



**MONARCH**  
**NETWORK CAPITAL**

*— wealthcare redefined*

01<sup>st</sup> October, 2018

To,  
The Manager- CRD  
BSE Limited  
P. J. Towers  
Dalal Street, Fort  
Mumbai - 400 001

Dear Sir,

**Scrip Code: 511551**  
**Sub. : Submission of Annual Report 2017-2018**

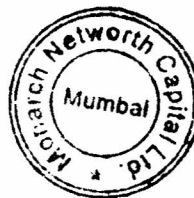
With reference to the above captioned matter and pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report of Monarch Network Capital Limited for the financial year 2017-18, duly approved and adopted by the members of the Company at 25<sup>th</sup> Annual General Meeting of the Company held on Friday, 28<sup>th</sup> September, 2018 at 11.30 A.M. at Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon(West), Mumbai-400104.

The Annual Report is also uploaded on the website of the Company  
Kindly take the above on your record.

Thanking You,  
Yours Faithfully,

**For Monarch Network Capital Limited**

**Sophia Jain**  
**Company Secretary & Compliance Officer**  
**Membership No.A37006**  
Encl.: A/a





**MONARCH**  
**NETWORTH CAPITAL**  
*wealthcare redefined*

Financial market simplified,

**Wealthcare**  
**redefined**

**Annual Report**  
**2017-18**



# Future Watch-from the Chairman's Desk

Dear Shareholders,

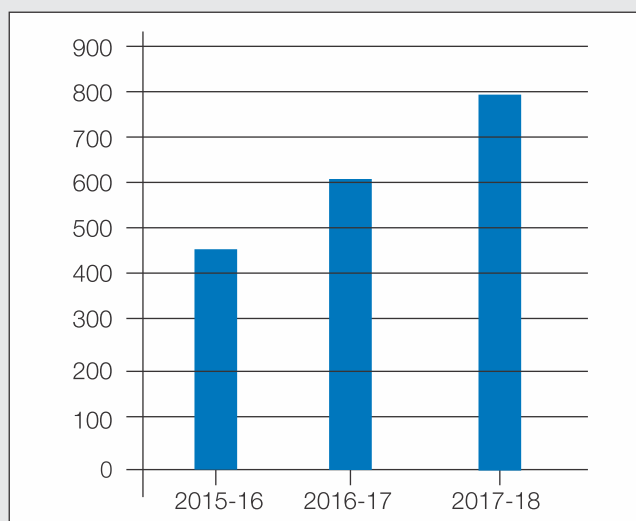
I welcome you to the MONARCH group and pleasant to announce robust financial performance, thereby creating superior stakeholder value. Our Company was incorporated in 1993 as a broking firm and has obtained membership of National Stock Exchange Limited. Earlier the group was member of Ahmedabad Stock Exchange since 1990. Over 28 years of experience, we have now the entire gamut of financial services such as:

- Stock Broking, Commodities Broking, Currency Broking
- Mutual Fund distribution
- Depository Participant
- Portfolio Manager
- Investment Advisor
- Merchant Banker
- Market Maker
- Insurance Distribution
- Wealth Management

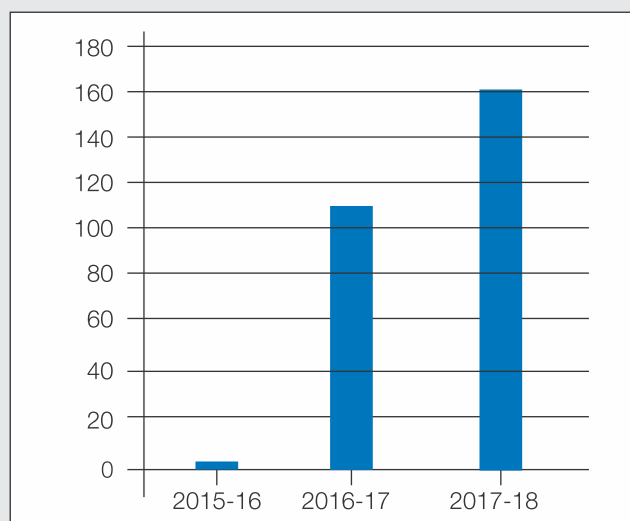
## Standalone Financial Highlights:

Total Revenues increase by 28.59% at Rs 789.79 MN in FY: 2017-18 as compared to Rs 614.20 MN in FY: 2016-17. Operating profits increase by 39.44 % to Rs 148.16 MN in FY: 2017-18 from Rs 106.25 MN in FY: 2016-17. PAT increase by 43.86 % to Rs 161.53 MN in FY: 2017-18 from Rs 112.28 MN in FY: 2016-17.

Revenue Standalone (in Rs. million)



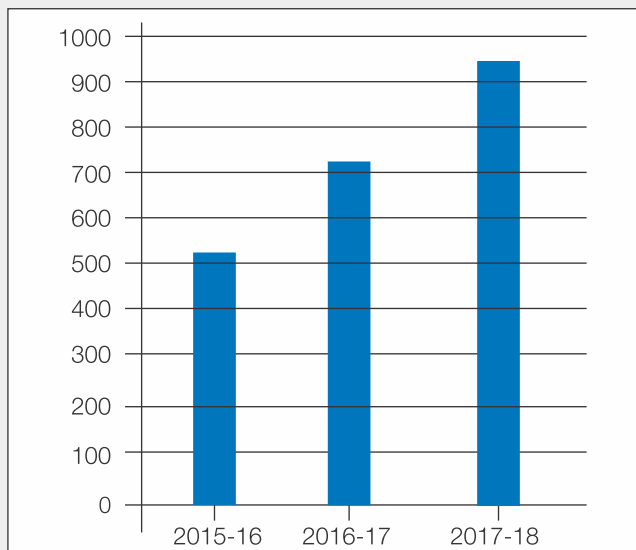
Profit Standalone (in Rs. million)



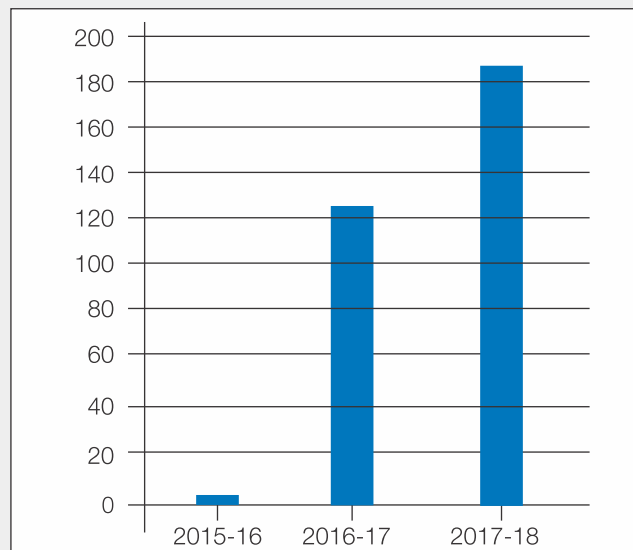
## Consolidated Financial Highlights:

Total Revenues increase by 30.28% at Rs 945.84 MN in FY: 2017-18 as compared to Rs 726.03 MN in FY: 2016-17. Operating profits increase by 65.79 % to Rs 204.67 MN in FY: 2017-18 from Rs 123.45 MN in FY: 2016-17. PAT increase by 52.05 % to Rs 189.41 MN in FY: 2017-18 from Rs 124.57 MN in FY: 2016-17.

Revenue Consolidated (in Rs. million)

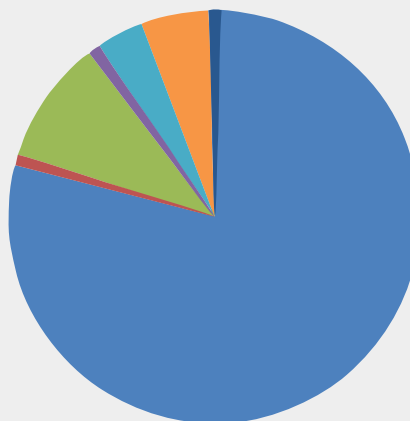


Profit Consolidated (in Rs. million)



### Segment wise consolidated Revenue for 2017-18

- Equity
- Wealth Management
- Non Banking Financial Business
- Merchant Banking Income
- DP
- Commodity
- Others



**Focus:**

In 2017-2018 we have achieved tremendous growth in revenue. Further we added wealth and merchant banking department and we want to strengthen our wealth, distribution and Merchant Banking division to achieve optimum level of growth in that segment of business. Further, we are planning to move towards low cost and efficient organisation structure to increase the profitability of the company. Under wealth management, We intend to activate our portfolio management services, including rich research services. Further, we intend to add Alternative Investment Fund in its product basket. Our aim is to outperform industry in the coming years.

**Mr. Vaibhav Shah**  
 Chairman cum Managing Director  
 -MNCL Group of Company

# Economic Overview

- Global Economy growing at fastest pace currently and expected to strengthen in upcoming years. Indian Economy continued its strong growth in 2017-18 and predicted to grow at highest rate in near future.
- Finally government was able to implement One nation One tax GST in Financial year 2017-18. Implementation of GST slowed the growth of GDP in 2nd and 3rd quarters of FY 2017-18 but Economy turnaround in last quarter of FY 2017-18.
- Indian GDP Growth for FY 2017-18 was 6.6% which was lower than 7.1% in FY 2016-17. The deceleration was due to moderate growth of private consumption in second half whose contribution to GDP was 68% in 2017-18. However, Q4 shows recovery in economy as GDP grew at 7.7% .
- Indian Fiscal Deficit was 3.53% of GDP as against Revised target of 3.5% of GDP for FY 2017-18.

## In nutshell:

India is today one of the most vibrant global economies, on the back of robust banking and insurance sectors. Turning to the growth outlook, several factors are expected to accelerate the pace of economic activity in 2018-19. First, there are now clearer signs of revival in investment activity as reflected in the sustained expansion in capital goods production and still rising imports. Second, global demand has been improving, which should encourage exports and boost fresh investment. On the whole, GDP growth is projected to strengthen from 6.6 per cent in 2017-18 to 7.4 per cent in 2018-19 – in the range of 7.3-7.4 per cent in H1 and 7.3-7.6 per cent in H2 – with risks evenly balanced

## Other Measures in the Financial Sector:

- Insolvency and Bankruptcy Code which is a one-stop solution for resolving insolvencies which at present is a long process and does not offer an economically viable arrangement. The code will be able to protect the interests of small investors and make the process of doing business simpler.
- An amount of Rs. 10,000 crore has been proposed for Re-capitalization of PSBs for the Financial Year 2017-18. Further, the Government has allowed all PSBs to raise capital from Public markets through Follow-on Public Offer (FPO) based on specific criteria.
- SEBI plans to allow investors to make mutual funds transactions worth up to Rs 50,000 (US\$ 750) a month through digital wallets, as part of its efforts to digitise the distribution processes for all financial products. It also plans to allow immediate credit to customer's bank accounts on liquid mutual funds redemption to attract retail customers as well as boost inflows.
- The Government of India issued minimum FDI capital requirement of US\$ 20 million for unregistered /exempt financial entities engaged in 'fund based activities' and threshold of US\$ 2 million for unregistered financial entities engaged in 'non-fund based activities'.
- A new portal named 'Udyami Mitra' has been launched by the Small Industries Development Bank of India (SIDBI) with the aim of improving credit availability to Micro, Small and Medium Enterprises' (MSMEs) in the country.
- Under the Union Budget 2018-19, the government has allocated Rs 3 trillion (US\$ 46.34 billion) towards the Mudra Scheme and Rs 3,794 crore (US\$ 586.04 million) towards credit support, capital and interest subsidy to MSMEs.
- As on January 4, 2018, the Lok Sabha has approved recapitalisation bonds worth Rs 80,000 crore (US\$ 12.62 billion) for public sector banks, which will be accompanied by a series of reforms.
- Ayushman Bharat is National Health Protection Scheme, which will cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto 5 lakh rupees per family per year for secondary and tertiary care hospitalization. Ayushman Bharat National Health Protection Mission will subsume the on-going centrally sponsored schemes - Rashtriya Swasthya Bima Yojana (RSBY) and the Senior Citizen Health Insurance Scheme (SCHIS).

# Client First, Always

It's not just service that we offer. We deliver service that is **customized and personalized** by devising unobvious and smarter strategies.

We help our clients **reach their financial goals** and often **exceed** it. Technology is the tool that aids us in helping our clients.

At MNCL, we apply creative techniques & best research methodologies to provide **profit maximizing & risk minimizing solutions** for all our clients.

With proven track record of financial excellence and diversified client base including Retail Clients, Corporate Clients, Institutional Clients, HNIs, we are marching on to **transform the industry.**

Since the merger, we have doubled up the size of our organization and operations with an aim to nurture and improve our **innovations** and to execute excellence in an increasingly competitive and volatile world.

With **continuous innovation in products**, services, technological offerings, and customer engagement models, we are taking customer satisfaction to new heights.



# 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 Ltd. With more than 2 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 our business ranging from pure stock broking services to the entire gamut of financial services such as primary marketing operations, mutual funds, insurance and comprehensive

financial planning.

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 value to our clients' assets. It has also established us as a unique entity in this domain.



# Leading and simplifying progress

## Vaibhav Shah

**Chairman cum Managing Director - MNCL**

Vaibhav Shah is the founder of the Monarch Group (Now Merged with Networth Stock Broking Limited). With his rich experience of more than 25 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 capitalize upon new business opportunities propelling the business forward. He also has a natural flair for forging long term association with clients, vendors and external business partners. He is 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 & branding functions. He possesses excellent communication and inter-personal skills & operates collaboratively 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.

## Manju Bafna

**Whole time Director - MNCL**

Manju Bafna has done her Bachelors in Science from Mumbai University. She has over 24 years 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 is very flexible with strong team-working skills. She is able to work individually and as a part of a group seamlessly. She is involved in a wide variety of tasks in areas such as recruitment, human resource planning and management. With her excellent organizational skills gained through all-round administrative experience, she is enriching the group.



# Shailen Shah

Associate Director - MNCL

Shailen Shah is an Associate Director in MNCL group and has an industry experience of over 20 years. He has played a key role in the group's rapid expansion pan India in the recent years. He also serves as a Director in a Non-Banking Financial Company. He has proven record in 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 companies.

# Ashok Bafna

Chief Financial Officer - MNCL

Ashok Bafna has an experience of more than 2 decades in the broking services and handles the company's business affairs in the Maharashtra region. 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 direction for growth by establishing functional objectives 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 support Group's expansion and also acts as a Financial Controller.

# 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-makings, overall growth and development of the organization. He seamlessly manages and coordinates various business functions like advising, HR, Public Relation (PR) etc. He also dedicates his time in taking effective measures to improve 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, manages the operations effectively within this 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 a commitment to quality.



# Milestone & Achievement

Company has been focusing increasing market share on online trading segment. 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 value to our clients' assets. It has also established us as a unique entity in this domain.

- Strengthen Business set up in the north region, added new teams at New Delhi
- Acquired good quality team of 45 members at Ahmedabad
- Major growth in commodities and currencies segment
- Strengthen Wealth and Distribution business
- We have obtained NPS License in December, 2017 for distribution of pension plans .
- We have received principal approval for Portfolio Management Services in August, 2017.
- Revenue grow from 42 lakh in the year 2016-17 to 1.15 CR in the year 2017-18 for Wealth Business during the year
- Revenue from merchant banking division increase to Rs. 87.80 Lakhs from Rs. 21 Lakhs.
- Achieved monthly live SIP mark of 15,000+ SIP's
- Collected Insurance premium of 70 lakh+ just between November 2017- to March 2018
- Received appreciation awards from HDFC AMC and ICICI Prudential AMC for outstanding performance
- No. of branch Increase in 2017-18, comparison of previous year. : Total three new branches increased - New Delhi, Junagadh, Ahmedabad.
- Award or recognition received by MNCL or any branch of MNCL: Received appreciation awards from HDFC AMC and ICICI Prudential AMC for outstanding performance.
- In 2017-18, increase in no. of clients is 78.80% higher than previous year.

## Contents

Notice	02	<b>Board of Directors:</b> Mr. Vaibhav Shah : Managing Director & Chairman* Mrs. Manju Bafna : Whole-Time Director (Re-appointed w.e.f. 13th February, 2018) Mr. Mayukh Pandya : Independent Director Mr. Shailesh Desai : Independent Director Mr. Chetan Bohra : Independent Director
Directors' Report	11	
Extract of Annual Return	18	
Secretarial Audit Report	31	
Report of Corporate Governance	34	<b>Chief Financial Officer:</b> Mr. Ashok Bafna
Management Discussion & Analysis Report	50	<b>Company Secretary &amp; Compliance Officer:</b> Ms. Sophia Jain
Report on Corporate Social Responsibility	54	
Auditors' Report on Standalone Financial Statements	56	<b>Registered Office:</b> Office No.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East) Mumbai- 400063 Tel.: 022 - 3064 1600, Fax: 022 - 2685 0257 E-mail: reachus@mnclgroup.com Website: www.mnclgroup.com
Balance Sheet	62	
Statement of Profit & Loss	63	<b>Corporate Office:</b> Monarch House, Opp. Ishwar Bhuvan, Commerce Six Roads, Navrangpura, Ahmedabad-380014 Tel: + 91-79-26666500, 66000500
Cash Flow Statement	64	
Statement of Change in Equity	66	<b>Bankers:</b> HDFC Bank Ltd. ICICI Bank Ltd.
Significant Accounting Policies and Notes on Accounts	67	<b>Statutory Auditors:</b> M/s. Parekh Shah and Lodha Chartered Accountants, Mumbai
Auditors' Report on Consolidated Financial Statements	112	
Balance Sheet	117	<b>Internal Auditors:</b> Ms. Nautam Vakil & Co (Upto 31.07.2017) Chartered Accountants, Ahmedabad Akshay Mohnot & Co, Chartered Accountants (w.e.f. 31.07.2017) Chartered Accountants, Ahmedabad
Statement of Profit & Loss	118	
Cash Flow Statement	119	<b>Secretarial Auditors:</b> M/s. VKM & Associates Company Secretaries, Mumbai
Statement of Change in Equity	121	
Significant Accounting Policies and Notes on Accounts	122	<b>Registrar &amp; Share Transfer Agent:</b> Skyline Financial Services Private Limited D-153A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi- 110020 Tel.: 011-26812682, 83, 011-64732681 to 88 Fax: 011-26812682, E-mail: admin@skylinerta.com Website: www.skylinerta.com
Updation Form		
Proxy Form		
Nomination Form		
Cancellation or Variation		<b>Annual General Meeting</b> Day : Friday Date : 28th September, 2018 Time : 11.30 A.M. Venue : Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon East, Mumbai - 400104

# MONARCH NETWORK CAPITAL LIMITED

MONARCH NETWORK CAPITAL LIMITED  
CIN: L65920MH1993PLC075393

Regd. Office: Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East),  
Mumbai – 400 063. Tel.: 022 – 3064 1600, Fax: 022 – 2685 0257,  
E-mail: reachus@mncigroup.com, Website: www.mncigroup.com

## NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the member's of Monarch Network Capital Limited will be held on Friday, the 28th day of September, 2018 at 11.30a.m. at Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West) Mumbai-400104 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, 2018 together with the Reports of the Board of Directors' and the Auditors' thereon.**

**Item No. 02: To appoint a Director in place of Mr. Vaibhav Shah, (Din- 00572666), Managing Director, who retires by rotation and being eligible offers himself for re-appointment.**

### SPECIAL BUSINESS:

**Item No. 03 : To consider the re-appointment of Mrs. Manju Bafna (DIN : 01459885) as Whole-Time Director of the Company and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), the re-appointment of Mrs. Manju Bafna (DIN : 01459885) as Whole Time Director of the Company for a period of 05 (Five) Years with effect from 13th February, 2018 to 12th February, 2023 be and is hereby approved on the following terms and conditions:

Sr. No.	Particulars	Per Month (Amount in Rs.)
1.	Basic Salary	34,670
2.	House Rent Allowance	17,335
3.	Conveyance Allowance	1,600
4.	Statutory Bonus	2,888
5.	Medical Reimbursement	1,250
6.	Children Education Allowance	200
7.	Car Maintenance Allowance	2,400
8.	Driver Salary	900
9.	Books and Periodicals	2,000
10.	Leave travelling Allowance	3,467
11.	Special Allowance	18,290
12.	Employer's contribution to Provident Fund	0.00
13.	Gratuity	1,675
	<b>Total</b>	<b>86,675</b>

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Mrs. Manju Bafna as Whole Time Director of the Company, remuneration as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and

things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

**Item No. 04: To consider the re-appointment of Mr. Vaibhav Shah (DIN :00572666) as Managing Director of the Company and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), the re-appointment of Mr. Vaibhav Shah (DIN :00572666) as Managing Director of the Company for a period of 05 (Five) Years with effect from 01st December, 2018 to 30th November, 2023 be and is hereby approved on the following terms and conditions:

Sr. No.	Particulars	Per Month (Amount in INR.)
1.	Basic Salary	1,25,000
2.	House Rent Allowance	62,500
3.	Conveyance Allowance	1,600
4.	Statutory Bonus	10,413
5.	Medical Reimbursement	1,250
6.	Children Education Allowance	200
7.	Car Maintenance Allowance	2,400
8.	Driver Salary	900
9.	Books and Periodicals	2,000
10.	Leave Travelling Allowance	12,500
11.	Special Allowance	29,437
12.	Employer's Contribution to Provident Fund	1,800
13.	Gratuity	1,800
	<b>Total</b>	<b>2,56,038</b>

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Vaibhav Shah as Managing Director of the Company, remuneration as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

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

Place: Mumbai  
Date: 03rd September, 2018

Sd/-  
**Sophia Jain**  
Company Secretary & Compliance Officer  
Membership No.A37006

## MONARCH NETWORK CAPITAL LIMITED

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### NOTES:

1. **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. PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN 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.**
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. **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.**
4. 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.
5. 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.
6. The Register of Members and Share Transfer books will remain closed from Monday, 24th day of September, 2018 to Friday, 28th day of September, 2018. (both days inclusive).
7. **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.**
8. The Registers under the Companies Act, 2013 will be available for inspection at the Registered Office of the Company during business hours between 11.00 am to 1.00 pm on all working days except on holidays. The said Registers will also be available for inspection by the members at the AGM.
9. At the 22nd Annual General Meeting of the Company held on 30th September, 2015, the members approved appointment of Parekh Shah & Lodha, Chartered Accountants (Firm Registration No 107487W) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that Annual General Meeting till the conclusion of the 26th Annual General Meeting, subject to ratification of their appointment by members at every Annual General Meeting if so required by the Companies Act 2013. Vide notification dated May 7, 2018, the Ministry of Corporate Affairs has done away with the requirement of seeking ratification of members for appointment of auditors at every Annual General Meeting. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 25th Annual General Meeting.
10. In case of any queries regarding the Annual Report, members may write to [cs@mncgroup.com](mailto:cs@mncgroup.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.
11. Additional information, pursuant to Regulation 36 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment/ re-appointment at the AGM, is furnished to the Notice. The directors have furnished their consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules, thereunder.
12. Members are requested to forward all Share Transfers and other communications/ correspondence to the Registrar & Share Transfer Agent (RTA) - and are further requested to always quote their Folio Number in all correspondences with the Company.

13. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates or email id to the Company/Registrar & Share Transfer Agents quoting their Folio Number and Bank Account Details alongwith self-attested documentary proofs. Members holding shares in the dematerialized form may update such details with their respective Depository Participants.
14. Members holding shares in identical order of names in more than one folio are requested to write to the Company/RTA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio for better services.
15. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easier identification of attendance at the meeting. In case of joint holders attending the meeting, the joint holder with highest, in order of names will be entitled to vote.
16. 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.
17. 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.
18. 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.
19. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rule 2014, the Company is required to update its database by incorporating some additional details of its members.

Members are thus requested to submit their e-mail ID and other details vide the e-mail updation form attached in this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and by returning the same by post. The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

20. The Notice of 25th Annual General Meeting and instructions for e-voting along with Assent / Dissent Form, Attendance Slip and Proxy Form are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant(s) unless member has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by courier.
21. Route Map for the venue of the proposed AGM of the company, is appearing at the end of the Annual Report.
22. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent ("RTA") in case the shares are held by them in physical form.
23. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). Further as per section 124 (6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and refund) Rules, 2016 as amended from time to time, on the shares in respect of which dividend has not been paid / claim for period of seven consecutive years are also liable to be transferred to demat account of IEPF. In view of this, members are requested to claim, their dividend from the Company, with in stipulated time line. Members, whose unclaimed dividend/shares have been transferred to IEPF, May claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in).

