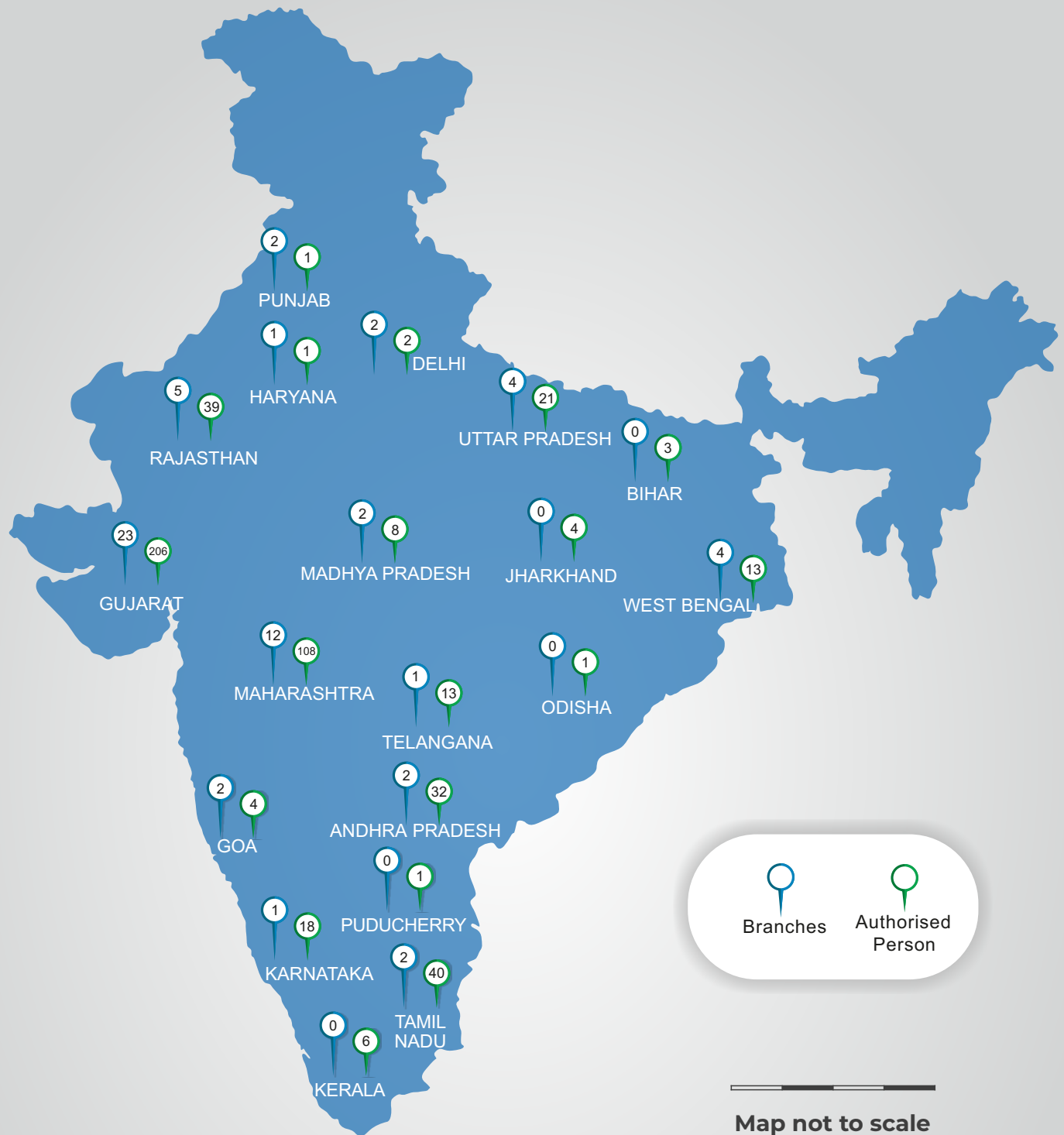
#### Note:

1. 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.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deemed appropriate.

# ROUTE MAP



Map not to scale



## MONARCH NETWORK CAPITAL LIMITED

Registered Office: Unit No. POD-01D, 4th Floor, Tower A, WTC Gift City, Block No. 51, Road 5E, Zone-5, Gandhinagar - 382355.

Corporate Office: Monarch House, Opp. Ishwar Bhuvan, Commerce Six Roads, Navrangpura, Ahmedabad - 380014.

**T : +91-79-26666500, 66000500**