## MONARCH NETWORK CAPITAL LIMITED

### 24. E-Voting process:

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, 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 25th Annual General Meeting to be held on Friday, 28th September, 2018. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The facility for voting either through ballot / 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, Company Secretaries, Mumbai as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional. In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Company has fixed Friday, 21st September, 2018 as the 'Cut-off Date'. The remote e-voting /voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. Friday, 21st September, 2018, only. The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com)

#### (A) Procedure/ Instructions for e-voting are as under:

- (a) The remote e-voting period will commence on Tuesday, 25th September, 2018 (09.00 a.m.) and ends on Thursday, 27th September, 2018 (5.00 p.m.). During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Friday, 21st September, 2018, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (b) Open web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (c) Now click on "Shareholders" to cast vote.
- (d) Fill up the following details in the appropriate boxes:
  - (i) Now Enter User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (ii) Next enter the Image Verification as displayed and Click on Login.
  - (iii) Member holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (iv) If member is a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (printed on the address sticker) in the PAN field.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
DOB	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
Dividend Bank Details or Date of Birth (DOB)	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (d)(i).



- (e) After entering these details appropriately, click on "SUBMIT" tab.
- (f) Members holding shares in Physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach Password Creation menu wherein they are required to mandatorily change their login password in the new password field. Kindly note that this password is also to be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (g) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (h) Click on the EVSN for MONARCH NETWORK CAPITAL LIMITED on which member choose to vote.
- (i) On the voting page, Members will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies assent to the Resolution and option NO implies dissent to the Resolution.
- (j) Click on the 'Resolution File Link' to view the entire AGM Notice.
- (k) After selecting the resolution member have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. To confirm the vote, click on "OK", else to change vote, click on "CANCEL" and accordingly modify the vote.
- (l) Once member 'CONFIRM' the vote on the resolution, member will not be allowed to modify vote.
- (m) Member can also take out print of the voting done by clicking on "Click here to print" option on the Voting page.
- (n) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (o) Note for Institutional Shareholders and Custodian:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a Compliance user should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on Friday, 28th September, 2018.

**(B) General:**

- (a) In case of any queries regarding e-voting refer to the Frequently Asked Questions ('FAQs') and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under 'HELP' section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (b) Member can also update mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (c) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of i.e. Friday, 21st September, 2018.
- (d) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, 21st September, 2018, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## MONARCH NETWORK CAPITAL LIMITED

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- (e) However, if member already registered with CDSL for remote e-voting then member can use your existing User ID and Password for casting their vote. If member forget password, member can reset their password by using "Forgot User Details/Password" option available on [www.evotingindia.com](http://www.evotingindia.com)
- (f) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- (g) The facility of voting through polling papers shall also be made available at the venue of 25th AGM for all those members who are present at the AGM but have not Cast their votes by availing the remote e-voting facility. In case, shareholders cast their vote through both remote e-voting and voting through polling paper, then vote casted through remote e-voting shall be considered and vote cast through polling paper shall be treated as invalid.
- (h) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (i) M/s. VKM & Associates, Company Secretaries, Mumbai has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting through polling paper and remote e-voting process in a fair and transparent manner.
- (j) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and 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 shall make, not later than two days of the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (k) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited.

**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>Mrs. Manju Bafna</b>	<b>Mr. Vaibhav Shah</b>
DIN	01459885	00572666
Date of Birth	15th January, 1963	17th April, 1972
Nationality	Indian	Indian
Date of Appointment as Director	13th February, 2015	01st December, 2014
Qualifications	B.Sc	B.Sc
Designation	Whole-Time Director	Managing Director
Experience/Expertise	24 Years of Experience in Administration & Capital Market	24 Years of Experience in Capital Market and 14 Years of Experience in Commodity Derivative Market
Date of First appointment to the Board Meeting	13/02/2015	01/12/2014
Number of meeting attended of board in last financial year (17-18)	08	08
Terms & Condition for re-appointment	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. With regards to detailed break up of salary, it is stated in Item no. 03 to the Notice.	In the event of absence or inadequacy of profits in any financial year during the tenure, remuneration as approved by the the Board of Director's i.e. INR 2,56,038/- p.m. shall be payable as minimum remuneration. With regards to detailed break up of salary, it is stated in Item no. 04 to the Notice.
Remuneration last drawn	86,675.00 p.m.	2,56,038 p.m.
Remuneration proposed to be paid	86,675.00 p.m.	2,56,038 p.m.
Shareholding in the Company (Equity shares of Rs. 10/- each)	15,07,500	31,08,815
List of directorships held in various other Companies	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	1. Monarch Network Capital IFSC Private Limited 2. Sakariya Monarch Procon LLP (Designated Partner)
List of Chairmanship of various Committee and Membership in Public Companies excluding this company	Nil	Nil
Relationship with existing Directors of the Company	None	None

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

Place: Mumbai  
Date: 03rd September, 2018

Sd/-  
**Sophia Jain**  
Company Secretary & Compliance Officer  
Membership No.A37006

# MONARCH NETWORTH CAPITAL LIMITED

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

**Item No. 03:** Mrs. Manju Bafna, whose term was valid till 12th February, 2018, was re-appointed as an Whole-Time Director of the Company for a period of 05 (Five) years w.e.f. 13th February, 2018 till 12th February, 2023 on the terms and conditions as provided in resolution as set out at item no. 03 of the Notice.

She is a Science Graduate and also possesses experience of 24 years in Administration and Capital Market.

As per provisions of Schedule V of the Companies Act, 2013, the appointment and remuneration payable to Mrs. Manju Bafna needs to be approved by the shareholders of the Company in general meeting. The Board recommends the Special Resolution as set out at item no. 03 of the Notice for approval of the shareholders.

Except, Mrs. Manju Bafna, none of the Director's and Key Managerial Personnel of your Company or their relatives is concerned or interested in the said resolution.

**Item No. 04:** Mr. Vaibhav Shah (DIN :00572666), whose term as Managing Director is valid till 30th November, 2018, was re-appointed as an Managing Director of the Company for a period of 05 (Three) years w.e.f. 01st December, 2018 on the terms and conditions as provided in resolution as set out at item no. 04 of the Notice.

He is a Science Graduate and also possesses experience of 24 years of experience in Capital Market & 14 years in Commodity Derivatives Market.

As per provisions of Schedule V of the Companies Act, 2013, the appointment and remuneration payable to Mr. Vaibhav Shah needs to be approved by the shareholders of the Company in general meeting. The Board recommends the Special Resolution as set out at item no. 04 of the Notice for approval of the shareholders.

Except, Mr. Vaibhav Shah, none of the Directors and Key Managerial Personnel of your Company or their relatives is concerned or interested in the said resolution.

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

Place: Mumbai  
Date: 03rd September, 2018

Sd/-  
**Sophia Jain**  
Company Secretary & Compliance Officer  
Membership No.A37006

## 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 25th 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 March 31, 2018.

**I. FINANCIAL PERFORMANCE:**

The standalone and consolidated financial statements for the financial year ended March 31, 2018, 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.

On Standalone basis, the total revenue of the Company for the year under review stood at INR 7334.54 Lakhs (previous year INR 5409.94 Lakhs). During the year the Company earned net profit of INR 1566.30 Lakhs (previous year profit of INR 1174.56 Lakhs).

On Consolidated Basis, the total revenue of the Company for the year under review stood at INR 9026.19 Lakhs (previous year INR 6495.63 Lakhs). During the year the Company earned net profit of INR 1842.90 Lakhs (previous year profit of INR 1294.80 Lakhs).

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

(INR. in Lakhs)

Particulars	Standalone Year ended		Consolidated Year ended	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue & other Income	7897.92	6142.11	9458.36	7260.31
Finance Cost	164.57	295.69	225.10	303.40
Depreciation & Amortization Expenses	87.55	129.71	89.58	131.88
Profit before Tax	1786.16	1265.89	2157.65	1453.76
Tax Expenses	170.87	142.99	263.50	208.07
Short & Excess Tax Provision	15.24	0	14.16	-0.91
Current Tax	381.00	168.36	473.50	209.64
Deferred tax	18.63	-25.36	19.84	-0.66
Mat Receivable	-244.00	0	-244.00	0
Net profit for the year	1615.29	1122.89	1894.15	1245.68
Other comprehensive (loss)/income for the year	-48.98	51.67	-48.98	51.67
Total comprehensive income for the year	1566.30	1174.56	1845.16	1297.36
Total comprehensive income for the period attributable to:				
Minority Interest	-	-	(00.03)	(00.02)
Share of Profit/(Loss) from Associates	-	-	(2.23)	(2.53)
EPS:				
- Basic	5.17	3.87	6.08	4.27
- Diluted	5.17	3.87	6.08	4.27

**Share Capital:**

As on March 31, 2018, the paid up equity share capital of the company was INR 30,31,16,000 i.e. 3,03,11,600 equity shares of INR 10 each. There was no change in Paid-up Share Capital of the Company during the Financial Year 2017-18.

# MONARCH NETWORTH CAPITAL LIMITED

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

(INR. in Lakhs)

Particulars	Standalone Year ended		Consolidated Year ended	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2017	Year ended 31st March, 2018
1) Broking	7,464.75	5,388.94	7,947.27	5,831.21
2) Wealth Management	0	0	77.72	33.20
3) Non Banking financial business	0	0	875.37	608.52
4) Merchant Banking Income	87.80	21.00	87.80	21.00
5) Other (Un-allocated)	0	0	38.48	2.08

## Dividend:

In order to conserve the resources for future business requirements, your Directors do not recommend dividend for the year under review.

## 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.

## Subsidiaries and Associate Companies:

The company has incorporated subsidiary company "Monarch Network Capital IFSC Private Limited" on 14th March, 2017. Since there are no activities carried out during the financial year 2017-18, account's has not been merged in Consolidated Financial Statement of the Company.

The Company has 6 (six) Subsidiary Companies and 2 (two) Associate Companies as on 31st March, 2018. 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 and all its subsidiaries except for "Monarch Network Capital IFSC Private Limited", which form part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries and associates in the prescribed format AOC-1 is appended as Annexure II to the Board's report. The statement also provides the details of performance, financial positions of each of the subsidiaries. The policy on material subsidiary is available on the Company's website viz. <https://www.mnclgroup.com/investor-relation/investor-relation-policy>;

The Company does not have any Joint Venture.

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.

## 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.

## II. BUSINESS:

### Merger of it's Subsidiaries and Associate Companies with the Company:

At its meeting held on February, 14, 2018, the Board considered and approved a scheme of amalgamation pursuant to Sections 230 to 232 read with Section 234 and other relevant provisions of the Companies Act, 2013, providing for the merger of its wholly owned subsidiary company- Network Insurance Broking Pvt Ltd, Network Wealth Solution Ltd, its subsidiary company- Monarch Network Comtrade Ltd and Associate Company- Network SoftTech Ltd with the Company- Monarch Network Capital Limited. The scheme of amalgamation is subject to necessary statutory and regulatory approvals under applicable laws, including approval of the National Company Law Tribunal in India. The scheme of amalgamation will,

inter alia, enable consolidation of resources of the Transferor Companies with the Transferee Company, thereby providing greater efficiency in operations and administrative affairs of the Transferee Company and thus optimizing the valuation of the consolidated company and its shareholders. It will also result in following benefits

- Financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholder value.
- Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost.
- Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, and the elimination of duplication, and optimum rationalization of administrative expenses and utilization of human resources.
- Greater efficiency in cash management of the amalgamated entity and pooling of cash flow generated by the combined entities which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value
- Improved organizational capability and leadership arising from pooling of financial, managerial and technical resources.
- Effective Margin Management to the clients of the Transferor and the Transferee Company.

### **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 -VI**

## **II. GOVERNANCE AND ETHICS:**

### **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 -V** to this Annual Report.

### **Board of Director's**

As on March 31, 2018, the Board comprised of two Executive Directors- Mr. Vaibhav Jayantilal Shah- Managing Director and Mrs. Manju Suresh Bafna-Whole-Time Director and also three Non-Executive Independent Director's. The Company has received necessary declarations from the Independent Directors stating that they meet the prescribed criteria for independence. Based on the confirmations/disclosures received from the Directors under Section 149(7) of the Companies Act 2013 and on evaluation of the relationships disclosed, the following Non-Executive Directors are considered as Independent Directors:

- a) Mr. Mayukh Pandya
- b) Mr. Shailesh Desai
- c) Mr. Chetan Bohra

### **Meetings of the Board:**

The Board met 08 (Eight) times during the financial year 2017-18, i.e. on 28th April, 2017, 30th May, 2017, 31st July, 2017, 22nd August, 2017, 04th September, 2017, 23rd November, 2017, 20th December, 2017 and 14th February, 2018. The maximum interval between any two meetings did not exceed 120 days.

### **Director's and Key Managerial Personnel:**

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, Mr. Vaibhav Shah, Managing Director, retires by rotation and being eligible, has offered himself for re-appointment.

Mrs. Manju Bafna, Whole-Time Director of the Company has been re-appointed for a period of 05 years w.e.f 13th February, 2018 and Mr. Vaibhav Shah, Managing Director for a period of 05years w.e.f. 01st December, 2018 subject to the approval of shareholder's in ensuing AGM.

## MONARCH NETWORK CAPITAL LIMITED

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

The Company has formulated code of conduct on appointment of directors and senior management. This code of conduct can be accessed on the website of the Company at the link <https://www.mnclgroup.com/investor-relation/investor-relation-code-of-conduct>;

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 is given in the Notice convening 25th Annual General Meeting.

### **Stock Exchange:**

The Equity Shares of the Company are listed at BSE Limited. The Company has paid the Annual listing fees for the year 2017-2018 to the said Stock Exchange.

**Corporate Social Responsibility:** CSR is applicable to the Company for the financial year 2017-2018 and the details of the CSR Policy and Report forms part of this Annual Report as Annexure -VII

### **Annual Performance Evaluation by the Board:**

SEBI (Listing and Obligation Disclosure Requirements) Regulations 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- i. Board dynamics and relationships
- ii. Information flows
- iii. Decision-making
- iv. Relationship with stakeholders
- v. Company performance and strategy
- vi. Tracking Board and committee's effectiveness
- vii. Peer evaluation

Pursuant to the provisions of the Companies Act, 2013 a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board works with the nomination and remuneration committee to lay down the evaluation criteria.

The Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committees of the Company. 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 (constituted on 04th September, 2017)

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.

### **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 2017-18, 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 salient features of the Remuneration Policy are stated in the Report on Corporate Governance which form's part of this Annual Report and also hosted on the website of the Company - <https://www.mnclgroup.com/investor-relation/investor-relation-policy>;

**Particulars of Contracts or Arrangements with Related Parties:**

Your Company has historically adopted the practice of undertaking related party transactions only in the ordinary and normal course of business and at arm's length as part of its philosophy of adhering to highest ethical standards, transparency and accountability. 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>;

All Related Party Transactions are placed on a quarterly basis before the Audit Committee and before the Board for approval. Prior omnibus approval of the Audit and the Board is obtained for the transactions which are of a foreseeable and repetitive nature.

All Related Policy 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.

**Information under the Sexual Harrassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Your Company recognises 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 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 the during the fiscal year 2017-18, 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 received in the year : Nil
- b) Number of complaints disposed off during the year : Nil
- c) Number of cases pending more than ninety days: Nil
- d) Number of workshops or awareness programme against sexual harassment carried out: The Company has conducted an online training for creating awareness against the sexual harassment against the women at work place.
- e) Nature of action taken by the employer or district officer: Not applicable

**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.

**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

## MONARCH NETWORK CAPITAL LIMITED

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- 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.

### **Particulars of Remuneration:**

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, details of the ratio of remuneration of each Director to the median employee's remuneration are appended to this report as **Annexure III**.

During the year under review, no employee was in receipt of remuneration exceeding the limits as prescribed under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **IV. INTERNAL FINANCIAL CONTROLS AND AUDIT**

### **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 Nautam Vakil & Co., Chartered Accountants, Ahmedabad as its Internal Auditor vide Board Meeting dated 30th May, 2017. Further, vide Board Meeting dated 31st July, 2017, Akshay Mohnot & Co, Chartered Accountants, Firm Reg No. 123209W were appointed as Internal Auditor in place of Nautam Vakil & Co. 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 22nd Annual General Meeting of the Company held on 30th September, 2015, M/s. Parekh Shah and Lodha, Chartered Accountants, Mumbai (having FRN: 107487W), were appointed as Statutory Auditors of the Company to hold office upto the conclusion of 26th Annual General Meeting.

Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 25th AGM.

The Auditor's Report for the year ended 31st March, 2018 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 March 31, 2018 is enclosed as **Annexure IV** to this Report. There are qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report which is stated below:

### **Secretarial Auditor's Remarks:**

The Company has Given Loans on interest free basis and has not followed provision of section 186 of Companies Act 2013, and Corresponding erstwhile section under Companies Act, 1956.

### **Management Comment:**

With respect to the Remark(s)/Observations or disclaimer made by the Secretarial Auditors in their Report, we hereby state that the loans given by the Company are temporary in nature and are repayable on demand.

**V. SUSTAINABILITY****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

**VI. OTHER DISCLOSURES**

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

(Figures in INR)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Foreign exchange earning	Nil	8157.12
Foreign exchange Outgo	Nil	Nil

**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, 2018 in form MGT-9 is enclosed as Annexure I to this report.

**Material Changes and Commitments Affecting the Financial Position of the Company**

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

**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.

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

Place: Mumbai  
Date: 03rd September, 2018

Sd/-  
Vaibhav Shah  
Chairman cum Managing Director  
DIN: 00572666

Sd/-  
Manju Bafna  
Whole-Time Director  
DIN: 01459885

# MONARCH NETWORK CAPITAL LIMITED

## ANNEXURE – I EXTRACT OF ANNUAL RETURN Form No. MGT-9

(As on the financial year ended on 31st March, 2018)  
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L65920MH1993PLC075393
ii.	Registration Date	2nd December, 1993
iii.	Name of the Company	Monarch Network Capital Limited
iv.	Category/Sub-Category of the Company	Public Company limited by shares
v.	Address of the Registered office and contact details	Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063 Tel: 022-30641600 Fax: 022-2685 0257 Email - reachus@mnclgroup.com Website – www.mnclgroup.com
vi.	Whether listed company	Yes BSE Limited
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Skyline Financial Services Pvt. Ltd. D- 153A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi- 110020. Tel: 011-26812682/83 Email: admin@skylinerta.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Security and commodity contracts brokerage	6612	83.10

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	<b>Monarch Network Comtrade Limited</b> Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063	U67120MH2000PLC128451	Subsidiary	99.96	2 (87) (ii)
2.	<b>Network Wealth Solutions Limited</b> Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063	U67120MH2008PLC179566	Subsidiary	100.00	2 (87) (ii)
3.	<b>Network Insurance Broking Private Limited</b> Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400 063	U66030MH2008PTC184334	Subsidiary	100.00	2 (87) (ii)
4.	<b>Monarch Network Finserve Private Limited</b> Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063	U65900MH1996PTC100919	Subsidiary	100.00	2 (87) (ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
5.	<b>Monarch Networth Investment Advisors Pvt Ltd. (Formerly known as Monarch Insurance Broking Private Limited)</b> A/64, Pariseema Complex, Opp. LalBunglow, C. G. Road, Ellisbridge, Ahmedabad, Gujarat – 380006	U74140GJ2007PTC052348	Subsidiary	99.98	2 (87) (ii)
6.	<b>Monarch Networth Capital IFSC Private Limited</b> Unit-41, Ground Floor, Aspire One Building Block-12, Road 1D, Zone-1, GIFT SEZ Gandhinagar Gandhinagar Gujarat- 382355	U65929GJ2017PTC096239	Subsidiary	99.99	2 (87) (ii)
7.	<b>Networth SoftTech Limited</b> Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063	U72200MH2007PLC172069	Associate	20.10	2 (6)
8.	<b>Networth Financial Services Limited</b> Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063	U65990MH2004PLC147970	Associate	45.32	2 (6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Shareholding:

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
(a) Individual /HUF	18532287	0	18532287	61.14	18379102	0	18379102	60.63	(0.50)
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govts.	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corp.	1407000	0	1407000	4.64	1407000	0	1407000	4.64	0.00
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(1)</b>	<b>19939287</b>	<b>0</b>	<b>19939287</b>	<b>65.78</b>	<b>19786102</b>	<b>0</b>	<b>19786102</b>	<b>65.27</b>	<b>(0.50)</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of promoters (A)</b>	<b>19939287</b>	<b>0</b>	<b>19939287</b>	<b>65.78</b>	<b>19786102</b>	<b>0</b>	<b>19786102</b>	<b>65.27</b>	<b>(0.50)</b>
<b>B. Public</b>									
(1) Institutions									
(a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b) Banks / FI	298845	300	299145	0.99	298845	300	299145	0.99	0.00
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0
(d) State Govts.	0	0	0	0.00	0	0	0	0.00	0
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
(f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
(g) FIs	420000	0	420000	01.39	0	0	0	0	(01.39)
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
(i) Foreign Portfolio Investor	0	0	0	0	838388	0	838388	2.77	2.77
(j) Others	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (B)(1)</b>	<b>718845</b>	<b>300</b>	<b>719145</b>	<b>02.37</b>	<b>1137233</b>	<b>300</b>	<b>1137533</b>	<b>3.75</b>	<b>01.38</b>

# MONARCH NETWORK CAPITAL LIMITED

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(2) Non Institutions									
(a) Bodies Corp.	4679678	11651	4691329	15.48	4195947	11651	4207598	13.88	1.60
(i) Indian	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Overseas	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1Lakh	1771932	252130	2024062	6.68	1858704	248402	2107106	6.95	0.27
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1Lakh	2476431	0	2476431	8.17	2274871	0	2274871	7.50	(0.66)
(c) NBFCs Registered with RBI	0	0	0	0	10	0	10	0.00	0.00
(d) Others									
NRI - Repatriable & Non Repatriable	108786	0	108786	0.36	185648	0	185648	0.61	0.25
Hindu Undivided Family	296306	0	296306	0.98	449682	0	449682	1.48	0.50
Clearing Members	56254	0	56254	0.19	163050		163050	0.54	0.35
Qualified Foreign Investor- Corporate	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2)</b>	<b>9389387</b>	<b>263781</b>	<b>9653168</b>	<b>31.85</b>	<b>9127912</b>	<b>260053</b>	<b>9387965</b>	<b>30.97</b>	<b>-0.88</b>
<b>Total Public Shareholding (B)</b>	<b>10108232</b>	<b>264081</b>	<b>10372313</b>	<b>34.22</b>	<b>10265145</b>	<b>260353</b>	<b>10525498</b>	<b>34.72</b>	<b>0.50</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>30047519</b>	<b>264081</b>	<b>30311600</b>	<b>100.00</b>	<b>30051247</b>	<b>260353</b>	<b>30311600</b>	<b>100.00</b>	<b>0.00</b>

## ii. Shareholding of Promoters and Promoters' Group:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company*	% of shares Pledged / encumbered to total shares	
1.	Mr. Suresh P Jain	2992137	9.87	0	2642137	8.72	0	1.15
2.	Mrs. Kanta Suresh Jain	278300	0.92	0	78300	0.26	0	0.66
3.	Mr. Raj Bhandari	850	0.00	0	850	0.00	0	0.00
4.	Mrs. Hemangi Shah	100000	0.33	0	100000	0.33	0	0.00
5.	Mr. Ashok Bafna	703500	2.32	0	703500	2.32	0	0.00
6.	Mr. Shailen Shah	703500	2.32	0	703500	2.32	0	0.00
7.	Mrs. Kinnari Shah	1204000	3.97	0	1204000	3.97	0	0.00
8.	Mr. Himanshu Shah	1206000	3.98	0	1206000	3.98	0	0.00
9.	Mrs. Manju Bafna	1507500	4.97	0	1507500	4.97	0	0.00
10.	Mr. Bankim Shah	2206000	7.28	0	2206000	7.28	0	0.00
11.	Mrs. Bela Shah	2406000	7.94	0	2406000	7.94	0	0.00
12.	Mr. Suresh Bafna	2512500	8.29	0	2512500	8.29	0	0.00
13.	Mr. Vaibhav Shah	2712000	8.95	0	3108815	10.26	0	1.31
14.	M/s. Simandhar Securities Pvt. Ltd.	1407000	4.64	0	1407000	4.64	0	0.00
	<b>Total</b>	<b>19939287</b>	<b>65.78</b>	<b>0.00</b>	<b>19786102</b>	<b>65.28</b>	<b>0.00</b>	<b>0.50</b>

## iii. Change in Promoters' Shareholding:

Sr. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	<b>Mr. Suresh P Jain</b>	2992137	09.87		
	a) At the Beginning of the Year				
	b) Changes during the Year				
	1) Sold – 04/05/2017	(1,50,000)	(0.49)	2872137	9.47
	2) Sold – 10/01/2018	(2,00,000)	(0.66)	2642137	8.72
	c) At the end of the Year			2642137	8.72
2	<b>Mrs. Kanta Suresh Jain</b>				
	a) At the Beginning of the Year	278300	0.92		
	b) Changes during the Year			No Changes During The Year	
	1) Sold – 06/02/2018	(2,00,000)	(0.66)	78300	0.26
	c) At the end of the Year			78300	0.26
3	<b>Mr. Raj Bhandari</b>				
	a) At the Beginning of the Year	850	0.00		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			850	0.00
4	<b>Mrs. Hemangi Shah</b>				
	a) At the Beginning of the Year	100000	0.33		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			100000	0.33
5	<b>Mr. Ashok Bafna</b>				
	a) At the Beginning of the Year	703500	2.32		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			703500	2.32
6	<b>Mr. Shailen Shah</b>				
	a) At the Beginning of the Year	703500	2.32		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			703500	2.32
7	<b>Mrs. Kinnari Shah</b>				
	a) At the Beginning of the Year	1204000	3.97		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			1204000	3.97
8	<b>Mr. Himanshu Shah</b>				
	a) At the Beginning of the Year	1206000	3.98		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			1206000	3.98
9	<b>Mrs. Manju Bafna</b>				
	a) At the Beginning of the Year	1507500	4.97		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			1507500	4.97
10	<b>Mr. Bankim Shah</b>				
	a) At the Beginning of the Year	2206000	7.28		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			2206000	7.28
11	<b>Mrs. Bela Shah</b>				
	a) At the Beginning of the Year	2406000	7.94		
	b) Changes during the Year			No Changes During The Year	
	c) At the end of the Year			2406000	7.94

## MONARCH NETWORK CAPITAL LIMITED

Sr. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
12	<b>Mr. Suresh Bafna</b>				
	a) At the Beginning of the Year	2512500	8.29		
	b) Changes during the Year	No Changes During The Year			
	c) At the end of the Year			2512500	8.29
13	<b>Mr. Vaibhav Shah</b>				
	a) At the Beginning of the Year	2712000	8.95		
	b) Changes during the Year				
	1) Purchase on 10/01/2018	200000	0.66	2912000	9.61
	2) Purchase on 06/02/2018	196815	0.65	3108815	10.26
	c) At the end of the Year			3108815	10.26
14	<b>M/s. Simandhar Securities Pvt. Ltd.</b>				
	a) At the Beginning of the Year	1407000	4.64		
	b) Changes during the Year	No Changes During The Year			
	c) At the end of the Year			1407000	4.64

#### IV. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs):

	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Metaphor Realty Investments Pvt. Ltd.				
	a) At the Beginning of the Year	2412000	7.96		
	b) Changes during the Year	No Changes During The Year			
	c) At the end of the Year			2412000	7.96
2	DSP HMK Holdings Pvt. Ltd.				
	a) At the Beginning of the Year	519043	1.71		
	b) Changes during the Year				
	1) Sold on 11/08/2017	(10204)	(0.03)	508839	1.68
	2) Sold on 01/12/2017	(6358)	(0.02)	502481	1.66
	c) At the end of the Year			502481	1.66
3	Spot Light Securities Pvt. Ltd.				
	a) At the Beginning of the Year	480545	1.59		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			480545	1.59
4	Fruition Venture Limited				
	a) At the Beginning of the Year	350000	1.15		
	b) Changes during the Year				
	1) Sold on 16/03/2018	(350000)	(1.15)	0	0.00
	c) At the end of the Year			0	0.00
5	M/s. Punjab National Bank				
	a) At the Beginning of the Year	298845	0.99		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			298845	0.99



For each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	M/s. Innovate Derivatives Pvt. Ltd.				
	a) At the Beginning of the Year	204612	0.68		
	b) Changes during the Year				
	1) Sold on 07/04/2017	(75200)	(0.25)	129412	0.43
	2) Sold on 21/04/2017	(10632)	(0.04)	118780	0.39
	3) Purchase on 05/05/2017	6659	0.02	125439	0.41
	4) Sold on 12/05/2017	(49448)	(0.16)	75991	0.25
	5) Sold on 02/06/2017	(69801)	(0.23)	6190	0.02
	6) Sold on 09/06/2017	(1717)	(0.01)	4473	0.01
	7) Purchase on 23/06/2017	3032	0.01	7505	0.02
	8) Purchase on 21/07/2017	3482	0.01	10987	0.04
	9) Sold on 04/08/2017	(1257)	(0.00)	9730	0.03
	10) Purchase on 01/09/2017	4313	0.01	14043	0.05
	11) Purchase on 08/09/2017	1180	0.01	15223	0.05
	12) Sold on 15/09/2017	(1300)	(0.00)	13923	0.05
	13) Sold on 22/09/2017	(2361)	(0.01)	11562	0.04
	14) Sold on 13/10/2017	(1750)	(0.01)	9812	0.03
15) Sold on 23/03/2018	(5931)	(0.02)	3881	0.01	
c) At the end of the Year			3881	0.01	
7	Ms. Usha Mahendra Sanghvi				
	a) At the Beginning of the Year	151270	0.50		
	b) Changes during the Year	No changes during the year			
c) At the end of the Year			151270	0.50	
8	M/s. Teletec Finsec India Pvt. Ltd.				
	a) At the Beginning of the Year	142145	0.47		
	b) Changes during the Year				
	1) Sold on 08/12/2017	(93)	(0.00)	142045	0.47
c) At the end of the Year			142045	0.47	
9	M/s. Clear Water Commodities Pvt. Ltd				
	a) At the Beginning of the Year	0	0.00		
	b) Changes during the Year				
	1) Purchase: 28/04/2017	480	0.00	480	0.00
	2) Purchase-19/05/2017	20	0.00	500	0.00
	3) Purchase- 17/11/2017	200000	0.66	200500	0.66
	4) Sold: 25/01/2018	(500)	(0.00)	200000	0.66
	5) Sold -26/01/2018	(199500)	(0.66)	500	0.00
6) Purchase:02/02/2018	200000	0.00	200500	0.66	
c) At the end of the Year			200500	0.66	

## MONARCH NETWORK CAPITAL LIMITED

For each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	Mr. Prakash M Sanghvi				
	a) At the Beginning of the Year	188187	0.62		
	b) Changes during the Year				
	1) Sold: 31/10/2017	(100687)	(0.33)	87500	0.29
	2) Purchase:03/11/2017	100687	0.33	188187	0.62
	3) Sold: 25/01/2018	(87500)	(0.29)	100687	0.33
	4) Sold: 26/01/2018	(13187)	(0.04)	87500	0.29
	5) Purchase:02/02/2018	100687	0.33	188187	0.62
	c) At the end of the Year			188187	0.62
12	M/s. Nomura Singapore Limited				
	a) At the Beginning of the Year	420000	1.39		
	b) Changes during the Year				
	Purchase: 19/05/2017	140000	0.46	560000	1.85
	Purchase: 09/06/2017	120000	0.40	680000	2.24
	Purchase:14/07/2017	70000	0.23	750000	2.47
	Purchase:28/07/2017	68388	0.23	818388	2.70
	Purchase:11/08/2017	20000	0.07	838388	2.77
	c) At the end of the Year			838388	2.77
13	Prithviraj Babulal Bafna				
	a) At the Beginning of the Year	120000	0.40		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			120000	0.40

### V. SHAREHOLDING OF DIRECTOR'S AND KEY MANAGERIAL PERSONNEL:

For each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	Mr. Vaibhav Shah				
	a) At the Beginning of the Year	2712000	8.95		
	b) Changes during the Year				
	1)Purchase on 10/01/2018	200000	0.66	2912000	9.61
	2)Purchase on 06/02/2018	196815	0.65	3108815	10.26
	c) At the end of the Year			3108815	10.26
2	Mrs. Manju Bafna				
	a) At the Beginning of the Year	1507500	4.97		
	b) Changes during the Year	No Changes During the year			
	c) At the end of the Year			1507500	4.97
3	Mr. Chetan Bohra				
	a) At the Beginning of the Year	1500	0.00		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			1500	0.00

For each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
4	Mr. Mayukh Pandya				
	a) At the Beginning of the Year	0	0.00		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			0	0.00
5	Mr. Shailesh Desai				
	a) At the Beginning of the Year	21108	0.07		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			21108	0.07
6	Ms. Sophia Jain, CS				
	a) At the Beginning of the Year	0	0.00		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			0	0.00
7	Mr. Ashok Bafna, CFO				
	a) At the Beginning of the Year	703500	2.32		
	b) Changes during the Year	No changes during the year			
	c) At the end of the Year			703500	2.32

**VI. INDEBTEDNESS:**

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

(Amount in INR)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	42634684	4568120	46280765	93483568.5
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>42634684</b>	<b>4568120</b>	<b>46280765</b>	<b>93483568.5</b>
<b>Changes in indebtedness during the financial year</b>				
> Addition	0	6795275	42615480	49410755
> Reduction	-40802808	-1452715	-4658410	-46913933
<b>Net Change</b>	<b>-40802808</b>	<b>5342560</b>	<b>37957070</b>	<b>2496822</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1831876	9910680	84237835	95980391
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1831876</b>	<b>9910680</b>	<b>84237835</b>	<b>95980391</b>

# MONARCH NETWORK CAPITAL LIMITED

## VIII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### i. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

Particulars of Remuneration	Mr. Vaibhav Shah Managing Director	Mrs. Manju Bafna Whole-Time Director	Total Amount (in INR)
Gross Salary:			
(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	30,46,056	10,13,700	40,59,756
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	26,400	26,400	52,800
(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
- as % of profits	-	-	-
- others, specify	-	-	-
Others, specify	-	-	-
<b>Total</b>	<b>30,72,456</b>	<b>10,40,100</b>	<b>41,12,556</b>
Ceiling as per the Act	As per the provisions of Section 197 of the Companies Act, 2013 read with Schedule V to the Act.		

### ii. Remuneration to other directors:

Sr. No	Particulars of Remuneration	Mr. Mayukh Pandya	Mr. Shailesh Desai	Mr. Chetan Bohra	Total Amount (in INR)
1	Sitting Fees	Nil	Nil	Nil	Nil
2	Commission				
	- as % of profit				
	- others, specify	Nil	Nil	Nil	Nil
3	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Ceiling as per the Act	As per the provisions of Section 197 of the Companies Act, 2013 read with Schedule V to the Act.			

### iii. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:

Particulars of Remuneration	Ms. Sophia Jain Company Secretary & Compliance Officer	Mr. Ashok Bafna Chief Financial Officer	Total Amount (in INR.)
Gross Salary:			
(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	5,38,102	8,51,736	13,89,838
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	26,400	66,000	92,400
(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
- as % of profits	-	-	-
- others, specify	-	-	-
Others, specify	-	-	-
<b>Total</b>	<b>5,64,502</b>	<b>9,17,736</b>	<b>14,82,238</b>
Ceiling as per the Act	As per the provisions of Section 197 of the Companies Act, 2013 read with Schedule V to the Act.		

## IX. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A</b>	<b>COMPANY</b>				
	Penalty/Punishment/Compounding				
<b>B</b>	<b>DIRECTORS</b>				
	Penalty/Punishment/Compounding		None		
<b>C</b>	<b>OTHER OFFICERS IN DEFAULT</b>				
	Penalty/Punishment/Compounding				

ANNEXURE - II  
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 Comtrade Limited	Networth Wealth Solutions Ltd.	Monarch Network Finserve Pvt. Ltd.	Networth Insurance Broking Pvt. Ltd.	Monarch Network Investment Advisors Pvt Ltd.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018
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	Indian Rupees
Equity Share Capital	140.07	100.00	800.00	1.00	50.00
Reserves	194.12	-1054.29	-67.21	-3.03	0.53
Total Assets	2452.51	59.66	2769.06	0.83	67.63
Total Liabilities	2118.32	990.49	2036.27	2.86	7.10
Investments (except in subsidiary companies)	0.34	0.00	0.00	-	-
Total Turnover	482.53	77.72	875.37	-	38.48
Profit/(Loss) before Taxation	120.86	42.56	196.17	-2.30	14.20
Provision for Taxation	3.9	1.35	3.60	-	4.00
Profit/(Loss) after Taxation	83.67	28.10	159.37	-2.30	10.03
Proposed Dividend	0.00	0.00	0.00	0.00	0.00
% of shareholding	99.95	100.00	100.00	100.00	100.00

- Names of subsidiary which are yet to commence operations :  
**Monarch Network Capital IFSC Private Limited**
- Names of subsidiaries which have been liquidated or sold during the year: None

# MONARCH NETWORTH CAPITAL LIMITED

## PART B - ASSOCIATES AND JOINT VENTURES

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

(INR. in lakhs)

Sr No.	Name of the Associates	Networth Financial Services Limited	Networth SoftTech Ltd.
1	Latest audited Balance Sheet Date	31.03.2018	31.03.2018
2	Shares of Associate/Joint Ventures held by the company on the year end		
	No. of shares	949400	1500000
	Amount of Investment in Associates/Joint Venture	9494000	15000000
	Extend of Holding %	45.32	20.91
3	Description of how there is significant influence	Shares held in the company	Shares held in the company
4	Reason why the associate/joint venture is not consolidated	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet		
6	Profit / Loss for the year		
	i. Considered in Consolidation	-2.18	-5.94
	i. Not Considered in Consolidation	NA	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

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

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

Sd/-  
**Ashok Bafna**  
Chief Financial Officer

Sd/-  
**Sophia Jain**  
Company Secretary &  
Compliance Officer

Place: Mumbai

Date: 03rd September, 2018

**Annexure III**  
**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 :-

Sr. No.	Name of the Director	Ratio of remuneration to the median remuneration of the employees
1	Mr. Vaibhav Shah	21.07:1
2	Ms. Manju Bafna	7.13:1
3	Mr. Chetan Bohra	NA
4	Mr. Mayukh Pandya	NA
5	Mr. Shailesh Desai	NA

(ii) The percentage increase in remuneration of each director, CFO , CEO, Company Secretary or Manager, if any, in the financial year

Sr. no.	Name of the Directors, KMP	% Increase over last F.Y.		
1	Mr. Vaibhav Shah	0.00		
2	Mrs. Manju Bafna	205.96		
3	Mr. Ashok Bafna	114.28		
4	Ms. Sophia Jain	12.98		
(iii)	The percentage increase in the median remuneration of employees in the financial year	12		
(iv)	The number of permanent employees on the rolls of the Company	1010		
(v)	<b>Particulars</b>	<b>As on 31st March, 2018</b>	<b>As on 31st March, 2017</b>	<b>Variation %</b>
1	Market Capitalization	59.90	45.00	33.11
2	Price earning ratio	11.59	11.63	0.04
3	Market quotation of shares	The Company's stock price as at 31st March, 2018 has increased by 499% to INR 59.90/- over the last public offer i.e. IPO in 1995 at a price of INR 10/- per share.		
(vi)	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 7.13%		
(vii)	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.

Place: Mumbai

Date: 03rd September, 2018

Sd/-

**Vaibhav Shah**

Chairman cum Managing Director

Sd/-

**Mayukh Pandya**

Chairman of Nomination and Remuneration Committee

# MONARCH NETWORTH CAPITAL LIMITED

## Annexure A

### STATEMENT PURSUANT TO RULE 5(2) 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 2017-2018, 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	Bankim Jayantilal Shah	Operation Head	30,72,456	B.Com / More than 21 years in Securities market & 12 years in commodity derivatives	01/01/2015	44 Years	Monarch Research and Brokerage Private Limited	08.27 (Alongwith spouse)
2	Ashok Daulatraj Bafna	Chief Financial Officer	9,17,736	B.Com / More than 21Years of experience in Capital Market.	13/02/2015	46 Years	Monarch Project & Finmarkets Ltd	2.32
3	Shailen Ramesh Shah	President	4,44,000	B.Com /More than 21 Years of experience in Capital Market & Institutional Desk	14/11/2014	43 Years	Monarch Project & Finmarkets Ltd	2.32

#### 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.



## ANNEXURE IV

## FORM MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[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**  
**Office no.901/902, 9th Floor,**  
**Atlanta Centre, Opp.Udyog Bhavan,**  
**Sonawala Road, Goregaon (East),**  
**Mumbai 400063**

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 31st March, 2018 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 31st March, 2018 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;
  - (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. Bombay Shops and Establishments Act, 1948;
  - ii. Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975;
  - iii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952;

## MONARCH NETWORK CAPITAL LIMITED

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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 except the following:

- I. On various instances it was found that the Company have several outstanding long/ short term loans aggregated amount to Rs. 9,57,51,689/-; the company has given all such loans on interest-free basis and has not followed the provisions of section 186 of the Companies Act, 2013 and its corresponding erstwhile section under Companies Act, 1956 while giving of the loans.

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.
- 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.

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

Sd/-  
**(Vijay Kumar Mishra)**  
Partner  
FCS No. 5023  
C P No.: 4279

Place: Mumbai  
Date: 03/09/2018

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part if this report.

“ANNEXURE A”

To,  
The Member,  
**Monarch Network Capital Limited**  
Office no.901/902, 9th Floor,  
Atlanta Centre, Opp. Udyog Bhavan,  
Sonawala Road, Goregaon (East),  
Mumbai 400063

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.: 427

Place: Mumbai  
Date: 03/09/2018

## ANNEXURE V

### 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.

- i. The Board of Directors of the Company has optimum combination of Executive and Non-Executive/Independent Directors. As on 31st March, 2018, the Board of Directors comprised of 5 (Five) directors out of which 3 (Three) were Non-Executive Directors/Independent Directors and 2 (Two) Executive Directors. The Chairman of the Board is Executive Director.
- ii. 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.
- iii. 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 he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2018 have been made by the Directors. None of the Directors are related to each other.
- iv. 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. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2018 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
- vi. During the financial year 2017-18, 08 (Eight) meetings of Board of Directors were held on viz., 28th April, 2017, 30th May, 2017, 31st July, 2017, 22nd August, 2017, 04th September, 2017, 23rd November, 2017, 20th December, 2017 and 14th February, 2018.

The details of composition of the Board of Directors, their attendance at each Board meeting held during the financial year 2017-2018 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 31st March, 2018 (Excluding position in the Company)		
					No. of Directorships	Committee	
						Chairmanship(s)	Membership(s)
Mr. Vaibhav J. Shah	C/P/MD/ED	08	08	No	0	–	–
Mrs. Manju S. Bafna	PG/ED	08	08	Yes	0	–	–
Mr. Mayukh Pandya	I/NED	08	08	No	2	-	4
Mr. Shailesh Desai	I/NED	08	08	No	1	-	2
Mr. Chetan Bohra	I/NED	08	08	No	0	–	–

The necessary quorum was present for all the meetings.

**Notes:**

1. C – Chairman, P – Promoter, I – Independent Director, MD- Managing Director, NED – Non Executive Director, ED – Executive Director, CFO – Chief Financial Officer, CEO- Chief Executive Officer
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 private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.
4. The Company Secretary in consultation with Chairman of the Company and Managing Director/ Executive Director, drafts the Agenda for each Board meeting along with explanatory notes and distributes these in advance to the Directors. The Company has well defined process for placing vital and sufficient information before the Board. Any matter requiring discussion or decision or approval of the Board or Committee, is communicated to the Company Secretary well in advance so that the same could be included in the Agenda for the respective meetings. The Board meets at least once in a quarter and maximum time gap between two meetings did not exceed one hundred and twenty days.
  - vii. During the year, a separate meeting of the Independent Directors of the Company was held on 14th February, 2018 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.
  - viii. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
  - ix. 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

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The details of familiarization programme of the Independent Directors are available on the Company's website at [www.mnclgroup.com](http://www.mnclgroup.com)

- x. During the year 2017-18, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- xi. Details of equity shares of the Company held by the Directors as on March 31, 2018 are given below:

## MONARCH NETWORK CAPITAL LIMITED

Name	Category	Number of equity shares
Mr. Vaibhav J. Shah	Non-Independent, Executive	31,08,815
Mrs. Manju S. Bafna	Non-Independent, Executive	15,07,500
Mr. Mayukh Pandya	Independent, Non-Executive	Nil
Mr. Shailesh Desai	Independent, Non-Executive	21,108
Mr. Chetan Bohra	Independent, Non-Executive	1,500

### 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 (constituted on 04th September, 2017)

#### 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 31st March, 2018; the Audit Committee consists of 3(Three) Non-Executive/Independent Directors.
- e) During the financial year 2017-18, the members of Audit Committee met 06 (Six) times on 30th May, 2017, 31st July, 2017, 04th September, 2017, 23rd November, 2017, 20th December, 2017 and 14th February, 2018. The Composition and attendance of the members of the Audit Committee during the financial year 2017-18 was as follows:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Mayukh Pandya	Chairman	06	06
Mr. Shailesh Desai	Member	06	06
Mr. Chetan Bohra	Member	06	06

- 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.

**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 2017-18, the members of Nomination and Remuneration Committee met 4 (Four) times on 30th May, 2017, 03rd September, 2017, 23rd November, 2017 and 14th February, 2018.

- d) The Composition and attendance of the members of the Nomination and Remuneration Committee during the financial year 2017-18 was as follows:

# MONARCH NETWORK CAPITAL LIMITED

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Mayukh Pandya	Chairman	4	4
Mr. Shailesh Desai	Member	4	4
Mr. Chetan Bohra	Member	4	4

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 is 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.

## 1. Selection:

- Any person to be appointed as a Director on the Board of Director of the Company or as KMP or Senior Management Personnel, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.
- Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance.
- While appointing any person as Chief Executive Officer, Managing Director or a Whole-time director of the Company, his / her educational qualification, work experience, industry experience, etc. shall be considered.

## 2. Remuneration:

- Remuneration of Executive Directors:
  - i. At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Executive Directors within the overall limits prescribed under the Companies Act.
  - ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
  - iii. The remuneration of the Executive Directors is broadly divided into fixed component.
  - iv. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retiral benefits.

In determining the remuneration (including the fixed increment and performance bonus) the Nomination & Remuneration Committee shall consider the following:

- i. The relationship of remuneration and performance benchmarks
- ii. Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- iii. Responsibility of the Executive Directors and the industry benchmarks and the current trends;
- iv. The Company's performance vis-à-vis the annual budget achievement and individual performance.

- Remuneration of Non-Executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies Appointment and Remuneration of Managerial Personnel Rules, 2014.



The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company

- Remuneration of Senior Management Employees:

In determining the remuneration of the Senior Management employees (i.e. KMPs and Executive Directors) the Nomination & Remuneration Committee shall consider the following:

- The relationship of remuneration and performance benchmark;
- The components of remuneration includes salaries, perquisites and retirement benefits;
- The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.

The Executive Directors will carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors mentioned hereinabove, recommends the annual increment to the Nomination & Remuneration Committee for its review and approval.

Details of remuneration/sitting fees paid to the Directors and number of shares held by them in the Company during the financial year 2017-18 are as follows:

Name	Category	Salary	Perquisites or Allowances	Stock Options	Sitting Fees*	Total	No. of shares held
Mr. Vaibhav J. Shah	Chairman & Managing Director	30,46,056	26,400	-	-	30,72,456	31,08,815
Mrs. Manju S. Bafna	Executive Director	10,13,700	26,400	-	-	10,40,100	15,07,500
Mr. Mayukh Pandya	Independent Director	-	-	-	-	-	-
Mr. Shailesh Desai	Independent Director	-	-	-	-	-	21,108
Mr. Chetan Bohra	Independent Director	-	-	-	-	-	1,500

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

### III. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

- 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.
- 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.

- During the financial year 2017-18, the members of Stakeholders' Relationship Committee met 4 (Four) times on 30th May, 2017, 03rd September, 2017, 23rd November, 2017 and 14th February, 2018.
- The Composition and attendance of the members of the Stakeholders' Relationship Committee during the financial year 2017-18 was as follows:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Mayukh Pandya	Chairman	4	4
Mr. Shailesh Desai	Member	4	4
Mr. Chetan Bohra	Member	4	4

## MONARCH NETWORTH CAPITAL LIMITED

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**e) Name, designation and address of the Compliance Officer:**

Ms. Sophia Jain  
Company Secretary and Compliance Officer  
Monarch Network Capital Limited  
Office no.901/902, 9th Floor,  
Atlanta Centre, Opp. Udyog Bhavan,  
Sonawala Road, Goregaon (East),  
Mumbai-400063  
Telephone: 022-30641600 Fax No: 022-26850257  
Email: reachus@mnclgroup.com  
Website: www.mnclgroup.com

**f) Details of Status of Investors' Complaints during the year 2017-18 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	01	01	NIL

**IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

As per the provisions of the Companies Act, 2013, companies having net worth of INR 500 crores or more, or turnover of INR 1,000 crore or more or net profit of INR 5 crore or more during the immediately preceding financial year are required to constitute a Corporate Social Responsibility (CSR) committee. Accordingly the board vide its Board Meeting dated 04th September, 2017 constituted CSR Committee of the Board comprising of the following members:

Member's name	Category	Designation
Mr. Mayukh Pandya	Non Executive Independent Director	Chairman
Mr. Vaibhav Shah	Managing Director	Member
Mrs. Manju Bafna	Whole-Time Director	Member

and such company and shall spend at least 2% of the average net profits of the company's three immediately preceding financial years towards CSR activities.

The contents of the CSR policy and CSR Report for the year 2017-18 is attached as Annexure VI to this Report. Contents of the CSR policy is also available on the Company's website at <https://www.mnclgroup.com/investor-relation/investor-relation-policy>;

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.

The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

**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
2016-17	24th	29th September, 2017	12.00 p.m.	Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West), Mumbai – 400 104
2015-16	23rd	30th September, 2016	12.00 p.m.	Jayleela Banquet, Opp. Railway Nagar, Sonawala Road, Goregaon (East), Mumbai – 400 063, Maharashtra
2014-15	22nd	30th September, 2015	12.30 p.m.	Jayleela Banquet, Opp. Railway Nagar, Sonawala Road, Goregaon (East), Mumbai – 400 063, Maharashtra

**b) Details of Special Resolution passed in the last three Annual General Meetings:**

Date of AGM	Purpose of Resolution
29th September, 2017	No Special Resolution passed.
30th September, 2016	No Special Resolution passed.
30th September, 2015	1. Appointment of Mrs. Manju Bafna as Executive Director of the Company. 2. Appointment of Mr. Chetan Bohra as an Independent Director of the Company 3. Change of name of the Company

During the year under review, no resolution was passed by means of Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal ballot.

**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 and published in "Business Standard"(English) and Apla Mahanagar (Marathi). 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 31st March, 2018 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 2017-18:**

Date : 28th September, 2018  
 Day : Friday  
 Time : 11.30 a.m.  
 Venue : Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon(West) Mumbai-400104

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the AGM to be held on 28th September, 2018.

- Financial Calendar :  
 Financial Year : 1st April to 31st March  
 AGM in : September  
 Financial Calendar (Provisional for 2018-19) :

## MONARCH NETWORK CAPITAL LIMITED

Subject Matter	Tentative Dates of the Board Meeting
First Quarter Results	On 14th August, 2018.
Second Quarter Results	By 14th November, 2018.
Third Quarter Results	By 14th February, 2019.
Fourth Quarter/ Yearly Results	By 30th May, 2019.(Audited Results)

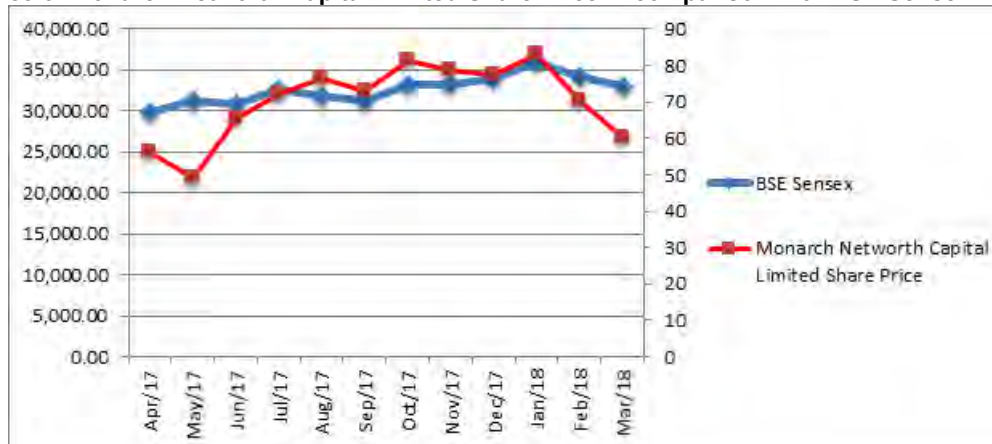
- c. **Date of Book Closure/Record Date:** 24th September, 2018 to 28th September, 2018.
- d. **Listing on Stock Exchange:** The Equity Shares of the Company are listed on the BSE Limited. Listing Fees as applicable have been paid.
- e. **Stock Code & ISIN :**  
 Stock Code: 511551,  
 Demat ISIN Number in NSDL & CDSL: INE903D01011
- f. **Corporate Identity Number (CIN) of the Company:** L65920MH1993PLC075393
- g. **Market Price Data:**

High & Low price of the Equity Shares of the Company at BSE Ltd. during each month for the year 2017-18 as compared to BSE SENSEX points are as follows:

Month	Price on BSE( INR.)*		BSE Sensex (Points)*	
	High	Low	High	Low
April 2017	58	45.75	30184.22	29241.48
May 2017	58.5	40.95	31255.28	29804.12
June 2017	69.7	46.2	31522.87	30680.66
July 2017	78.5	61.6	32672.66	31017.11
August 2017	82.9	65.3	32686.48	31128.02
September 2017	84	70.1	32524.11	31081.83
October 2017	94.8	72.1	33340.17	31440.48
November 2017	85	69.2	33865.95	32683.59
December 2017	82	70	34137.97	32565.16
January 2018	99	74.85	36443.98	33703.37
February 2018	84.9	58.15	36256.83	33482.81
March 2018	72.85	56	34278.63	32483.84

\*Source: www.bseindia.com

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



\*Source: www.bseindia.com

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

Name &amp; Address:

Skyline Financial Services Private Limited

Unit – Monarch Network Capital Limited

D- 153A, 1st Floor, Okhla Industrial Area,

Phase- I, New Delhi- 110020

Tel: 011-26812682/83

Email: admin@skylinerta.com

Website: www.skylinerta.com

j. **Share Transfer System:**

All shares sent or transferred in physical form are registered by the Registrar & Share Transfer Agents within 15 days of the lodgment, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation are given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

k. Shareholding Pattern as on 31st March, 2018:

i. Distribution Schedule as on 31st March, 2018:

Slab of Shares Holding	Number of Share Holders	% to total number of holders	Shareholding Amount	%to total Number of Shares
Up To 5,000	4353	81.18	6689670	2.21
5001 To 10,000	414	7.72	3468680	1.14
10001 To 20,000	231	4.31	3619590	1.19
20001 To 30,000	96	1.79	2426860	0.8
30001 To 40,000	47	0.88	1700540	0.56
40001 To 50,000	45	0.84	2114050	0.7
50,001 To 100000	65	1.21	4877600	1.61
10001 and above	111	2.07	278219010	91.79
<b>TOTAL</b>	<b>5362</b>	<b>100</b>	<b>303116000</b>	<b>100</b>

ii. Categories of equity shareholding as on March 31, 2018:

Categories	No of Shareholders	No. of Shares	% of shareholding
Promoters	14	19786102	65.28
Foreign Portfolio Investors	1	838388	2.77
Financial Institution/Banks	2	299145	0.99
FII's	0	0	0
Non- Resident Indians	36	185648	0.61
Bodies Corporate	110	4207598	13.88
NBFCs Registered with RBI	1	10	0.00
Clearing Members/House	13	163050	0.54
Resident Indian HUF	161	449682	1.48
Indian Public	5024	4381977	14.46
<b>Total</b>	<b>5362</b>	<b>30311600</b>	<b>100.00</b>

iii. Dematerialization of Equity Shares and Liquidity

As on 31st March, 2018, 99.14% 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.

## MONARCH NETWORTH CAPITAL LIMITED

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

Your Company has not issued any ADRs/GDRs/Warrants or any Convertible Instruments.

k. Commodity price risk or foreign exchange risk and hedging activities:

Please refer to Management Discussion and Analysis Report for the same.

l. 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. Sophia Jain,  
Company Secretary and Compliance Officer  
Monarch Network Capital Limited  
Office no.901/902, 9th Floor,  
Atlanta Centre, Opp. UdogBhawan,  
Sonawala Road, Goregaon (East),  
Mumbai-400063  
Telephone: 022-30641600 Fax No: 022-26850257  
Email: cs@mnclgroup.com  
Website: 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 31st March, 2018 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.

Written communication to:  
Ms. Sophia Jain  
Company Secretary  
Monarch Network Capital Limited  
Office No. 901/902, 9thFloor, Atlanta Centre,  
Opp. UdyogBhavan, Sonawala Road,  
Goregoan (East), Mumbai 400063  
E-mail: cs@mncgroup.com  
Phn: 022 – 3064 1600  
Fax: 022 -2685 0257

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 Chairman of the Audit Committee.

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

- e. 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.mncgroup.com/investor-relation/investor-relation-policy>.
- f. The Company has also complied with the following requirements:
- 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.
  - Audit qualifications: Company's financial statements are unqualified.
  - Reporting of Internal Auditor: The Internal Auditors of the Company reports to the Audit Committee

- g. 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.

- h. 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 are unqualified.
  - The Internal Auditor reports to the Audit Committee.
- i. There are no shares lying in Demat Suspense account/ unclaimed suspense account
- j. 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.mncgroup.com](http://www.mncgroup.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. Vaibhav Shah, Managing Director is given separately in the Annual Report.

## MONARCH NETWORTH CAPITAL LIMITED

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

- k. **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 31st March, 2018, the Company had following subsidiaries:

1. Monarch Network Comtrade Limited
2. Network Wealth Solutions Limited
3. Monarch Network Finserve Private Limited
4. Network Insurance Broking Private Limited
5. Monarch Network Investment Advisors Pvt Ltd.
6. Monarch Network Capital IFSC Private Limited (Incorporated on 14.03.2017)

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)

### **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, Vaibhav Shah, Managing Director 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 31st March, 2018.

**For Monarch Network Capital Limited**

Place: Mumbai  
Date: 03rd September, 2018

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



## Annexure B

Date	Details of the case	Observation summary	Name of Statutory Authority	Strictures/Penalties imposed
02/11/2015	Regular inspection in Future & Options Segment, Currency & Derivative Segment and Cash Market Segment Conducted during September 2014	a.Unexplained use of funds raised by pledging client's securities with banks. b.Observation pertaining to settlement. c. Operation of trading terminals other than by approved users d. error in upload of terminals to the Exchange (Location Mismatch) e. Non Provision of the margin trail for Future & Option margin Verification	NSE	Monetary Penalty of INR 276500/-
07/01/2016	Limited Purpose Inspection in Future & Options Segment, Currency & Derivative Segment and Cash Market Segments conducted during February 2015	a. Operation of Terminals from a location other than declared to the Exchange b. Non display of Notice Board and SEBI Registration Certificate the Inspection Locations	NSE	Monetary Penalty of INR 60000/- for the violations pertaining Terminals Operated from a location other than declared to the Exchange and Non display of Notice Board and SEBI registration certificate the Inspection Locations.
31/08/2016	SEBI conducted inspection of Books of accounts, documents and other record for the period April,1 2012 to Oct, 16,2014.	Violations of the following provisions :i) Clause (A2), (A5) of the code of conduct as specified in schedule II read with Regulations 7 of the SEBI ( Stock Brokers and Sub brokers ) Regulations,1992 (herinafter referred to as 'Broker Regulations, 1992) (after the amendment, Regulation 9 (f) of the SEBI (Stock Broker and subbroker) (Second amendment) Regulations, 2013), ii) SEBI circular no. MIRSD/SE/ Cir-19/2009 dated December 3,2009 iii) SEBI circular no. MIRSD/ Cir/01/2011 dated May 13,2011	SEBI	Monetary Penalty of INR .5,00,000/-
21/04/2016	SEBI - G G Automotives Gears Limited	The Whole Time Member (WTM) of SEBI has passed an order of suspension of BSE Registration Certificate in Cash Segment for a period 30 days on account of Synchronisation and Circular trading in the scrip of GG Automotives Gears Limited. The said order was challenged before the Securities Appellate Tribunal (SAT). The Hon'ble SAT was pleased to pass the order and dismissing the impugned order passed by the WTM.	SEBI	BSE Cash segment was suspended from 21/05/2016 to 20/06/2016.
27/02/2018	Regular Inspection – CM, FO and CD Segments (2016-17)-Month of Inspection-February 2017	Levy of monetary penalty of INR.3,15,300/- for the violations viz; observation pertaining to use of client's funds and securities, non-settlement of client accounts, non-remittance of dividend to clients and terminals not found at the location reported to Exchange.	NSE	Monetary Penalty of INR 3,15,300/-

# 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 31st March 2018, 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.

Place : Mumbai  
Date: 03rd September , 2018

For VKM & Associates

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

## 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 Network Capital Limited

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2018 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 Network Capital Limited**

Place: Mumbai  
Date: 30th May, 2018

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

Sd/-  
**Ashok Bafna**  
Chief Financial Officer

## ANNEXURE VI

### MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31st March, 2018. 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.

#### INDIAN ECONOMY OVERVIEW:

Indian economy continues to be one of the fastest growing economies around the world, despite the two major reforms, namely GST and Demonetisation that deterred the growth rate in the short run. With a policy change such as GST, which is of a huge scale, scope, and complexity, the transition unsurprisingly encountered challenges of policy, law, and information technology systems, which especially affected the informal sector in the country. In the second half of the year, the economy witnessed signs of revival. Economic growth improved as the shocks began to fade, corrective actions were taken, and the synchronous global economic recovery boosted exports. The GST implementation also brought about a 50% increase in unique indirect taxpayers. The country posted an overall growth of 6.7% in 2017 and is expected to rise between 7.00% to 7.50% in 2018. The GDP growth rate for FY18 is expected to be at 6.75% as per government estimates (Economic Survey report 2018) and between 7% and 7.5% in FY19. The Consumer Price Index (CPI) based headline inflation was at 3.7% for FY18. In a major validation to the governments' initiatives to improve business environment, the World Bank's Ease of Doing Business rankings promoted India by 30 spots over the previous year, and the international ratings agency Moody's upgraded India's sovereign bond ratings to Baa2 from Baa3, with a stable outlook, for the first time in 14 years. This has been made possible due to a host of measures undertaken by the Government including implementation of the Goods and Services Tax, Insolvency and Bankruptcy Code, and announcement of bank recapitalization. A number of reforms to boost industrial growth include Make in India programme, Start-up India and Intellectual Rights Policy.

#### CAPITAL MARKETS:

Capital markets have been buoyant and both primary and secondary markets have seen healthy growth in activities in FY2017, after a year of lackluster performance, supported by favourable market sentiment, healthy foreign institutional investment (FII) inflow, as well as growing domestic institutional investor (DII) participation in the market. Exchanges in India have been allowed by SEBI to provide both equity and commodity trading facility simultaneously, starting from October 2018, as opposed to the bifurcation of platforms required currently. The convergence will help individuals to trade through a single account for all asset classes. Further, SEBI has relaxed the norms for Registered Portfolio Investors (FPIs) in India. These investors now no longer require any additional documentation or prior approval process to operate through the International Financial Services Centre (IFSC).

Corporates raised a record INR 2 trillion from primary markets via IPOs, QIP, rights issue etc. in FY17. The domestic investors are now a dominant player in equity markets even as foreign portfolio flows have decelerated. Investments in mutual funds via 'Systematic Investment Plan' or SIPs have gained significant traction and collections via SIPs have more than doubled in the last two years. AMFI also contributed to the popularisation of mutual fund investments, majorly through its nationwide campaign over the years of "Mutual Fund sahi hai". However, mutual fund AUM as a percentage of GDP is low in India as compared to its peers. Driven by rise in domestic investments and an optimistic outlook for earnings growth, Indian equity indices hit all-time highs in early 2018. Investments in IPO activities will continue to remain stronger amid strengthening investor sentiment

#### 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	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2017	Year ended 31st March, 2018
1) Broking	7464.75	5388.94	7,947.27	5831.21
2) Wealth Management	0	0	77.72	33.20
3) Non Banking financial business	0	0	875.37	608.52
4) Merchant Banking Income	87.8	21.00	87.80	21.00
5) Other (Un-allocated)	0	0	38.48	2.08

#### SUBSIDIARY COMPANIES:

As on 31st March, 2018, the Companies had following subsidiaries:

1. Monarch Network Comtrade Limited
2. Network Wealth Solutions Limited
3. Monarch Network Finserve Private Limited
4. Network Insurance Broking Private Limited
5. Monarch Network Investment Advisors Pvt. Ltd.
6. Monarch Network Capital IFSC Private Limited (incorporated on 14th March, 2017)

#### 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 minimise any risk of fraud from incoming employees

## MONARCH NETWORK CAPITAL LIMITED

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

- 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.

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 2017-18 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 31st March, 2018 stood at 1010.

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

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Total Revenue	733,453,858	540,993,720	436,406,738
EBIDTA	188,042,558	139,560,201	13,854,362
PBT	178,616,608	126,588,959	-4,938,236
PAT	161,529,453	112,289,031	4,763,817
<b>Total Comprehensive Income for the year</b>	<b>156,630,935</b>	<b>117,456,789</b>	<b>4,763,817</b>
<b>EPS</b>	<b>5.17</b>	<b>3.87</b>	<b>0.16</b>

**ENVIRONMENTAL ISSUES:**

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

**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.

Date:03rd September, 2018  
Place:Mumbai

**For Monarch Networth Capital Limited**

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

## ANNEXURE VII

### 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]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the 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. MNCL has social values ingrained into its culture and manner of working. We believe that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates. To further the Company's CSR philosophy, a formal policy on CSR is being formulated to align its practices with requirements of Companies Act, 2013 and rules made thereunder. The Board of Directors (Board) adopted the CSR Policy (Policy) on May 30, 2018 which is available on the Company's website: <https://www.mnclgroup.com/investor-relation/investor-relation-policy>; 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 woman. 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 Company may also enter into partnerships with the government, business partners and communities to achieve a significant impact of the social projects.
2. The Composition of the CSR Committee: The Board of Directors of the Company shall constitute a committee called the "Corporate Social Responsibility Committee" ("CSR Committee") in accordance with the provisions of Companies Act, 2013 and rules made thereunder. The CSR Committee will consist of 3 or more directors or such other number of directors as the Board of Directors of the Company may determine from time to time. The Composition of Committee is as follow:

Member's name	Category	Designation
Mr. Mayukh Pandya	Non Executive Independent Director	Chairman
Mr. Vaibhav Shah	Managing Director	Member
Mrs. Manju Bafna	Whole-Time Director	Member

The Board of Directors may change the composition of the CSR Committee from time to time in such manner as it thinks fit.

Subject to provisions of Companies Act, 2013 and rules made thereunder, the CSR Committee may meet at such intervals, in such manner and may carry out matters in such manner and function generally as per such guidelines as it deems fit.

3. Average net profit of the company for last three Financial Years: INR 4,48,95,071.64/-
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): INR 8,97,901.43/-
5. Details of CSR spent during the Financial Year:
  - (a) Total amount to be spent for the Financial Year: INR 8,97,901/-
  - (b) Amount unspent, if any: INR 8,97,901/-
  - (c) Manner in which the amount spent during the financial year 2017-18 is detailed below.



Sr no.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Activity identified wrt Shri Jagatbharti Education & Charitable Trust: Women Development through self help group training, education development, rural development, training and skill up gradation for women handicraft artisans	Promoting Education, promoting gender equality and empowering women, promoting health care including preventive health care	Surendranagar & its adjoining areas (Gujarat)	8,97,901/-	-	8,97,901/-	Through Implementing Agency (Shri Jagatbharti Education & Charitable Trust)

\*\*The company did not spend during the financial year, however company has made expenditure required to be made on CSR Activities' on 28th August, 2018 & accordingly above disclosure has been made.

- 6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:** The company has just embarked on the journey of ascertained CSR programs and CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities and then putting an enhanced sustainable model to ensure maximum benefit to the community. However, for this reason, during the year, the Company was not able to spend on CSR Activity as per the limits prescribed under Companies Act, 2013. The Company will endeavor to spend the complete amount on CSR activities in accordance with the statutory requirements and the amount which remained unspent during the financial year 2017-18, has been added to the CSR budget for the Financial Year 2018-19 and accordingly the company has given cheque dated 28th August, 2018 to the Shri Jagatbharti Education & Charitable Trust amounting to INR 8,97,901/- for the purpose of spending for CSR Activities .
- 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:** The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company

**For Monarch Network Capital Limited**

Sd/-  
**Vaibhav Shah**  
 Managing Director  
 Date: 03/09/2018

Sd/-  
**Mayukh Pandya**  
 Chairman CSR Committee  
 Date: 03/09/2018

# MONARCH NETWORTH CAPITAL LIMITED

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**MONARCH NETWORTH CAPITAL LIMITED**  
Report on the Financial Statements

We have audited the accompanying financial statements of MONARCH NETWORTH CAPITAL LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit/loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### 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 in terms of Section 143(11) of the Act, we give in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - I. The Company has disclosed the impact of the pending litigations, if any on its financial position in the financial statements- Please refer Note 33 to the Financial Statements.
    - II. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
    - III. 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 Reg.: 107487W**

Sd/-  
**CA Ashutosh Dwivedi  
(Partner)  
M. No. : 410227**

**Place: Mumbai  
Date : 30th May 2018**

## 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 interest free 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;
  - 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.

Sr No	Name of Statute	Amount (Rs.in Lakh)	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	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
	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
2	Income Tax	8.54	A.Y. 2002-03	First Appellate Authority
	Income Tax	82.67	A.Y. 2009-10	First Appellate Authority
	Income Tax	30.48	A.Y. 2010-11	Pending with CIT (Appeals); Original Demand Rs 75,69,110/-
				Rectification Applied: Rs 45,20,903/-
	Income Tax	4.91	A.Y. 2006-07	Assessing Officer

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 Reg.: 107487W

**CA Ashutosh Dwivedi**  
(Partner)  
M. No. : 410227

Place: Mumbai  
Date : 30th May 2018

## **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 NETWORK CAPITAL LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the 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, 2018, 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 Reg.: 107487W**

**CA Ashutosh Dwivedi  
(Partner)  
M. No. : 410227**

**Place: Mumbai  
Date : 30th May 2018**

# MONARCH NETWORK CAPITAL LIMITED

## BALANCE SHEET AS AT 31ST March, 2018 (Currency: Indian Rupees)

Particulars	Notes	Year Ended on March 31,2018	Year Ended on March 31,2017	Year Ended on March 31,2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property Plant and Equipment	2	26,504,315	27,349,884	27,049,058
Capital work-in-progress	2	1,116,445	-	-
Intangible Assets	3	760,764	346,012	465,550
Financial assets				
- Investments	4	151,708,976	150,771,992	147,806,005
- Other Financial Assets	5	362,411,761	280,200,140	281,106,862
Deferred tax assets (Net)	6	44,042,294	18,934,580	16,523,590
<b>Total Non Current Assets</b>		<b>586,544,555</b>	<b>477,602,608</b>	<b>472,951,065</b>
<b>Current assets</b>				
Inventories	7	31,049,737	98,052,781	64,695,645
Financial assets				
- Trade Receivables	8	343,920,444	459,197,536	333,921,006
- Cash and cash equivalents	9	565,146,796	325,186,129	191,740,249
- Loans and advances	10	104,592,777	112,992,458	75,530,690
<b>Total Current Assets</b>		<b>1,044,709,754</b>	<b>995,428,904</b>	<b>665,887,590</b>
<b>Total Assets</b>		<b>1,631,254,310</b>	<b>1,473,031,512</b>	<b>1,138,838,655</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	11	303,116,000	303,116,000	303,116,000
Other equity	12	425,095,928	268,391,578	151,008,204
<b>Total Equity</b>		<b>728,211,928</b>	<b>571,507,578</b>	<b>454,124,204</b>
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	13	27,617,231	32,876,689	25,224,634
Provisions	14	12,384,563	11,054,525	12,229,581
<b>Total Non Current Liabilities</b>		<b>40,001,794</b>	<b>43,931,214</b>	<b>37,454,215</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	15	10,511,723	45,316,606	226,687,135
- Trade payables	16	717,854,303	739,007,668	375,980,566
- Other financial Liabilities	17	24,396,270	19,781,980	21,452,780
Provisions	18	32,489,095	24,181,782	5,378,892
Other current liabilities	19	77,789,197	29,304,684	17,760,863
<b>Total Current Liabilities</b>		<b>863,040,588</b>	<b>857,592,720</b>	<b>647,260,236</b>
<b>TOTAL Liabilities</b>		<b>1,631,254,310</b>	<b>1,473,031,512</b>	<b>1,138,838,655</b>

Significant Accounting Policies

1

See accompanying notes to the financial statements

2 to 54

As per our Report of even date

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Ashutosh Dwivedi**  
( Partner)  
M.No. 410227

Place : Mumbai  
Date :30th May-2018

**For and on behalf of the Board**

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai  
Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai  
Date :30th May 2018



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH-2018**  
(Currency: Indian Rupees)

Particulars	Notes	Year Ended on Mar 31,2018	Year Ended on Mar 31,2017
<b>INCOME</b>			
Revenue From Operations	20	733,453,858	540,993,720
Other Income	21	56,338,690	73,217,578
<b>Total Income</b>		<b>789,792,548</b>	<b>614,211,298</b>
<b>EXPENSES</b>			
Employee benefit expense	22	221,625,077	151,559,707
Operating Expenses	23	239,400,803	186,435,027
Finance Cost	24	16,457,607	29,569,758
Depriciation & Amortization Expenses	2	8,755,810	12,971,242
Other Expenses	25	124,266,503	96,741,035
<b>Total Expenses</b>		<b>610,505,800</b>	<b>477,276,769</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS, Extraordinary items AND TAX</b>		<b>179,286,748</b>	<b>136,934,528</b>
<b>Less: Extraordinary Items (prior period expenses)</b>		<b>-670,139</b>	<b>-10,345,569</b>
Profit Before Tax		178,616,608	126,588,959
Tax Expenses			-
Current Tax		38,100,000	16,836,000
Deferred tax		1,863,202	-2,536,071
Short & Excess Tax Provison		1,524,394	-
Mat Receivable		-24,400,441	-
Total Tax Expenses		17,087,155	14,299,929
<b>Profit for the Year (After Tax)</b>		<b>161,529,453</b>	<b>112,289,031</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		-1,861	404,794
Equity Instruments through Other Comprehensive Income		-4,897,232	4,888,045
(ii) Income tax related to items that will not be reclassified to profit or loss		575	-125,081
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>156,630,935</b>	<b>117,456,789</b>
<b>Earnings Per equity share of face value of Rs 10 each</b>			
Basic(in Rs)	27	5.17	3.87
Diluted (in Rs)	27	5.17	3.87

Significant Accounting Policies 1  
See accompanying notes to the financial statements 2 to 54

As per our Report of even date

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Ashutosh Dwivedi**  
( Partner)  
M.No. 410227

Place : Mumbai  
Date :30th May-2018

**For and on behalf of the Board**

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai  
Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai  
Date :30th May 2018

# MONARCH NETWORK CAPITAL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH-2018

(Currency: Indian Rupees)

	For the year ended	
	31 March 2018	31 March 2017
	INRs	INRs
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	17,86,14,747	12,69,93,753
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>17,86,14,747</b>	<b>12,69,93,753</b>
<b>Adjustments to reconcile profit before tax to net cash used in operating activities</b>		
Depreciation and amortisation	87,55,810	1,29,71,242
Finance cost(including fair value change in financial instruments)	1,64,57,607	2,95,69,758
Interest income	-2,92,84,914	-2,66,27,544
Dividend Income	-1,77,683	-2,97,386
Income Tax Refund	-	-1,30,25,541
(Profit) / loss on sale of fixed assets	45,474	-1,10,563
(Profit) / loss on sale of Investments	-	-1,43,336
Bad debts/Sundry Balance written off	2,39,45,591	1,74,404
	19,83,56,633	12,95,04,788
<b>Working capital adjustments</b>		
Inventories	6,70,03,043	-3,33,57,136
Trade receivables	9,13,31,501	-12,54,50,934
Loans & Advances	8,42,25,124	-3,69,43,768
Trade payables	-2,11,53,365	36,30,27,102
Other financial liabilities	46,14,290	-16,70,800
Other liabilities	4,85,57,929	1,14,70,406
Provisions	96,37,351	1,76,27,834
	48,25,72,506	32,42,07,493
Income Tax paid	-4,21,94,294	-38,10,459
<b>Net cash flows from operating activities</b>	<b>44,03,78,212</b>	<b>32,03,97,034</b>
<b>Cash flow from investing activities</b>		
Payment for purchase and construction of property, plant and equipment (Net of proceeds from sales)	-94,86,912	-1,30,41,967
Fixed deposits held as margin deposits	-29,72,847	-7,80,07,488
Other Fixed Deposits	-5,26,36,804	-2,41,85,650
Proceeds from sale of Investments	-58,34,216	20,65,394
Interest received	2,92,84,914	2,66,27,544
Dividend Income	1,77,683	2,97,386
Proceeds /(Repayment) of Other Non Current Financial Assets	-8,22,11,621	9,06,721
Proceeds /(Repayment) of loans and advances to related parties	-7,58,25,444	-5,18,000
<b>Net cash flows from investing activities</b>	<b>-19,95,05,247</b>	<b>-8,58,56,060</b>
<b>Cash flow from financing activities</b>		
Proceeds /(Repayment) of secured borrowings	-4,22,01,207	-17,93,49,324
Proceeds /(Repayment) of unsecured borrowings	21,36,865	56,30,851
Finance charges paid	-1,64,57,607	-2,95,69,758
<b>Net cash flows from financing activities</b>	<b>-5,65,21,949</b>	<b>-20,32,88,232</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>18,43,51,015</b>	<b>3,12,52,742</b>
Cash and cash equivalents at the beginning of the year	11,68,37,558	8,55,84,816
Effect of exchanges rate changes on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>30,11,88,574</b>	<b>11,68,37,558</b>

	For the year ended	
	31 March 2018	31 March 2017
	INRs	INRs
<b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b>		
Cash and Bank Balances as per Balance Sheet	30,11,88,574	11,68,37,558
Add: Unrealised loss / (gain) on foreign currency cash and cash equivalents	-	-
Less : Bank balances not considered as Cash and Cash equivalents as defined in Ind AS-7 - Cash Flow Statements	-	-
<b>Cash and Cash equivalents as restated as at the year end</b>	<b>30,11,88,574</b>	<b>11,68,37,558</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

See accompanying notes to the financial statements 2 to 54

As per our Report of even date

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Ashutosh Dwivedi**

( Partner)  
M.No. 410227

Place : Mumbai  
Date :30th May-2018

**For and on behalf of the Board**

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai  
Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai  
Date :30th May 2018

# MONARCH NETWORK CAPITAL LIMITED

## Statement of Changes in Equity

(Currency: Indian Rupees)

### (a) Equity share capital

(Figures in ₹)

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000
Changes in equity share capital during the year	-	-	-	-	-	-
Balance at the end of the reporting period	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000

### (b) Other equity

(Figures in ₹)

Particulars	Reserves & Surplus			Other comprehensive income		Total	
	Capital Reserve	Securities Premium Account	Retained earnings	Amalgamation Reserve	Remeasurements of the net defined benefit Plans	Fair valuation of investments in equity shares	
<b>Balance at 1 April 2016</b>	<b>1,51,63,560</b>	<b>29,66,52,896</b>	<b>-18,98,83,602</b>	<b>3,31,91,490</b>	-	<b>-41,16,140</b>	<b>15,10,08,204</b>
Profit for the year	-	-	11,22,15,616	-	-	-	11,22,15,616
Other comprehensive income for the year	-	-	-	-	2,79,713	48,88,045	51,67,758
Total comprehensive income for the year	-	-	11,22,15,616	-	2,79,713	48,88,045	11,73,83,374
<b>Balance at 31 March 2017</b>	<b>1,51,63,560</b>	<b>29,66,52,896</b>	<b>-7,76,67,986</b>	<b>3,31,91,490</b>	<b>2,79,713</b>	<b>7,71,905</b>	<b>26,83,91,578</b>
Profit for the year	-	-	16,16,02,868	-	-	-	16,16,02,868
Other comprehensive income for the year	-	-	-	-	-1,286	-48,97,232	-48,98,518
Total comprehensive income for the year	-	-	16,16,02,868	-	-1,286	-48,97,232	15,67,04,350
<b>Balance at 31 March 2018</b>	<b>1,51,63,560</b>	<b>29,66,52,896</b>	<b>8,39,34,882</b>	<b>3,31,91,490</b>	<b>2,78,427</b>	<b>-41,25,327</b>	<b>42,50,95,928</b>

Significant Accounting Policies

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See accompanying notes to the financial statements

2 to 54

As per our Report of even date

#### For PAREKH SHAH & LODHA

Chartered Accountants  
(Firm Reg. No. 107487W)

#### Ashutosh Dwivedi

( Partner)  
M.No. 410227

Place : Mumbai

Date :30th May-2018

#### For and on behalf of the Board

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai

Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai

Date :30th May 2018

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**Notes to financial statements for the year ended 31st March 18**
**Note 1****A. 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), Metropolitan Stock Exchange of India Ltd (MSEI) 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****B. Basis of preparation**

- a) 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.
- b) These financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS. For the purpose of comparatives, financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared as per Ind AS.
- c) 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

**d) Functional and presentation currency:**

These financial statements are presented in INR, which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs.

**e) 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

## MONARCH NETWORK CAPITAL LIMITED

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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.

### **f) 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.

### **g) 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.

#### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

#### **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.

#### **h) 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.

#### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the intangible assets.

#### **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.

#### **i) 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

## MONARCH NETWORK CAPITAL LIMITED

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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.

### **j) Leases- Company as a lessee**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### **k) 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.

### **l) 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

VTPPL 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.

### 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 IndAS 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/ 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.

## **m) 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.

**n) 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.

**o) 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.

### p) 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.

### q) 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".

### r) 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.

### s) 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.

**t) 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 judgements 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 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.

### u) 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.

### v) 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.

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.

#### w) First Time Adoption of IND AS

The date of transition to Ind AS is April 01, 2016. The company applied Ind AS 101 'First-time Adoption of Indian Accounting Standards' in preparing these first Ind AS consolidated financial statements. The effects of the transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the accompanying notes.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018 together with the comparative period data as at and for the year ended March 31, 2017 and April 01, 2016 being restated as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made and exemptions applied by the Company in restating its previous Indian GAAP financial statements, including the balance sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017.

#### • First-time adoption exemptions applied

Upon transition, Ind AS 101 permits certain exemptions from full retrospective application of Ind AS. The Company has applied the mandatory exceptions and certain optional exemptions, in preparing these financial statements, as set out below:

#### Mandatory exemptions applied by the Company

- As per Ind AS 109, financial assets and liabilities that had been de-recognised before the date of transition to Ind AS under previous Indian GAAP have not been recognised under Ind AS.
- As per Ind AS 109, impairment of financial assets needs to be applied retrospectively. The Company has reasonable and supportable information to determine the credit risk and it has concluded that the credit risk remains the same on the date of transition which was assessed to such instrument on the date of its initial recognition. Hence there is no impairment which is to be given effect retrospectively.

#### Optional exemptions applied by the Company

##### ➤ Business combinations

Ind AS 101 provides optional exemption not to apply Ind AS 103 to any past Business combinations. Accordingly all the past Business combinations (acquisition of certain interests in joint arrangements) prior to April 01, 2016 have been accounted in accordance with previous Indian GAAP. Goodwill arising from business combination has been stated at the carrying amount of investment under Ind AS.

##### ➤ Property, plant and equipment (PPE), Intangible assets (IA) and Investment properties (IP)

Ind AS 101 provides optional exemption to have a deemed cost as a starting point for the items of PPE, IA and IP instead of cost determined as per the requirement of Ind AS 16. Company has opted to carry forward the PPE, IA and IP under Ind AS at deemed costs i.e. carrying value under previous Indian GAAP as on April 01, 2016.

##### ➤ Investments in subsidiaries and joint arrangements

Ind AS 101 provides optional exemption to use a deemed cost when measuring an investment in a subsidiary, joint venture or associate in the separate opening statement of financial position instead of cost determined as per the requirement of Ind AS 27. In its separate financial statements, Company has measured investments in subsidiaries and joint arrangements at deemed cost i.e. carrying value under previous Indian GAAP as on April 01, 2016.

##### ➤ Fair value measurement of financial assets or financial liabilities at initial recognition

Ind AS 101 provides optional exemption to apply Ind AS 109 prospectively. Company has availed the said exemption.

# MONARCH NETWORK CAPITAL LIMITED

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

Description	Air Conditioners	Computer	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital Work in Progress
<b>Cost as at 1 April 2016 (A)</b>	<b>8,47,906</b>	<b>1,41,01,318</b>	<b>69,56,633</b>	<b>26,16,085</b>	<b>25,27,116</b>	<b>2,70,49,058</b>	-
Additions	5,49,775	66,52,451	7,01,341	38,04,203	16,13,330	1,33,21,100	-
Deletions	2,13,201	7,42,858	5,64,202	6,67,550	1,28,278	23,16,089	-
<b>Cost as at 31 March 2017 (B)</b>	<b>11,84,480</b>	<b>2,00,10,911</b>	<b>70,93,772</b>	<b>57,52,738</b>	<b>40,12,168</b>	<b>3,80,54,069</b>	-
Additions	2,70,151	53,24,537	7,91,171	-	17,90,454	81,76,313	11,16,445
Deletions	1,07,699	1,30,010	1,95,420	2,05,000	91,085	7,29,214	-
<b>Cost as at 31 March 2018 (C)</b>	<b>13,46,932</b>	<b>2,52,05,438</b>	<b>76,89,523</b>	<b>55,47,738</b>	<b>57,11,537</b>	<b>4,55,01,168</b>	<b>11,16,445</b>
<b>Accumulated depreciation as at 1 April 2016 (D)</b>	-	-	-	-	-	-	-
Depreciation for the period	2,22,493	64,37,423	36,81,769	14,33,827	9,52,817	1,27,28,329	-
Deletions	2,02,542	7,12,760	5,34,630	4,74,296	99,916	20,24,144	-
<b>Accumulated depreciation as at 31 March 2017 (E)</b>	<b>19,951</b>	<b>57,24,663</b>	<b>31,47,139</b>	<b>9,59,531</b>	<b>8,52,901</b>	<b>1,07,04,185</b>	-
Depreciation for the period	2,68,880	55,21,006	12,34,910	6,04,344	9,88,047	86,17,187	-
Deletions	70,113	40,643	1,68,405	-	45,358	3,24,519	-
<b>Accumulated depreciation as at 31 March 2018 (F)</b>	<b>2,18,718</b>	<b>1,12,05,026</b>	<b>42,13,644</b>	<b>15,63,875</b>	<b>17,95,590</b>	<b>1,89,96,853</b>	-
<b>Net carrying amount as at 1 April 2016 (A) - (D)</b>	<b>8,47,906</b>	<b>1,41,01,318</b>	<b>69,56,633</b>	<b>26,16,085</b>	<b>25,27,116</b>	<b>2,70,49,058</b>	-
<b>Net carrying amount as at 31 March 2017 (B) - (E)</b>	<b>11,64,529</b>	<b>1,42,86,248</b>	<b>39,46,633</b>	<b>47,93,207</b>	<b>31,59,267</b>	<b>2,73,49,884</b>	-
<b>Net carrying amount as at 31 March 2018 (C) - (F)</b>	<b>11,28,214</b>	<b>1,40,00,412</b>	<b>34,75,879</b>	<b>39,83,863</b>	<b>39,15,947</b>	<b>2,65,04,315</b>	<b>11,16,445</b>

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP.

Description	Air Conditioners	Computer	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital Work in Progress
Gross Block	1,58,08,636	10,65,31,113	3,45,84,371	1,53,26,173	1,24,20,361	18,46,70,654	-
Accumulated Depreciation	-1,49,60,730	-9,24,29,795	-2,76,27,738	-1,27,10,088	-98,93,245	-15,76,21,596	-
<b>Net Block</b>	<b>8,47,906</b>	<b>1,41,01,318</b>	<b>69,56,633</b>	<b>26,16,085</b>	<b>25,27,116</b>	<b>2,70,49,058</b>	-

(Figures in ₹)

Note: 3	Intangible assets	
	Description	Computer Software
	<b>Cost as at 1 April 2016 (A)</b>	<b>4,65,550</b>
	Additions	1,23,375
	Deletions	-
	<b>Cost as at 31 March 2017 (B)</b>	<b>5,88,925</b>
	Additions	5,53,375
	Deletions	-
	<b>Cost as at 31 March 2018 (C)</b>	<b>11,42,300</b>
	<b>Accumulated amortisation as at 1 April 2016 (D)</b>	<b>-</b>
	Amortisation for the period	2,42,913
	Deletions	-
	<b>Accumulated amortisation as at 31 March 2017 (E)</b>	<b>2,42,913</b>
	Amortisation for the period	1,38,623
	Deletions	-
	<b>Accumulated amortisation as at 31 March 2018 (F)</b>	<b>3,81,536</b>
	<b>Net carrying amount as at 1 April 2016 (A) - (D)</b>	<b>4,65,550</b>
	<b>Net carrying amount as at 31 March 2017 (B) - (E)</b>	<b>3,46,012</b>
	<b>Net carrying amount as at 31 March 2018 (C) - (F)</b>	<b>7,60,764</b>

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

Refer note below for the gross block value and the accumulated amortisation on 1 April 2016 under the previous GAAP.

Description	Computer Software
Gross Block	7,66,654
Accumulated amortisation	-3,01,104
<b>Net Block</b>	<b>4,65,550</b>

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	01 April 2016
<b>Note: 4</b>			
<b>Non-current Investments</b>			
<b>Investments in subsidiaries and joint ventures</b>			
Investment in equity of subsidiaries - unquoted			
- Monarch Network Comtrade Limited (1400100 (Previous year: 1400100) equity shares of Rs. 10 each, fully paid up)	2,00,01,000	2,00,01,000	2,00,01,000
- Monarch Network Finserve Private Limited (80,00,000 (Previous year: 8000000) Equity Shares of Rs 10 each fully paid up)	9,29,22,205	9,29,22,205	9,29,22,205
- Network Wealth Solution Limited (1000000 (Previous year: 1000000) Equity Shares of Rs 10 each fully paid up)	1,00,00,000	1,00,00,000	1,00,00,000
- Network Insurance Broking Private Limited (10000 (Previous year: 10000) Equity Shares of Rs 10 each fully paid up)	1,00,000	1,00,000	1,00,000
- Monarch Network Investment Advisory Private Limited (599900 (Previous year: 499900) Equity Shares of Rs 10 each fully paid up)	59,99,000	49,99,000	49,99,000

## MONARCH NETWORK CAPITAL LIMITED

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	01 April 2016
	12,90,22,205	12,80,22,205	12,80,22,205
Less: Provision for Diminution in Value of Investment	1,00,00,000	1,00,00,000	1,00,00,000
Investment in equity of subsidiaries - unquoted	11,90,22,205	11,80,22,205	11,80,22,205
<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)	94,94,000	94,94,000	94,94,000
Investment in Network Softech Limited 15,00,000 (Previous year: 15,00,000) equity shares of Rs. 10 each, fully paid up)	1,50,00,000	1,50,00,000	1,50,00,000
	<b>14,35,16,205</b>	<b>14,25,16,205</b>	<b>14,25,16,205</b>
<b>Investment in equity - quoted (FVTOCI)</b>			
- Sadbhav Engineering Limited (1310 (Previous year: 1310)) equity shares of Rs. 10 each, fully paid up)	5,10,180	3,99,812	3,90,380
- Unistar Multimedia Limited (774262 (Previous Year: 0)) equity shares of Rs. 10 each, fully paid up)	21,29,221	-	-
- NTPC Limited (Nil (Previous year: Nil)) equity shares of Rs. 10 each, fully paid up)	-	-	2,57,700
- Power Grid Limited (Nil (Previous year: Nil)) equity shares of Rs. 10 each, fully paid up)	-	-	19,05,670
Bombay Stock Exchange Limited- (5700 (Previous year: 5700)) equity shares of Rs. 2 each, fully paid up)	43,10,340	55,72,605	877
- Rattanpower India Limited (229000 (Previous year: 229000)) equity shares of Rs. 10 each, fully paid up)	11,79,350	18,66,350	22,78,550
	81,29,091	78,38,767	48,33,177
Less : Provision for diminution in value of investments	-	-	-
	<b>81,29,091</b>	<b>78,38,767</b>	<b>48,33,177</b>
<b>Investment in Government or Trust Securities</b>			
National savings certificates	4,000	4,000	4,000
Life Insurance Policies	59,680	4,13,020	4,52,623
	<b>63,680</b>	<b>4,17,020</b>	<b>4,56,623</b>
	<b>15,17,08,976</b>	<b>15,07,71,992</b>	<b>14,78,06,005</b>
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>81,29,091</b>	<b>78,38,767</b>	<b>48,33,177</b>
<b>Aggregate amount of unquoted investments</b>	<b>14,35,79,885</b>	<b>14,29,33,225</b>	<b>14,29,72,828</b>
<b>Aggregate amount of impairment in the value of investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>15,17,08,976</b>	<b>15,07,71,992</b>	<b>14,78,06,005</b>

(Figures in ₹)

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	01 April 2016
<b>Note: 5 Other Financial Assets</b>			
Unsecured considered good unless stated otherwise :			
<b>a. Security Deposits</b>			
Deposit with Stock Exchange & Financial Institutions	5,05,61,366	7,67,15,576	5,43,26,406
Additional Base capital with Clearing Member	18,66,87,182	7,09,57,225	5,48,55,951

Particulars	(Figures in ₹)		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>b. Balance with Revenue Authorities</b>			
Advance to Government Security	96,69,875	2,26,02,211	6,31,17,579
Advance Fringe Benefit Tax	20,58,456	20,58,456	20,58,456
<b>c. Other Deposits</b>			
Deposits for Arbitration Order	1,41,51,444	1,38,24,028	1,30,57,906
Deposits for PMS			11,00,000
Deposits for Office Premises	9,76,75,020	9,19,09,686	9,12,19,422
Deposits for Telephone, VSAT, Electricity etc.	16,08,419	21,32,960	13,71,142
<b>Total</b>	<b>36,24,11,761</b>	<b>28,02,00,140</b>	<b>28,11,06,862</b>

**Note: 6 DEFERRED TAX ASSETS (NET)**

The movement on the deferred tax account is as follows:

At the start of the year	1,89,34,580	1,65,23,590	1,85,01,537
Charge/(credit) to statement of Profit and Loss	-18,62,627	24,10,990	-19,77,947
At the end of the year balance	1,70,71,953	1,89,34,580	1,65,23,590
MAT Receivable	2,69,70,341	-	-
<b>Total</b>	<b>4,40,42,294</b>	<b>1,89,34,580</b>	<b>1,65,23,590</b>

**Note: 7 Inventories**

Stock in Trade*	3,10,49,737	9,79,92,199	6,46,35,063
Franking Balance on Hand	-	50,420	50,420
Stock of Stamp	-	10,162	10,162
<b>Total</b>	<b>3,10,49,737</b>	<b>9,80,52,781</b>	<b>6,46,95,645</b>

\* Stock in trade represents shares held as on balance sheet date at valued at cost being shares held by virtue of acting as a merchant banker and market maker for the acquired equity shares. Balance in vandha & trading error A/c. are basically shares held as a result of Trading Error or Vandha Accounts of clients. In absence of information, disclosure relating quantity has not been given.

**Note: 8 Trade Receivables****Trade Receivables from Stock Broking Activities**

-considered good more than six month	7,22,11,603	9,16,46,461	9,83,72,470
-considered doubtful, outstanding for more than six month	-	-	6,72,87,557
-considered good less than six month	23,66,43,235	35,49,63,616	21,93,37,306
Less : Prov for Doubtful Debts		-	-6,72,87,557
<b>Total Trade Receivables</b>	<b>30,88,54,838</b>	<b>44,66,10,077</b>	<b>31,77,09,776</b>
<b>Others Trade Receivables: considered good</b>			
MTF Funding Debtors	2,18,81,396	-	-
Other Receivables	1,31,84,210	1,25,87,459	1,62,11,230
<b>Total</b>	<b>34,39,20,444</b>	<b>45,91,97,536</b>	<b>33,39,21,006</b>

Note : As on 01.04.2016, there was a Provision for Doubtful Receivables for Rs 6,72,87,557/-. A further provision of Rs 100,00,000/- was made during the Financial Year 2016-2017 . The Board is of the opinion that inspite of all due efforts, the said Doubtful Receivables for Rs 7,72,87,557/-are not recoverable, hence the same has been written off during the Financial Year 2016-2017.

Note : As per management opinion there is no Expected Credit Loss in Trade Receivables of the Company and all are on fair value.

# MONARCH NETWORK CAPITAL LIMITED

Particulars	(Figures in ₹)		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Note: 9 Cash and cash equivalents</b>			
Cash on Hand	1,20,067	89,111	16,18,179
Balance with Bank	30,10,68,506	11,67,48,447	8,39,66,637
Fixed deposits held as margin deposits	15,97,30,335	15,67,57,488	7,87,50,000
Other Fixed Deposits	10,42,27,887	5,15,91,083	2,74,05,433
<b>Total</b>	<b>56,51,46,796</b>	<b>32,51,86,129</b>	<b>19,17,40,249</b>

Notes:

1. Fixed deposits includes Rs. 15,97,30,335, Rs. 15,67,57,488, Rs. 7,87,50,000 for the year ended 31 March 2018, 31 March 2017 and 1 April 2016, respectively, under lien with banks towards bank guarantee, or kept as security with Exchanges as margin money.

2. Cash and Bank balances as on 31 March 2018, 31 March 2017 and as on 1 April 2016 include cheques on hands, which were cleared subsequent to the year end on periodic basis.

<b>Note: 10 Loans and Advances</b>			
Advances to Staff	30,59,320	28,08,298	25,00,959
Advances to Suppliers	16,37,475	10,99,660	17,09,635
Prepaid Expenses	89,00,669	77,96,369	1,00,01,246
Advances to Subsidiary	8,45,69,125	12,27,749	7,09,749
Advances to Associate	3,61,340	-	-
Receivables from Related Party	3,08,640	81,85,912	81,85,912
Loan - others Advances	57,56,207	9,18,74,469	5,24,23,189
<b>Total</b>	<b>10,45,92,777</b>	<b>11,29,92,458</b>	<b>7,55,30,690</b>

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
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<b>Note: 11 Share Capital</b>			
<b>a Authorised :</b>			
Equity Shares of Re. 10/- each 3,05,00,000 (Previous year 3,05,00,000 ) Equity shares	30,50,00,000	30,50,00,000	30,50,00,000
60,00,000 (Previous Year 60,00,000) Redeemable Preference Shares of Rs.10 each	6,00,00,000	6,00,00,000	6,00,00,000
5,00,000-6% Cumulative Redeemable preference Share of Rs. 100/- each	5,00,00,000	5,00,00,000	5,00,00,000
<b>TOTAL</b>	<b>41,50,00,000</b>	<b>41,50,00,000</b>	<b>41,50,00,000</b>
<b>b Issued and Subscribed and Paid up:</b>			
3,03,11,600 (Previous year 3,03,11,600) Equity shares fully paid up	30,31,16,000	30,31,16,000	30,31,16,000
<b>TOTAL</b>	<b>30,31,16,000</b>	<b>30,31,16,000</b>	<b>30,31,16,000</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	30,31,16,000	30,31,16,000	30,31,16,000
Add/(Less) : Adjustments during the year	-	-	-

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
Equity shares allotted as fully paid bonus shares by capitalisation of reserves	-	-	-
Equity Shares bought back during the year	-	-	-
Outstanding at the end of the year	30,31,16,000	30,31,16,000	30,31,16,000

**d 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. During the year ended 31 March 2018, the amount of dividend per equity share recognised as distributions to equity shareholders is NIL (previous year NIL).

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		As at		As at	
	31 March 2018		31 March 2017		1 April 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
VAIBHAV JAYANTILAL SHAH	31,08,815	10.26%	27,12,000	8.95%	27,12,000	8.95%
SURESH P JAIN	26,42,137	8.72%	29,92,137	9.87%	32,92,137	10.86%
SURESH BABULAL BAFNA	25,12,500	8.29%	25,12,500	8.29%	25,12,500	8.29%
BELA HIMANSHU SHAH	24,06,000	7.94%	24,06,000	7.94%	24,06,000	7.94%
BANKIM JAYANTILAL SHAH	22,06,000	7.28%	22,06,000	7.28%	22,06,000	7.28%
METAPHOR REALTY INVESTMENTS PRIVATE LIMITED	24,12,000	7.96%	24,12,000	7.96%	24,12,000	7.96%

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.

## MONARCH NETWORK CAPITAL LIMITED

				(Figures in ₹)		
Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016			
<b>Note:12 Other Equity</b>						
<b>Reserves &amp; Surplus</b>						
<b>Capital reserve - at the beginning of the year</b>	1,51,63,560	1,51,63,560	1,51,63,560			
Add: Addition during the year	-	-	-			
At the end of the year	1,51,63,560	1,51,63,560	1,51,63,560			
<b>Securities premium reserve - at the beginning of the year</b>	29,66,52,896	29,66,52,896	29,66,52,896			
Add: Addition during the year	-	-	-			
At the end of the year	29,66,52,896	29,66,52,896	29,66,52,896			
<b>Amalgamation Reserve - at the beginning of the year</b>	3,31,91,490	3,31,91,490	3,31,91,490			
Add: Addition during the year	-	-	-			
At the end of the year	3,31,91,490	3,31,91,490	3,31,91,490			
<b>Retained earnings - at the beginning of the year</b>	-7,76,67,986	-18,98,83,602	-9,19,30,875			
Add: Addition during the year	16,15,29,453	11,22,89,031	-9,79,52,727			
Add: Prior Period Adjustments	73,415	-73,415				
At the end of the year	8,39,34,882	-7,76,67,986	-18,98,83,602			
<b>Total Reserves &amp; Surplus</b>	42,89,42,828	26,73,39,960	15,51,24,344			
<b>Other comprehensive income</b>						
<b>Remeasurements of the net defined benefit Plans</b>	2,79,713	-	-			
Add: Addition during the year	-1,286	2,79,713	-			
At the end of the year	2,78,427	2,79,713	-			
<b>Fair valuation of investments in equity shares</b>	7,71,905	-41,16,140	-			
Add: Addition during the year	-48,97,232	48,88,045	-41,16,140			
At the end of the year	-41,25,327	7,71,905	-41,16,140			
<b>Total Other comprehensive income</b>	-38,46,900	10,51,618	-41,16,140			
<b>Total Other Equity</b>	42,50,95,928	26,83,91,578	15,10,08,204			
<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 01 April 2016</b>			
<b>Note: 13 Non Current Borrowing</b>						
Loan from ICICI Bank Ltd (Secured against hypothecation of Car)	18,31,876	24,32,925	-			
Loan from Kotak Mahindra Prime Limited (Secured against hypothecation of Car)	-	-	4,11,720			
<b>Unsecured</b>						
Deposits from Business Associates	2,57,85,355	3,04,43,765	2,48,12,914			
<b>Total</b>	2,76,17,231	3,28,76,689	2,52,24,634			
<b>Note: 14 Non Current Provisions</b>						
Provision for Gratuity	1,23,84,563	1,10,54,525	1,22,29,581			
<b>Total</b>	1,23,84,563	1,10,54,525	1,22,29,581			



Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Note: 15 Current Borrowings</b>			
<b>Secured Borrowings</b>			
Overdraft from HDFC Bank (Secured against hypothecation of Office premises & Securities, and Personal guarantee of Key Management)	-	4,02,01,759	6,45,58,193
Banks & Financial Institutions (Secured against Hypothecation of Stock)	1,15,405	15,68,120	15,89,54,116
<b>Current Maturities</b>			
Loan from ICICI Bank Ltd	6,01,043	5,46,727	-
Loan from Kotak Mahindra Prime Limited	-	-	1,74,826
<b>Unsecured Borrowings</b>			
Loans from shareholders			
- Other than promoter group	30,00,000	30,00,000	30,00,000
- Related Parties	67,95,275	-	-
<b>Total</b>	<b>1,05,11,723</b>	<b>4,53,16,606</b>	<b>22,66,87,135</b>
<b>Note: 16 Trade Payable</b>			
Trade Payable	11,76,54,043	39,77,73,245	9,90,50,639
Margin Payable to Clearing Member	59,27,44,100	34,10,62,450	27,68,18,291
Payable to MTF Clients	72,59,955	-	-
Other Payable	1,96,204	1,71,973	1,11,636
<b>Total</b>	<b>71,78,54,303</b>	<b>73,90,07,668</b>	<b>37,59,80,566</b>
Notes:			
In absence of information regarding vendors covered under Micro, Small & Medium Enterprises Development Act, 2006. disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act has not been given.			
<b>Note: 17 Other Current financial liabilities</b>			
Creditors for Expenses	71,66,172	47,00,241	68,05,811
Salary & Reimbursements	1,72,30,098	1,50,81,739	1,46,46,969
<b>Total</b>	<b>2,43,96,270</b>	<b>1,97,81,980</b>	<b>2,14,52,780</b>
<b>Note: 18 Current Provisions</b>			
Provision for Expenses	30,32,320	82,98,629	32,14,591
Provision for Income Tax	2,43,82,187	1,31,42,677	21,64,301
Provision for Gratuity (Current)	23,24,588	20,90,476	-
Provision for CRS	27,50,000	6,50,000	-
<b>Total</b>	<b>3,24,89,095</b>	<b>2,41,81,782</b>	<b>53,78,892</b>
<b>Note: 19 Other Current Liabilities</b>			
Statutory Remittances	1,13,76,117	69,85,243	62,40,130
Deposits from Clients	5,84,52,480	1,58,37,000	58,45,500
Advance Brokerage from Client	9,10,343	23,15,765	23,37,716
Other Current Liabilities	70,50,257	41,66,675	33,37,517
<b>Total</b>	<b>7,77,89,197</b>	<b>2,93,04,684</b>	<b>1,77,60,863</b>

# MONARCH NETWORTH CAPITAL LIMITED

Particulars	(Figures in ₹)	
	Year Ended on 31 March 2018	Year Ended on 31 March 2017
<b>Note: 20 Income from Operation</b>		
Brokerage & Related income	60,95,17,647	50,83,42,658
Demat Income	3,30,63,342	2,10,32,749
Merchant Banking income	87,79,690	21,00,000
Income From Trading In Securities	-70,70,159	-30,68,351
Other Income	8,91,63,339	1,25,86,664
<b>Total</b>	<b>73,34,53,858</b>	<b>54,09,93,720</b>
<b>Note: 21 Other Income</b>		
Dividend Income	1,77,683	2,97,386
Interest Received On Fixed Deposits	2,43,16,329	1,24,51,389
Income Tax Refund	-	1,30,25,541
Interest on Income Tax Refund	15,59,760	86,25,927
Interest Received On Staff Loan	1,79,383	-
Interest Received On Subsidiary Loan	32,29,442	55,50,228
Profit on Remeasurement of Financial Assets (valued at FVTPL)	36,21,325	2,87,47,229
Penalty Charges Recovered	3,36,826	4,40,793
Profit on Error Holding	8,36,998	38,90,346
MTF Interest Income	1,35,364	-
Other Income	2,19,45,579	1,88,739
<b>Total</b>	<b>5,63,38,690</b>	<b>7,32,17,578</b>
<b>Note: 22 Employee Benefit Expenses</b>		
Salary & Other Allowances		
Employee Salary	21,16,53,488	14,97,71,027
Director Remuneration	41,12,556	34,16,431
Performance Incentive	95,16,396	41,70,863
Statutory Contribution	1,37,92,518	96,91,672
Staff Welfare Charges	45,88,794	36,57,526
Common Infrastructure Charges-Salary**	-2,20,38,675	-1,91,47,811
<b>Total</b>	<b>22,16,25,077</b>	<b>15,15,59,707</b>
** This represents recovery of expenses in agreed proportion towards utilization of common facilities including staff cost from subsidiaries and associate concerns.		
<b>Note: 23 Operating Expenses</b>		
Demat Related Charges	1,88,17,735	1,49,08,147
Sub Brokerage & Commission Expenses	20,09,00,040	15,38,11,978
Stamping Charges	14,48,824	2,84,515
Penalty Account	8,54,593	4,16,156
Exchange Expenses	3,96,560	1,77,460
Connectivity Charges	68,81,554	62,77,651
Membership Fees & Subscription	46,73,213	35,74,693
Software Charges	54,28,284	69,84,427
<b>Total</b>	<b>23,94,00,803</b>	<b>18,64,35,027</b>

Particulars	(Figures in ₹)	
	Year Ended on 31 March 2018	Year Ended on 31 March 2017
<b>Note: 24 Finance Cost</b>		
Interest On Bank OD & Fin Institutions	70,83,664	2,43,43,064
Interest On Car Loan	2,53,547	1,87,443
Bank Guarantee Charges	62,89,062	46,27,271
Bank & Fin Institution charges	27,89,524	1,97,826
Interest on Late Payment of TDS / Service tax/GST	19,701	23,969
Other Interest	22,109	1,90,185
<b>Total</b>	<b>1,64,57,607</b>	<b>2,95,69,758</b>
<b>Note: 25 Other Expenses</b>		
Administration expenses		
Legal & Professional Charges	1,46,36,301	1,67,40,170
Telephone/Communication Charges	48,70,402	79,05,605
Electricity Charges	1,03,49,441	95,52,423
Rent Rates & Taxes	3,50,71,257	3,17,80,138
Municipal Taxes	10,39,285	8,28,459
Repairs & Maintenance	89,01,589	76,31,321
Manpower supply charges	30,20,776	31,69,800
Insurance Charges	7,34,358	7,38,922
Postage & Courier Charges	46,00,767	45,52,964
Conveyance & Travelling	72,28,714	71,25,049
Printing Stationery & Xerox Charges	29,67,474	32,51,432
Office expenses	44,38,887	47,21,775
Misc. Expenses	-1,35,845	64,048
Festival Expenses	26,09,369	15,90,854
Corporate Social Responsibility	21,00,000	6,50,000
Staff Recruitment Expenses	1,26,930	1,30,784
Auditors' Remuneration	5,50,000	5,50,000
Recovery of Expenses **	-1,01,80,189	-1,16,10,653
Bad debts/Sundry Balance written off	2,39,45,591	1,74,404
Loss on Assets sold / discarded	45,474	-1,10,563
Other Expenses-SBC	2,03,171	6,23,989
Charity & Donations	9,11,501	1,41,600
<b>Selling &amp; Distribution Expenses</b>		
Advertisement/Sponsorship	46,34,364	13,04,259
Business Promotion Expenses	15,96,887	52,34,255
<b>Total of Administrative, selling and Distribution</b>	<b>12,42,66,503</b>	<b>9,67,41,035</b>

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

**Note: 26 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:

- Gross amount required to be spent by the Company during the year is Rs. 20,01,782/-
- Amount Spent during the year - Rs. Nil"

# MONARCH NETWORK CAPITAL LIMITED

Particulars	(Figures in ₹)	
	Year Ended on 31 March 2018	Year Ended on 31 March 2017
<b>Note: 27 Statement of other comprehensive income</b>		
(i) Items that will not be reclassified to profit or loss		
Changes in revaluation surplus		
Remeasurements of the defined benefit plans	-1,861	4,04,794
Equity Instruments through Other Comprehensive Income	-48,97,232	48,88,045
(ii) Income tax relating to items that will not be reclassified to profit or loss	575	-1,25,081
<b>Total</b>	<b>-48,98,518</b>	<b>51,67,758</b>

## Note: 28 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. "

	31-Mar-18 INR	31-Mar-17 INR
<b>i. Profit attributable to Equity holders</b>		
Profit attributable to equity holders :		
Continuing operations	15,66,30,935	11,74,56,789
Discontinued operations	-	-
<b>Profit attributable to equity holders for basic earnings Adjustments:</b>	<b>15,66,30,935</b>	<b>11,74,56,789</b>
Interest on Convertible preference shares	-	-
Others	-	-
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>15,66,30,935</b>	<b>11,74,56,789</b>
<b>ii. Weighted average number of ordinary shares</b>		
Issued ordinary shares at April 1	3,03,11,600	3,03,11,600
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 Effect of dilution:</b>	<b>3,03,11,600</b>	<b>3,03,11,600</b>
Share options	-	-
Convertible preference shares	-	-
	<b>3,03,11,600</b>	<b>3,03,11,600</b>
<b>Basic and Diluted earnings per share</b>		
Basic earnings per share	5.17	3.87
Diluted earnings per share	5.17	3.87

Particular	For the year ended	
	31-Mar-18	31-Mar-17
<b>Note: 29 Tax expense</b>		
<b>(a) Amounts recognised in profit and loss</b>		
Current income tax	3,81,00,000	1,68,36,000
Changes in tax estimates of prior years	15,24,394	-
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	18,63,202	-25,36,071
<b>Deferred tax expense</b>	<b>18,63,202</b>	<b>-25,36,071</b>
<b>Tax expense for the year</b>	<b>4,14,87,596</b>	<b>1,42,99,929</b>

Particular	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>(b) Amounts recognised in other comprehensive income</b>						
Items that will not be reclassified to profit or loss						
Changes in revaluation surplus						
Remeasurements of the defined benefit plans	-1,861	575	-1,286	4,04,794	-1,25,081	2,79,713
Equity Instruments through Other Comprehensive Income	-48,97,232	-	-48,97,232	48,88,045	-	48,88,045
<b>Items that will be reclassified to profit or loss</b>						
	-48,99,093	575	-48,98,518	52,92,839	-1,25,081	51,67,758

Particular	For the year ended	
	31-Mar-18	31-Mar-17
(c) Reconciliation of effective tax rate on the Amounts recognised in profit and loss as Current Income Tax		
<b>Profit before tax</b>	<b>17,86,16,608</b>	<b>9,52,42,575</b>
Statutory income tax rate	21.342%	20.389%
Tax using the Company's domestic tax rate	3,81,19,642	1,94,18,866
<b>Tax effect of:</b>		
Non-deductible tax expenses	-	-25,23,230
Tax-exempt income	-37,920	-60,634
Others	18,278	998
	<b>3,81,00,000</b>	<b>1,68,36,000</b>

Particular	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset/ (Deferred tax liability)	
				Net	Deferred tax asset/ (Deferred tax liability)
<b>(d) Movement in deferred tax balances</b>					
<b>Deferred tax asset/(Liabilities)</b>					
Property, plant and equipment	1,28,12,774	(23,45,949)		1,04,66,825	1,04,66,825
Compensated absences and gratuity	40,61,806	4,82,747	575	45,45,128	45,45,128
Investments in unquoted equity shares	20,60,000	-		20,60,000	20,60,000
MAT Credit entitlement	-	2,69,70,341	-	2,69,70,341	2,69,70,341
<b>Tax assets (Liabilities)</b>	<b>1,89,34,580</b>	<b>2,51,07,139</b>	<b>575</b>	<b>4,40,42,294</b>	<b>4,40,42,294</b>
Set off tax					

## MONARCH NETWORK CAPITAL LIMITED

Particular	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset/ (Deferred tax liability)
<b>Net tax assets</b>	<b>1,89,34,580</b>	<b>2,51,07,139</b>	<b>575</b>	<b>4,40,42,294</b>	<b>4,40,42,294</b>
<b>(e) Movement in deferred tax balances</b>					
<b>Deferred tax asset/(liabilities)</b>					
Property, plant and equipment	1,03,99,424	24,13,350		1,28,12,774	1,28,12,774
Compensated absences and gratuity	40,64,166	1,22,721	-1,25,081	40,61,806	40,61,806
Investments in unquoted equity shares	20,60,000	-	-	20,60,000	20,60,000
MAT Credit entitlement	-	-		-	-
<b>Tax assets (Liabilities)</b>	<b>1,65,23,590</b>	<b>25,36,071</b>	<b>-1,25,081</b>	<b>1,89,34,580</b>	<b>1,89,34,580</b>
Set off tax					
<b>Net tax assets</b>	<b>1,65,23,590</b>	<b>25,36,071</b>	<b>-1,25,081</b>	<b>1,89,34,580</b>	<b>1,89,34,580</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: 30 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.

	Year ended 31-Mar-18	Year ended 31-Mar-17
Contribution to Provident Fund	76,70,928	56,76,656
Contribution to ESIC	26,60,617	15,04,994
	<b>1,03,31,545</b>	<b>71,81,650</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 2017. 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-18	31-Mar-17	01-Apr-16
Net defined benefit asset	-	-	-
<b>Total employee benefit asset</b>	-	-	-
Net defined benefit liability			
Liability for Gratuity	1,47,09,151	1,31,45,001	1,22,29,581
<b>Total employee benefit liabilities</b>	<b>1,47,09,151</b>	<b>1,31,45,001</b>	<b>1,22,29,581</b>
Non-current	1,23,84,563	1,10,54,525	1,22,29,581
Current	23,24,588	20,90,476	-

**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-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Opening balance	1,42,01,661	1,30,46,548	10,56,660	8,16,967	1,31,45,001	1,22,29,581
<b>Included in profit or loss</b>					-	-
Current service cost	20,90,476	18,84,104	-	-	20,90,476	18,84,104
Past service cost	17,954	-	-	-	17,954	-
Interest cost (income)	7,80,572	8,06,320	69,740	61,272	7,10,832	7,45,048
	<b>1,70,90,663</b>	<b>1,57,36,972</b>	<b>11,26,400</b>	<b>8,78,239</b>	<b>1,59,64,263</b>	<b>1,48,58,733</b>
Included in OCI						
<b>Remeasurement loss (gain):</b>						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	(2,04,394)	3,14,689	-	-	(2,04,394)	3,14,689
Experience adjustment	1,60,065	(6,52,580)	-	-	1,60,065	(6,52,580)
Return on plan assets excluding interest income	-	-	(46,190)	66,903	46,190	(66,903)
	<b>(44,329)</b>	<b>(3,37,891)</b>	<b>(46,190)</b>	<b>66,903</b>	<b>1,861</b>	<b>(4,04,794)</b>
<b>Other</b>						
Contributions paid by the employer	-	-	5,00,000	5,00,000	(5,00,000)	(5,00,000)
Benefits paid	(12,18,120)	(11,97,420)	(4,61,147)	(3,88,482)	(7,56,973)	(8,08,938)
Closing balance	<b>1,58,28,214</b>	<b>1,42,01,661</b>	<b>11,19,063</b>	<b>10,56,660</b>	<b>1,47,09,151</b>	<b>1,31,45,001</b>

**Represented by:**

Net defined benefit asset		11,19,063	10,56,660
Net defined benefit liability		1,47,09,151	1,31,45,001
		<b>1,58,28,214</b>	<b>1,42,01,661</b>

## MONARCH NETWORK CAPITAL LIMITED

### 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, 2018	51,43,925	33,42,085	29,29,414	21,51,062	16,06,649	34,30,896
March 31, 2017	47,49,635	30,80,470	22,91,636	19,58,382	14,23,938	29,26,158

<b>C. Plan assets</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Plan assets comprise the following:		
Policy of insurance	100%	59%
Bank Balance	0%	41%
	<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).

<b>PARTICULAR</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Discount rate	7.10%	6.60%
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:

#### 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.

<b>Particular</b>	<b>31-Mar-18</b>		<b>31-Mar-17</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Rate of discounting (0.50% movement)	1,56,29,692	1,60,32,608	1,40,24,804	1,43,83,820
Rate of salary increase (0.50% movement)	1,60,35,075	1,56,25,382	1,43,85,039	1,40,21,818
Rate of employee turnover (10% movement)	1,57,52,797	1,58,99,835	1,41,51,733	1,42,49,375

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: 31 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."

<b>Particular</b>	<b>Year ended 31-Mar-18</b>	<b>Year ended 31-Mar-17</b>
Lease Rental Payments	3,50,71,257	3,17,80,138
<b>TOTAL</b>	<b>3,50,71,257</b>	<b>3,17,80,138</b>



**b) Future minimum lease payments**

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows.

Particular	31-Mar-18 INR	31-Mar-17 INR
Less than one year	45,48,121	14,84,482
Between one and five years	2,55,58,968	3,03,39,454
<b>TOTAL</b>	<b>3,01,07,089</b>	<b>3,18,23,936</b>

**Note: 32 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.

31-Mar-18	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Non-current investments	-	15,17,08,976	-	15,17,08,976	143,579,885	-	-	143,579,885
Non-current loans	-	-	36,24,11,761	36,24,11,761	-	-	-	-
Trade receivables	-	-	34,39,20,444	34,39,20,444	-	-	-	-
Cash and cash equivalents	-	-	56,51,46,796	56,51,46,796	-	-	-	-
Current Loans and advances	-	-	10,45,92,777	10,45,92,777	-	-	-	-
	-	<b>15,17,08,976</b>	<b>1,37,60,71,778</b>	<b>1,52,77,80,754</b>	<b>143,579,885</b>	-	-	<b>143,579,885</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	2,76,17,231	2,76,17,231	-	-	-	-
Current borrowings	-	-	1,05,11,723	1,05,11,723	-	-	-	-
Trade payables	-	-	71,78,54,303	71,78,54,303	-	-	-	-
Other Non-Current financial liabilities	-	-	2,43,96,270	2,43,96,270	-	-	-	-
	-	-	<b>78,03,79,527</b>	<b>78,03,79,527</b>	-	-	-	-

31-Mar-17	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Non-current investments	-	15,07,71,992	-	15,07,71,992	142,933,225	-	-	142,933,225
Non-current loans	-	-	28,02,00,140	28,02,00,140	-	-	-	-
Trade receivables	-	-	45,91,97,536	45,91,97,536	-	-	-	-
Cash and cash equivalents	-	-	32,51,86,129	32,51,86,129	-	-	-	-
Current Loans and advances	-	-	11,29,92,458	11,29,92,458	-	-	-	-
	-	<b>15,07,71,992</b>	<b>1,17,75,76,263</b>	<b>1,32,83,48,255</b>	<b>142,933,225</b>	-	-	<b>142,933,225</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	3,28,76,689	3,28,76,689	-	-	-	-
Current borrowings	-	-	4,53,16,606	4,53,16,606	-	-	-	-
Trade payables	-	-	73,90,07,668	73,90,07,668	-	-	-	-
Other Non-Current financial liabilities	-	-	1,97,81,980	1,97,81,980	-	-	-	-
	-	-	<b>83,69,82,943</b>	<b>83,69,82,943</b>	-	-	-	-

## MONARCH NETWORK CAPITAL LIMITED

01-Apr-16	FVTPL	Carrying amount			Level 1	Fair value		Total
		FVTOCI	Amortised Cost	Total		Level 2	Level 3	
<b>Financial assets</b>								
Non-current investments	-	14,78,06,005	-	14,78,06,005	142,972,828	-	-	142,972,828
Non-current loans	-	-	28,11,06,862	28,11,06,862	-	-	-	-
Trade receivables	-	-	33,39,21,006	33,39,21,006	-	-	-	-
Cash and cash equivalents	-	-	19,17,40,249	19,17,40,249	-	-	-	-
Current Loans and advances	-	-	7,55,30,690	7,55,30,690	-	-	-	-
	-	<b>14,78,06,005</b>	<b>88,22,98,807</b>	<b>1,03,01,04,812</b>	<b>142,972,828</b>	-	-	<b>142,972,828</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	2,52,24,634	2,52,24,634	-	-	-	-
Current borrowings	-	-	22,66,87,135	22,66,87,135	-	-	-	-
Trade payables	-	-	37,59,80,566	37,59,80,566	-	-	-	-
Other Non-Current financial liabilities	-	-	2,14,52,780	2,14,52,780	-	-	-	-
	-	-	<b>64,93,45,115</b>	<b>64,93,45,115</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 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) :

- Listed Equity Investments (other than Subsidiaries, Joint Ventures and Associates): Quoted Bid Price on Stock Exchange (Level 1)
- Forward contracts : Forward exchange rate is taken from Foreign Exchange Dealers Association of India (FEDAI) (Level 1)
- 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 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

<b>Total Trade receivables as on 31 March 2018 are as follows:</b>	
31 March 2018	34,39,20,444
31 March 2017	45,91,97,536

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.

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 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	<b>Carrying amount (in INR)</b>	
	31 March 2018	31 March 2017
India	34,39,20,444	45,91,97,536
	<u>34,39,20,444</u>	<u>45,91,97,536</u>

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 2018	31 March 2017
<b>Opening balance</b>	-	<b>6,72,87,557</b>
Provision for receivables impairment	-	-
Receivables written off during the year as uncollectible	-	-6,72,87,557
Provision released during the year	-	-
Closing balance	-	-

### 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.

# MONARCH NETWORK CAPITAL LIMITED

## Financial instruments – Fair values and risk management (continued)

### 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.

31-Mar-18	Carrying amount	Contractual cash flows				
		Total	12 months or less	1-2 years	2-5 years	More than 5 years
INR						
<b>Non-derivative financial liabilities</b>						
Non-current borrowings	2,76,17,231	2,76,17,231	-	-	18,31,876	2,57,85,355
Current borrowings	1,05,11,723	1,05,11,723	1,05,11,723	-	-	-
Trade payables		71,78,54,303		-	-	-
	71,78,54,303		71,78,54,303			
Other financial liabilities	2,43,96,270	2,43,96,270	2,43,96,270	-	-	-
<b>Derivative financial liabilities</b>						
Forward exchange contracts	-	-	-	-	-	-

31-Mar-17	Carrying amount	Contractual cash flows				
		Total	12 months or less	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Non-current borrowings	3,28,76,689	3,28,76,689	-	-	24,32,924	3,04,43,765
Current borrowings	4,53,16,606	4,53,16,606	4,53,16,606	-	-	-
Trade payables		73,90,07,668		-	-	-
	73,90,07,668	73,90,07,668	73,90,07,668			
Other financial liabilities	1,97,81,980	1,97,81,980	1,97,81,980	-	-	-
<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.

	Nominal amount in INR	
	31-Mar-18	31-Mar-17
<b>Fixed-rate instruments</b>		
Financial assets	45,06,45,404	27,93,05,796
Financial liabilities	25,48,324	4,47,49,531
	<b>44,80,97,080</b>	<b>23,45,56,265</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<b>Total</b>	<b>44,80,97,080</b>	<b>23,45,56,265</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 33 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.

## MONARCH NETWORTH CAPITAL LIMITED

The Company's adjusted net debt to equity ratio at 31 March 2018 was as follows.

Particular	As at 31 March 2018	INR
		As at 31 March 2017
Total Borrowings	3,81,28,954	7,81,93,295
Less : Cash and cash equivalent	56,51,46,796	32,51,86,129
<b>Adjusted net debt</b>	<b>-52,70,17,842</b>	<b>-24,69,92,834</b>
Total equity	72,82,11,928	32,51,86,129
Less : Hedging reserve	-	-
<b>Adjusted equity</b>	<b>72,82,11,928</b>	<b>32,51,86,129</b>
Adjusted net debt to adjusted equity ratio	-0.72	-0.76

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.

### Note 34 Related party relationships, transactions and balances

#### A Nature of relationship

##### I Subsidiary Companies

- a Monarch Network Comtrade Limited
- b Network Wealth Solutions Limited
- c Monarch Network Finserve Private Limited
- d Network Insurance Broking Private Limited
- e Monarch Network Investment Advisors Private Limited
- f Monarch Network Capital IFSC Pvt Ltd

##### II Associate Companies

- a Network SoftTech Ltd
- b Network Financial Services Ltd

##### III Enterprises over which Directors and their relatives exercise significant influence

- a Monarch Network Capital IFSC Private Limited
- b Premjayanti Properties
- c Monarch Infra Venture
- d Premjayanti Enterprises Private Limited
- e Monarch Comtrade Private Limited
- f Monarch Infraparks Private Limited
- g Sur-Man Investment Limited
- h Simandhar Securities Private Limited
- i Samarpan Properties Private Limited
- j S.P. Jain – HUF (Sun Capital Advisory Services Private Limited)
- k Maxgainz Properties Private Limited

##### IV Key Management Personnel and their relatives

- a Mr. Vaibhav Shah
- b Mrs. Manju Bafna
- c Mr. Suresh Pukhraj Jain
- d Mrs. Kanta Jain
- e Mrs. Kinnari Shah
- f Mr. Bankim Shah
- g Mr. Himanshu Shah
- h Mr. Suresh Bafna

## Note 34 Related Party Disclosures: (Continued)

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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Revenue</b>								
Common Infra Income	3,22,18,864	3,07,58,464	-	-	-	-	3,22,18,864	3,07,58,464
Rent Income	9,00,000	9,00,000	-	-	-	-	9,00,000	9,00,000
Interest Income	32,29,441	55,50,228	-	-	-	-	32,29,441	55,50,228
Demat Charges Income	22,442	38,966	-	-	-	-	22,442	38,966
Brokerage Income	-	-	8,26,076	2,04,476	6,16,409	1,49,833	14,42,485	3,54,309
<b>Total</b>	<b>3,63,70,747</b>	<b>3,72,47,658</b>	<b>8,26,076</b>	<b>2,04,476</b>	<b>6,16,409</b>	<b>1,49,833</b>	<b>3,78,13,232</b>	<b>3,76,01,967</b>
<b>Expenses</b>								
Professional Fees Paid	-	-	-	-	-	13,50,000	-	13,50,000
Salaries	-	-	-	-	85,55,496	76,87,999	85,55,496	76,87,999
Lease Rent Paid	-	-	1,08,00,000	1,08,00,000	36,00,000	36,00,000	1,44,00,000	1,44,00,000
Advisory Services	18,00,000	-	-	-	-	-	18,00,000	-
<b>Total</b>	<b>18,00,000</b>	<b>-</b>	<b>1,08,00,000</b>	<b>1,08,00,000</b>	<b>1,21,55,496</b>	<b>1,26,37,999</b>	<b>2,47,55,496</b>	<b>2,34,37,999</b>

# MONARCH NETWORK CAPITAL LIMITED

## Note 34 Related Party Disclosures: (Continued)

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-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16	
<b>Outstanding Balances</b>										
Investments as on										
Monarch Network	2,00,01,000	2,00,01,000	2,00,01,000	-	-	-	2,00,01,000	2,00,01,000	2,00,01,000	2,00,01,000
Contrade Limited										
Neworth Wealth Solutions Limited	1,00,00,000	1,00,00,000	1,00,00,000	-	-	-	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Neworth Insurance Broking Private Limited	1,00,000	1,00,000	1,00,000	-	-	-	1,00,000	1,00,000	1,00,000	1,00,000
Monarch Network Finserve Private Limited	9,29,22,205	9,29,22,205	9,29,22,205	-	-	-	9,29,22,205	9,29,22,205	9,29,22,205	9,29,22,205
Monarch Network Investment Advisory Private Limited	59,99,000	49,99,000	49,99,000	-	-	-	59,99,000	49,99,000	49,99,000	49,99,000
<b>Total</b>	<b>12,90,22,205</b>	<b>12,80,22,205</b>	<b>12,80,22,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,90,22,205</b>	<b>12,80,22,205</b>	<b>12,80,22,205</b>	<b>12,80,22,205</b>
<b>Nature of Transactions</b>										
Receivables / Advances										
Monarch Network Capital IFSC Private Limited				3,08,640						3,08,640
Neworth Wealth Solutions Limited	8,43,00,843	-	-				8,43,00,843			
Neworth Insurance Broking Private Limited	2,68,282	2,67,082	2,64,082				2,68,282	2,67,082	2,64,082	2,64,082
Monarch Network Investment Advisory Private Limited	-	9,60,667	4,45,667					9,60,667	4,45,667	4,45,667
Neworth Softech Limited				3,61,340						3,61,340
Himanshu J Shah Manju Bafna								6,37,284	6,37,284	6,37,284
								75,48,628	75,48,628	75,48,628
<b>Total</b>	<b>8,48,77,765</b>	<b>12,27,749</b>	<b>7,09,749</b>	<b>6,69,980</b>	<b>-</b>	<b>-</b>	<b>81,85,912</b>	<b>81,85,912</b>	<b>81,85,912</b>	<b>94,13,661</b>
<b>Payables</b>										
Monarch Infra Venture								1,30,752		1,30,752
Neworth Financial Services Limited				67,95,275						67,95,275
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,95,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,30,752</b>	<b>-</b>	<b>69,26,027</b>

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 35	Contingent liabilities (to the extent not provided for)	Rs in Lacs		
		31-Mar-18	31-Mar-17	01-Apr-16
	Contingent liabilities			
	Income Tax matters pending with various authorities	43.93	201.10	269.82
	Service Tax matters pending with various authorities	64.72	64.72	64.72
	(Merged Entity -Monarch Project & Finmarkets Limited & Monarch Research & Brokerage Private Limited)			
	Inter Corporate Guarantee (Merged Entity -Monarch Project & Finmarkets Limited & Monarch Research & Brokerage Private Limited)	-	103.33	203.32
	Corporate guarantees issued in favour of Banks for loans taken by subsidiary companies-Monarch Neworth Comtrade Limited	700.00	400.00	400.00
	Corporate guarantees issued in favour of Banks for loans taken by subsidiary companies-Monarch Network Finserve Private Ltd	5,000.00	3,500.00	3,500.00

**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, 2018
- (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.

**Note 36 Commitments**

	31-Mar-18	31-Mar-17	Rs in Lacs 01-Apr-16
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil	Nil

**Note 37**

<b>Dues to micro, small and medium enterprises</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>01-Apr-16</b>
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
Principal	Nil	Nil	Nil
Interest	Nil	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	-	-	-

## MONARCH NETWORK CAPITAL LIMITED

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 38

#### Disclosure on specified bank notes (SBN)

During the previous year, the company deposited specified bank notes (SBN) with the bank between November 8, 2016 to December 30, 2016. The amount so deposited consisted of currency note denominations of INR 1000 and INR 500 as defined in the MCA notification G.S.R 308 (E) dated MARCH 30, 2017 on the details of the SBN held and transacted during the period from November 8, 2016 to December 30, 2016.:

Particulars	SBNs	Other denominations		Total
<b>Closing cash in hand as on November 8,2016</b>	<b>5,50,000</b>	<b>1,36,882</b>	-	<b>6,86,882</b>
(+) Permitted receipts	-	3,00,000	-	3,00,000
(-) Permitted payments	-	-	-	3,35,213
(-) Amount deposited in banks	5,50,000	-	-	5,50,000
<b>Closing cash in hand as on December 30,2016</b>	-	<b>4,36,882</b>		<b>1,01,669</b>

Note 39	Earnings and expenditure in Foreign Currency during the year:	31-Mar-18	31-Mar-17
	Earnings in Foreign Currency	Nil	Nil
	Expenditure in Foreign Currency	Nil	Nil

### Note 40

Dividends proposed to be distributed for the equity shareholders for the year ended 2017-18 is Nil.

### 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

	31-Mar-18	31-Mar-17
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 all Sundry Debtors, Sundry Creditors, Investments & Loan and Advances are subject to confirmation and consequent reconciliation and adjustments, if any.

**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**

The company has taken suitable legal action for recovering deposits of Rs. 40 lacs (previous year Rs. 40 lacs) for premises at Bangalore. The management expects favorable order for the same, hence no provisions have been made thereof.

**Note 47**

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 48****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 49**

<b>Directors Remuneration</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Director Remuneration	41,12,556	34,16,431

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 50**

<b>Auditors Remuneration</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Towards Statutory & Tax Audit (Exclusive of Service Tax/GST)	5,50,000	5,50,000
	5,50,000	5,50,000

**Note 51**

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

## MONARCH NETWORK CAPITAL LIMITED

on actual basis or on reasonable management estimates which are constantly refined in the light of additional knowledge gained relevant to such estimation.

### Note 52

Disclosure as per LODR :

				(Figures in INR)		
Particulars	Relationship		Amount outstanding as at March 31, 2018	Maximum balance outstanding during the year		
Monarch Network Comtrade Limited (Formerly Known as Network Commodities & investment Ltd.)	Subsidiary	CY	-	3,00,00,000		
		PY	-	7,25,44,132		
Network Wealth Solutions Ltd	Wholly-owned	CY	8,43,00,843	8,43,00,843		
	Subsidiary	PY	-	3,50,00,644		
Monarch Network Finserve Private Limited (Formerly Known as Ravisha Financial Services Pvt. Ltd)	Wholly-owned	CY	-	29,25,525		
	Subsidiary	PY	-	17,72,58,677		
Network Insurance Broking Pvt Ltd	Wholly-owned	CY	2,68,282	2,68,282		
	Subsidiary	PY	2,67,082	2,67,082		
Monarch Network Investment Advisors Pvt Ltd (Formerly Known as Monarch Insurance Broking Private Ltd)		CY	-	13,50,000		
	Subsidiary	PY	9,60,667	9,60,667		
Monarch Network Capital IFSC Pvt Ltd	Subsidiary	CY	-	-		
		PY	-	-		

Note: Where, CY= Current year's figures & PY= Previous year's figures

### Note 53

#### Transition to Ind AS:

For the purposes of reporting, company have transitioned its basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing opening Ind AS balance sheet, company have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS."

## Reconciliation of equity as at 01 April, 2016

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3,08,44,589	-37,95,531	2,70,49,058
(b) Capital work-in-progress	-	-	-
(c) Other Intangible assets	87,80,580	-83,15,030	4,65,550
(d) Investments in subsidiaries and joint ventures	14,25,16,205	-	14,25,16,205
(e) Financial Assets		-	
(i) Investments	94,05,940	-41,16,140	52,89,800
(ii) Deposits	28,79,65,708	-68,58,846	28,11,06,862
(f) Deferred tax assets (net)	4,81,64,531	-3,16,40,941	1,65,23,590
<b>Total non current assets</b>	<b>52,76,77,553</b>	<b>-5,47,26,488</b>	<b>47,29,51,065</b>
<b>(2) Current Assets</b>			
(a) Inventories	12,36,58,326	-5,89,62,681	6,46,95,645
(b) Financial Assets		-	
(i) Trade receivables	33,43,69,900	-4,48,894	33,39,21,006
(ii) Cash and cash equivalents	19,03,17,989	14,22,260	19,17,40,249
(iii) Loans	7,50,82,196	4,48,494	7,55,30,690
<b>Total current assets</b>	<b>72,34,28,411</b>	<b>-5,75,40,821</b>	<b>66,58,87,590</b>
<b>Total Assets</b>	<b>1,25,11,05,964</b>	<b>-11,22,67,309</b>	<b>1,13,88,38,655</b>
<b>II. Equity and Liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	30,31,16,000	-	30,31,16,000
(b) Other equity	25,78,38,527	-10,68,30,323	15,10,08,204
<b>Total equity</b>	<b>56,09,54,527</b>	<b>-10,68,30,323</b>	<b>45,41,24,204</b>
<b>(2) Non current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	5,86,546	2,46,38,088	2,52,24,634
(ii) Other financial liabilities	3,06,58,414	-3,06,58,414	-
(b) Provisions	1,22,29,581	-	1,22,29,581
<b>Total non current liabilities</b>	<b>4,34,74,541</b>	<b>-60,20,326</b>	<b>3,74,54,215</b>
<b>(3) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	22,65,12,309	1,74,826	22,66,87,135
(ii) Trade payables	38,27,86,777	-68,06,211	37,59,80,566
(iii) Other financial liabilities	-	2,14,52,780	2,14,52,780
(b) Other current liabilities	1,19,15,363	58,45,500	1,77,60,863
(c) Short-term provisions	2,54,62,447	-2,00,83,555	53,78,892
<b>Total Current liabilities</b>	<b>64,66,76,896</b>	<b>5,83,340</b>	<b>64,72,60,236</b>
<b>Total liabilities</b>	<b>69,01,51,437</b>	<b>-54,36,986</b>	<b>68,47,14,451</b>
<b>Total Equity and Liabilities</b>	<b>1,25,11,05,964</b>	<b>-11,22,67,309</b>	<b>1,13,88,38,655</b>

# MONARCH NETWORK CAPITAL LIMITED

## Reconciliation of equity as at 31 March 2017

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3,01,41,905	-27,92,021	2,73,49,884
(b) Capital work-in-progress	-	-	-
(c) Other Intangible assets	66,60,605	-63,14,593	3,46,012
(d) Investments in subsidiaries and joint ventures	14,25,16,205	-	14,25,16,205
<b>(e) Financial Assets</b>			
(i) Investments	74,83,882	7,71,905	82,55,787
(ii) Deposits	28,38,93,463	-36,93,323	28,02,00,140
(f) Deferred tax assets (net)	4,28,67,886	-2,39,33,306	1,89,34,580
<b>Total non current assets</b>	<b>51,35,63,946</b>	<b>-3,59,61,338</b>	<b>47,76,02,608</b>
<b>(2) Current Assets</b>			
(a) Inventories	12,82,68,233	-3,02,15,452	9,80,52,781
(b) Financial Assets	-	-	-
(i) Trade receivables	46,05,20,026	-13,22,490	45,91,97,536
(ii) Cash and cash equivalents	32,51,86,129	-	32,51,86,129
(iii) Loans	11,16,69,967	13,22,491	11,29,92,458
<b>Total current assets</b>	<b>1,02,56,44,355</b>	<b>-3,02,15,451</b>	<b>99,54,28,904</b>
<b>Total Assets</b>	<b>1,53,92,08,301</b>	<b>-6,61,76,789</b>	<b>1,47,30,31,512</b>
<b>II. Equity and Liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	30,31,16,000	-	30,31,16,000
(b) Other equity	33,08,75,042	-6,24,83,464	26,83,91,578
<b>Total equity</b>	<b>63,39,91,042</b>	<b>-6,24,83,464</b>	<b>57,15,07,578</b>
<b>(2) Non current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	24,32,925	3,04,43,764	3,28,76,689
(ii) Other financial liabilities	4,62,80,765	-4,62,80,765	-
(b) Provisions	1,31,45,001	-20,90,476	1,10,54,525
<b>Total non current liabilities</b>	<b>6,18,58,691</b>	<b>-1,79,27,477</b>	<b>4,39,31,214</b>
<b>(3) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	4,47,69,879	5,46,727	4,53,16,606
(ii) Trade payables	74,37,07,909	-47,00,241	73,90,07,668
(iii) Other financial liabilities	-	1,97,81,980	1,97,81,980
(b) Other current liabilities	1,40,14,412	1,52,90,272	2,93,04,684
(c) Short-term provisions	4,08,66,368	-1,66,84,586	2,41,81,782
<b>Total Current liabilities</b>	<b>84,33,58,568</b>	<b>1,42,34,152</b>	<b>85,75,92,720</b>
<b>Total liabilities</b>	<b>90,52,17,259</b>	<b>-36,93,325</b>	<b>90,15,23,934</b>
<b>Total Equity and Liabilities</b>	<b>1,53,92,08,301</b>	<b>-6,61,76,789</b>	<b>1,47,30,31,512</b>

## Reconciliation of profit or loss for the year ended 31 March 2017

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
<b>Revenue</b>			
I. Revenue from Operations (Gross)	54,09,84,136	9,584	54,09,93,720
II. Other income	4,48,23,319	2,83,94,259	7,32,17,578
<b>III. Total Income (I+II)</b>	<b>58,58,07,455</b>	<b>2,84,03,843</b>	<b>61,42,11,298</b>
<b>IV. Expenses</b>			
Operating Expenses	18,49,35,027	15,00,000	18,64,35,027
Employee Benefits Expenses	15,05,08,607	10,51,100	15,15,59,707
Finance costs	2,95,69,758	-	2,95,69,758
Depreciation and Amortization Expenses	1,74,75,189	-45,03,947	1,29,71,242
Other Expenses	9,77,30,731	-9,89,696	9,67,41,035
<b>Total Expenses (IV)</b>	<b>48,02,19,312</b>	<b>-29,42,543</b>	<b>47,72,76,769</b>
<b>V. Profit/(loss) before Exceptional Items and Tax</b>	<b>10,55,88,143</b>	<b>3,13,46,386</b>	<b>13,69,34,529</b>
<b>VI. Exceptional Items</b>	<b>-1,03,45,569</b>	<b>-</b>	<b>-1,03,45,569</b>
<b>VII. Profit/(loss) before Tax</b>	<b>9,52,42,574</b>	<b>3,13,46,386</b>	<b>12,65,88,960</b>
<b>VIII. Tax expense:</b>			
1. Current Tax	1,68,36,000	-	1,68,36,000
2. Deferred Tax	52,96,645	-78,32,716	-25,36,071
<b>IX. Profit/(Loss) for the period</b>	<b>7,31,09,929</b>	<b>3,91,79,102</b>	<b>11,22,89,031</b>
<b>X. Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss	-	-	-
Remeasurements of the defined benefit plans	-	4,04,794	4,04,794
Equity Instruments through Other Comprehensive Income	-	48,88,045	48,88,045
(ii) Income tax related to items that will not be reclassified to profit or loss	-	-1,25,081	-1,25,081
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>51,67,758</b>	<b>51,67,758</b>
<b>XI. Total comprehensive income for the period</b>	<b>7,31,09,929</b>	<b>4,43,46,860</b>	<b>11,74,56,789</b>

## Notes to the reconciliation:

**1 Remeasurement of Post-employment benefit obligations (Net of Tax)**

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis.

Under Ind AS, remeasurements [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 to retained earnings through OCI.

Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity as at 31 March 2017

**2 Fair valuation of investments**

Under the previous GAAP, investments in equity instruments & securities were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision

for impairment towards other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, such investments are carried at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) (except for investment in subsidiaries, associates and joint ventures).

The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss. Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income.”

### **3 Deferred Tax**

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

### **4 Property, plant and equipment**

Under Ind AS, the Company has elected to apply Ind AS 16-Property, plant and equipment from the date of acquisition of property, plant and equipment and accordingly depreciation has been retrospectively calculated and the resultant change has been adjusted in retained earnings.

### **5 Other comprehensive income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise.

Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as ‘other comprehensive income’ includes

- re-measurements of defined benefit plans,
- effective portion of gain or loss on cash flow hedging instruments,
- fair value gain or loss on FVOCI equity instruments and
- their corresponding income tax effects.

The concept of other comprehensive income did not exist under previous GAAP.

### **6 Tax impact on adjustments**

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

### **7 Re-Classifications**

The Company has done the following reclassifications as per the requirements of Ind-AS :

- i) Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.



- ii) Under previous GAAP, Live Stock were presented under Property, Plant & Equipment being measured at cost. Under IND AS the same have been reclassified from Property, Plant & Equipment to Biological Assets other than bearer plants and measured at fair value less cost to sale.

## 8 Reconciliation of Cash Flow Statement

The IND AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities.

Consequently, IND AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the previous GAAP.

## 9 Other GAAP adjustments

Other GAAP adjustments include adjustment related to remeasurnment and recognition of certain assets and liabilities in accordance with Ind AS which are not material in nature.

## 10 Retained earnings :

Reconciliation of net worth as at:		
Particulars	As on 1 April 2016	As on 31 March 2017
<b>Net worth under IGAAP</b>	<b>56,09,54,527</b>	<b>63,39,91,042</b>
<b>Summary of Ind AS adjustments</b>		
Amortisation of Fixed Assets	-1,21,10,561	-91,06,614
FVTOCI of investments	-41,16,140	7,71,905
Fair valuation of Inventories	-5,89,62,681	-3,02,15,452
Deferred tax on Ind AS Adjustments	-3,16,40,941	-2,39,33,302
<b>Total Ind AS adjustments</b>	<b>-10,68,30,323</b>	<b>-6,24,83,464</b>
<b>Net worth under Ind AS</b>	<b>45,41,24,204</b>	<b>57,15,07,578</b>

## 11 Deferred tax assets (net) :

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

### Note: 54

#### 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)

#### Ashutosh Dwivedi

( Partner)  
M.No. 410227

Place : Mumbai  
Date :30th May-2018

#### For and on behalf of the Board

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai  
Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai  
Date :30th May 2018

# MONARCH NETWORTH CAPITAL LIMITED

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## INDEPENDENT AUDITOR'S REPORT

To,  
The members of  
**MONARCH NETWORTH CAPITAL LIMITED**

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of MONARCH NETWORTH CAPITAL LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

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 the other auditors on separate financial statements/ financial information of the subsidiaries and associates referred

to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2018, and their consolidated profit/loss, consolidated total comprehensive income/ loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw the attention to the following matters in the Financial Statements:

- a) The Financial Statements of Network Wealth Solutions Ltd (Subsidiary Co.) indicates that the company has accumulated losses and its Net Worth has been fully eroded; the Company Current Liability exceeded its Current Assets as at the Balance Sheet date. These conditions along with other matters set forth in, indicate the existence of a material uncertainty that cast significant doubt about the company's ability to continue as a going concern. However the Financial Statements of the company have been prepared on going concern basis. Our opinion is not modified in respect of these matters.

**Other Matters**

- (a) We did not audit the financial statements of 5 subsidiaries, , whose financial statements reflect total assets of Rs. Rs. 53,28,68,126/- as at 31st March 2018, total revenue of Rs. 15,93,18,352/- for the year ended 31st March 2018 and net cash inflows/ (outflows) amounting to Rs. 624,71,433/- for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit/ loss of Rs -2,23,031/- for the year ended 31st March 2018, as considered in the consolidated Ind AS financial statements, in respect of 2 associates, whose financial statements have not been audited by us. 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.
- (b) The comparative financial information for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 in respect of all subsidiaries and associates, included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.
- (c) Attention is drawn to the fact that the Company has incorporated another subsidiary company - Monarch Network Capital IFSC Private Limited on 14th March, 2017, since there was no activity for the financial year ended 31st March, 2018, accounts of the same has not been taken into consideration.

Our opinion on the consolidated Ind AS financial statements above, 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 certified by the Management.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

## MONARCH NETWORK CAPITAL LIMITED

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- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March 2018 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and associate companies incorporated in India.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other Matters' paragraph::
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Please refer Note 38 to the Financial Statements.
  - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies and associate companies incorporated in India.

**For PAREKH SHAH & LODHA**  
**Chartered Accountants**  
**Firm Reg.: 107487W**

**Ashutosh Dwivedi**  
**(Partner)**  
**M. No. : 410227**

**Place: Mumbai**  
**Date: 30th May 2018**

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**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 on the Consolidated Financial Statements]

**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 NETWORK CAPITAL LIMITED (Formerly known as NETWORK STOCK BROKING LIMITED) ("the Company") as of March 31, 2018 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 respective Board of Directors of the Holding Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**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 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 were 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or

## **MONARCH NETWORTH CAPITAL LIMITED**

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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 Holding Company, which is a Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to five subsidiary companies and two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter

**For PAREKH SHAH & LODHA**  
**Chartered Accountants**  
**Firm Reg.: 107487W**

**Ashutosh Dwivedi**  
**(Partner)**  
**M. No. : 410227**

**Place: Mumbai**  
**Date: 30th May 2018**

**CONSOLIDATED BALANCE SHEET  
AS AT 31ST March, 2018**

(Currency: Indian Rupees)

Particulars	Notes	Year Ended on March 31,2018	Year Ended on March 31,2017	Year Ended on March 31,2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property Plant and Equipment	2	2,88,24,947	2,98,73,367	2,96,95,303
Capital work-in-progress	2	11,16,445	-	-
Intangible Assets	3	7,60,764	3,46,012	4,65,550
Financial assets				
- Investments	4	3,24,07,005	3,26,93,053	2,99,94,606
- Other Financial Assets	5	50,44,96,236	51,79,66,492	31,27,98,265
Deferred tax assets (Net)	6	4,47,04,472	1,97,17,780	1,97,76,858
<b>Total Non Current Assets</b>		<b>61,23,09,869</b>	<b>60,05,96,704</b>	<b>39,27,30,582</b>
<b>Current assets</b>				
Inventories	7	3,10,49,737	9,80,52,781	6,46,95,645
Financial assets				
- Trade Receivables	8	59,32,03,295	98,46,39,151	59,54,76,129
- Cash and cash equivalents	9	68,34,79,310	38,37,88,860	23,58,18,577
- Loans and advances	10	3,98,10,199	13,22,41,106	13,36,74,181
Other Current Assets	11	3,64,931	6,88,510	2,26,579
Total Current Assets		1,34,79,07,473	1,59,94,10,407	1,02,98,91,111
<b>Total Assets</b>		<b>1,96,02,17,341</b>	<b>2,20,00,07,111</b>	<b>1,42,26,21,693</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	12	30,31,16,000	30,31,16,000	30,31,16,000
Other equity	13	32,28,64,790	13,85,00,154	90,92,667
<b>Total Equity</b>		<b>62,59,80,790</b>	<b>44,16,16,154</b>	<b>31,22,08,667</b>
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	14	2,92,83,730	3,46,24,316	2,64,32,454
Provisions	15	1,26,04,523	1,14,32,801	1,54,20,912
Minority Interest		14,369	10,771	8,474
<b>Total Non Current Liabilities</b>		<b>4,19,02,622</b>	<b>4,60,67,888</b>	<b>4,18,61,840</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	16	13,10,82,687	14,88,70,716	32,95,66,151
- Trade payables	17	93,37,87,151	1,48,41,44,715	68,45,60,042
- Other financial Liabilites	18	2,53,91,221	2,10,21,581	2,58,12,511
Provisions	19	4,06,86,479	2,77,51,162	85,16,364
Other current liabilities	20	16,13,86,392	3,05,34,896	2,00,96,118
<b>Total Current Liabilities</b>		<b>1,29,23,33,930</b>	<b>1,71,23,23,069</b>	<b>1,06,85,51,186</b>
<b>TOTAL Liabilities</b>		<b>1,96,02,17,341</b>	<b>2,20,00,07,111</b>	<b>1,42,26,21,693</b>
<b>Significant Accounting Policies</b>	1			
<b>See accompanying notes to the financial statements</b>	<b>2 to 55</b>			

As per our Report of even date

**For PAREKH SHAH & LODHA**Chartered Accountants  
(Firm Reg. No. 107487W)**Ashutosh Dwivedi**( Partner)  
M.No. 410227Place : Mumbai  
Date :30th May-2018**For and on behalf of the Board****Vaibhav Shah**  
(Managing Director)  
Din:00572666**Ashok Bafna**  
(C.F.O)Place : Mumbai  
Date :30th May 2018**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006Place : Mumbai  
Date :30th May 2018

# MONARCH NETWORK CAPITAL LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH-2018

(Currency: Indian Rupees)

Particulars	Notes	Year Ended on Mar 31,2018	Year Ended on Mar 31,2017
<b>INCOME</b>			
Revenue From Operations	21	90,26,18,939	64,95,62,747
Other Income	22	4,32,17,058	7,64,68,259
<b>Total Income</b>		<b>94,58,35,997</b>	<b>72,60,31,006</b>
<b>EXPENSES</b>			
Employee benefit expense	23	25,09,98,793	17,66,24,977
Operating Expenses	24	29,99,23,507	23,18,30,746
Finance Cost	25	2,25,10,277	3,03,40,632
Depreciation & Amortization Expenses	2	89,58,661	1,31,88,924
Other Expenses	26	14,81,12,742	11,92,47,464
Provision for Standard Assets		-8,36,847	8,43,884
Provision for Non Performing Assets		-2,51,514	-24,34,967
<b>Total Expenses</b>		<b>72,94,15,619</b>	<b>56,96,41,661</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS, Extraordinary items AND TAX</b>		<b>21,64,20,378</b>	<b>15,63,89,345</b>
Less: Extraordinary Items (prior period expenses)		-6,54,533	-1,10,12,942
Profit Before Tax		21,57,65,844	14,53,76,403
Tax Expenses			
Current Tax		4,73,50,000	2,09,64,740
Deferred tax		19,84,225	-66,005
Short & Excess Tax Provison		14,16,693	-91,025
Mat Receivable		-2,44,00,441	-
<b>Total Tax Expenses</b>		<b>2,63,50,477</b>	<b>2,08,07,710</b>
<b>Profit for the Year (After Tax)</b>		<b>18,94,15,367</b>	<b>12,45,68,693</b>
<b>Other Comprehensive Income</b>	<b>28</b>		-
A(i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		-1,861	4,04,794
Equity Instruments through Other Comprehensive Income		-48,97,232	48,88,045
(ii) Income tax related to items that will not be reclassified to profit or loss		575	-1,25,081
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		-	-
Total Comprehensive Income for the year		18,45,16,849	12,97,36,451
Add : Share of Profit/(Loss) from Associates		-2,23,031	-2,53,252
Add : Minority Interest		-3,598	-2,297
<b>Net Profit</b>		<b>18,42,90,220</b>	<b>12,94,80,902</b>
<b>Earnings Per equity share of face value of Rs 10 each</b>			
Basic(in Rs)	29	6.08	4.27
Diluted (in Rs)	29	6.08	4.27
Significant Accounting Policies	1		
See accompanying Notes to the Financial Statements	2 to 55		

As per our Report of even date

**For PAREKH SHAH & LODHA**

Chartered Accountants  
(Firm Reg. No. 107487W)

**Ashutosh Dwivedi**

( Partner)  
M.No. 410227

Place : Mumbai  
Date :30th May-2018

**For and on behalf of the Board**

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai  
Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai  
Date :30th May 2018



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH-2018**

(Currency: Indian Rupees)

	For the year ended	
	31 March 2018	31 March 2017
	INRs	INRs
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	21,57,63,983	14,57,81,197
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>21,57,63,983</b>	<b>14,57,81,197</b>
<b>Adjustments to reconcile profit before tax to net cash used in operating activities</b>		
Depreciation and amortisation	89,58,661	1,31,88,924
Finance cost(including fair value change in financial instruments)	2,25,10,277	3,03,40,632
Provision for Standard Assets	-8,36,847	8,43,884
Provision for Non Performing Assets	-2,51,514	-24,34,967
Interest income	-3,50,68,745	-3,36,05,615
Dividend Income	-1,77,683	-2,97,386
Income Tax Refund	-	-1,30,25,541
(Profit) / loss on sale of fixed assets	45,474	-1,10,563
(Profit) / loss on sale of Investments	-	-1,43,336
Bad debts/Sundry Balance written off	2,95,20,589	42,87,477
	24,04,64,196	14,48,24,706
<b>Working capital adjustments</b>		
Inventories	6,70,03,043	-3,33,57,136
Trade receivables	36,19,15,266	-39,34,50,498
Loans & Advances	9,27,54,486	9,71,144
Trade payables	-55,03,57,564	79,95,84,673
Other financial liabilities	43,69,640	-47,90,930
Other liabilities	13,09,25,911	1,03,65,363
Provisions	1,51,95,400	1,68,37,770
	36,22,70,379	54,09,85,093
Income Tax paid	-5,13,36,594	-78,48,172
<b>Net cash flows from operating activities</b>	<b>31,09,33,784</b>	<b>53,31,36,921</b>
<b>Cash flow from investing activities</b>		
Payment for purchase and construction of property, plant and equipment (Net of proceeds from sales)	-94,86,912	-1,31,36,887
Fixed deposits held as margin deposits	-1,19,152	-8,06,33,434
Other Fixed Deposits	-5,27,48,852	-2,42,09,905
Proceeds from sale of Investments	-48,34,215	20,79,682
Interest received	3,50,68,745	3,36,05,615
Dividend Income	1,77,683	2,97,386
Proceeds /(Repayment) of Other Financial Assets	17,55,324	-20,59,69,227
Proceeds /(Repayment) of loans and advances to related parties	1,17,14,932	8,01,000
<b>Net cash flows from investing activities</b>	<b>-1,84,72,448</b>	<b>-28,71,65,770</b>
<b>Cash flow from financing activities</b>		
Proceeds /(Repayment) of secured borrowings	-3,66,50,106	-17,93,49,324
Proceeds /(Repayment) of unsecured borrowings	1,35,21,491	68,45,751
Finance charges paid	-2,25,10,277	-3,03,40,632
<b>Net cash flows from financing activities</b>	<b>-4,56,38,892</b>	<b>-20,28,44,206</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>24,68,22,445</b>	<b>4,31,26,945</b>
Cash and cash equivalents at the beginning of the year	14,45,08,360	10,13,81,416

# MONARCH NETWORK CAPITAL LIMITED

	For the year ended	
	31 March 2018	31 March 2017
	INRs	INRs
Effect of exchanges rate changes on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>39,13,30,806</b>	<b>14,45,08,361</b>
<b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b>		
Cash and Bank Balances as per Balance Sheet	39,13,30,806	14,45,08,360
Add: Unrealised loss / (gain) on foreign currency cash and cash equivalents	-	-
Less : Bank balances not considered as Cash and Cash equivalents as defined in Ind AS-7 - Cash Flow Statements	-	-
<b>Cash and Cash equivalents as restated as at the year end</b>	<b>39,13,30,806</b>	<b>14,45,08,360</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)

**Ashutosh Dwivedi**

( Partner)  
M.No. 410227

Place : Mumbai

Date :30th May-2018

**For and on behalf of the Board**

**Vaibhav Shah**  
(Managing Director)  
Din:00572666

**Ashok Bafna**  
(C.F.O)

Place : Mumbai

Date :30th May 2018

**Manju Bafna**  
(Whole-Time Director)  
Din: 01459885

**Sophia Jain**  
(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai

Date :30th May 2018

## Consolidated Statement of Changes in Equity

(Currency: Indian Rupees)

(a) Equity share capital	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000
Changes in equity share capital during the year	-	-	-	-	-	-
Balance at the end of the reporting period	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000	3,05,00,000	30,50,00,000

## (b) Other equity

Particulars	Reserves & Surplus				Other comprehensive income		Total
	Capital Reserve	Securities Premium Account	Retained earnings	Amalgamation Reserve	Remeasurements of the net defined benefit Plans	Fair valuation of investments in equity shares	
Balance at 1 April 2016	1,51,63,560	29,66,52,896	-33,17,99,140	3,31,91,490	-	-41,16,140	90,92,666
Profit for the year	-	-	12,43,13,144	-	-	-	12,43,13,144
Other comprehensive income for the year	-	-	-	-	2,79,713	48,88,045	51,67,758
Other Reserve (Prior Period Adjustment)	-	-	-73,415	-	-	-	-73,415
Total comprehensive income for the year	-	-	12,42,39,729	-	2,79,713	48,88,045	12,94,07,487
Balance at 31 March 2017	1,51,63,560	29,66,52,896	-20,75,59,411	3,31,91,490	2,79,713	7,71,905	13,85,00,153
Profit for the year	-	-	18,91,88,738	-	-	-	18,91,88,738
Other comprehensive income for the year	-	-	-	-	-1,286	-48,97,232	-48,98,518
Other Reserve	-	-	74,416	-	-	-	74,416
Total comprehensive income for the year	-	-	18,92,63,154	-	-1,286	-48,97,232	18,43,64,636
Balance at 31 March 2018	1,51,63,560	29,66,52,896	-1,82,96,257	3,31,91,490	2,78,427	-41,25,327	32,28,64,789

As per our Report of even date

## For PAREKH SHAH &amp; LODHA

Chartered Accountants  
(Firm Reg. No. 107487W)Ashutosh Dwivedi  
( Partner)  
M.No. 410227Place : Mumbai  
Date :30th May-2018

## For and on behalf of the Board

Vaibhav Shah  
(Managing Director)  
Din:00572666Ashok Bafna  
(C.F.O)Place : Mumbai  
Date :30th May 2018Manju Bafna  
(Whole-Time Director)  
Din: 01459885Sophia Jain  
(Company Secretary)  
ICSI Member. No: A37006Place : Mumbai  
Date :30th May 2018

# MONARCH NETWORTH CAPITAL LIMITED

## Notes To Consolidated Financial Statements For The Year Ended 31st March, 2018

Note :1.

### A. Company Information

Monarch Network Capital Limited (MNCL) was originally formed under the name of "Networth Finance Limited on 2nd December 1993. Thereafter, it was changed to Networth 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), Metropolitan Stock Exchange of India Ltd (MSEI) 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 and Associates (jointly referred to as the "Group" herein under) considered in this Consolidated Financial Statement are:

#### a) Subsidiaries

Name of the Company	Principal Activities	Proportion (%) of equity Interest	
		As at 31st March, 2018	As at 31st March, 2017
Monarch Network Comtrade Limited	Commodities Business	99.96	99.96
Monarch Network Finserve Private Limited	NBFC Business	100	100
Networth Wealth Solutions Limited	Mutual Fund Distributor	100	100
Networth Insurance Broking Private Limited	Insurance Broking	100	100
Monarch Network Investment Advisory Private Limited	Insurance Business	99.99	99.99

#### b) 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 (Ind AS) 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) Networth Softech Limited where the Group has 20.10% equity holding. It is primarily engaged in Software development activities.
- ii) Networth Financial Services Limited where the Group has 45.32% equity holding. It is primarily engaged in

### Significant accounting policies

#### B. Basis of preparation

- a) 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.
- b) These Consolidated Financial Statements for the year ended 31 March 2018 are the first Consolidated Financial Statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Company had prepared its Consolidated Financial Statements in accordance with accounting

standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS. For the purpose of comparatives, Consolidated Financial Statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared as per Ind AS.

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.

- c) 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 :
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

**d) Functional and presentation currency:**

These Consolidated Financial Statements are presented in INR, which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs.

**e) 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.

**f) 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.

### **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.

### **g) Business Combination**

As part of its transition to Ind AS, the Group has elected 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.

### **h) 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.

### i) 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.

## Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## 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.

### j) 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.

### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the intangible assets.

### **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.

### **k) 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.

#### **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.

### **l) Leases- Company as a lessee**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the



lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**m) 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.

**n) 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.

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

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/ 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.

**o) 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.

**p) 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.

**q) 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.

**r) 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.

**s) 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 the Company as a whole and are not allocated to segments on a reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

**t) 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.

**u) 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.

**v) 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.

## **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.

### **w) 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.

### **x) 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.

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.

#### **y) First Time Adoption of IND AS**

The date of transition to Ind AS is April 01, 2016. The company applied Ind AS 101 'First-time Adoption of Indian Accounting Standards' in preparing these first Ind AS consolidated Financial Statements. The effects of the transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the accompanying notes.

Accordingly, the Company has prepared Consolidated Financial Statements which comply with Ind AS applicable for periods ending on March 31, 2018 together with the comparative period data as at and for the year ended March 31, 2017 and April 01, 2016 being restated as described in the summary of significant accounting policies. In preparing these Consolidated Financial Statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made and exemptions applied by the Company in restating its previous Indian GAAP Consolidated Financial Statements, including the balance sheet as at April 01, 2016 and the Consolidated Financial Statements as at and for the year ended March 31, 2017.

- **First-time adoption exemptions applied**

Upon transition, Ind AS 101 permits certain exemptions from full retrospective application of Ind AS. The Company has applied the mandatory exceptions and certain optional exemptions, in preparing these Consolidated Financial Statements, as set out below:

**Mandatory exemptions applied by the Company**

- As per Ind AS 109, financial assets and liabilities that had been de-recognised before the date of transition to Ind AS under previous Indian GAAP have not been recognised under Ind AS.
- As per Ind AS 109, impairment of financial assets needs to be applied retrospectively. The Company has reasonable and supportable information to determine the credit risk and it has concluded that the credit risk remains the same on the date of transition which was assessed to such instrument on the date of its initial recognition. Hence there is no impairment which is to be given effect retrospectively.

Optional exemptions applied by the Company

- **Business combinations**

Ind AS 101 provides optional exemption not to apply Ind AS 103 to any past Business combinations. Accordingly all the past Business combinations (acquisition of certain interests in joint arrangements) prior to April 01, 2016 have been accounted in accordance with previous Indian GAAP. Goodwill arising from business combination has been stated at the carrying amount of investment under Ind AS.

- **Property, plant and equipment (PPE), Intangible assets (IA) and Investment properties (IP)**

Ind AS 101 provides optional exemption to have a deemed cost as a starting point for the items of PPE, IA and IP instead of cost determined as per the requirement of Ind AS 16. Company has opted to carry forward the PPE, IA and IP under Ind AS at deemed costs i.e. carrying value under previous Indian GAAP as on April 01, 2016.

- **Investments in subsidiaries and joint arrangements**

Ind AS 101 provides optional exemption to use a deemed cost when measuring an investment in a subsidiary, joint venture or associate in the separate opening statement of financial position instead of cost determined as per the requirement of Ind AS 27. In its separate Consolidated Financial Statements, Company has measured investments in subsidiaries and joint arrangements at deemed cost i.e. carrying value under previous Indian GAAP as on April 01, 2016.

- **Fair value measurement of financial assets or financial liabilities at initial recognition**

Ind AS 101 provides optional exemption to apply Ind AS 109 prospectively. Company has availed the said exemption.

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

Description	Air Condi- tioners	Computer	Furniture & Fixtures	Vehicles	Office Equipment	V-SAT Equipment	Total	Capital Work in Progress
<b>Cost as at 1 April 2016 (A)</b>	<b>8,74,876</b>	<b>1,54,18,719</b>	<b>72,56,505</b>	<b>26,16,085</b>	<b>29,70,769</b>	<b>5,58,349</b>	<b>2,96,95,303</b>	-
Additions	5,49,775	67,47,371	7,01,341	38,04,203	16,13,330	-	1,34,16,020	-
Deletions	2,13,201	7,42,858	5,64,202	6,67,550	1,28,278	-	23,16,089	-
<b>Cost as at 31 March 2017 (B)</b>	<b>12,11,450</b>	<b>2,14,23,232</b>	<b>73,93,644</b>	<b>57,52,738</b>	<b>44,55,821</b>	<b>5,58,349</b>	<b>4,02,36,885</b>	-
Additions	2,70,151	53,24,537	7,91,171	-	17,90,454	-	81,76,313	11,16,445
Deletions	1,07,699	1,30,010	1,95,420	2,05,000	91,085	-	7,29,214	-
<b>Cost as at 31 March 2018 (C)</b>	<b>13,73,902</b>	<b>2,66,17,759</b>	<b>79,89,395</b>	<b>55,47,738</b>	<b>61,55,190</b>	<b>5,58,349</b>	<b>4,76,83,984</b>	<b>11,16,445</b>
<b>Accumulated depreciation as at 1 April 2016 (D)</b>	-	-	-	-	-	-	-	-
Depreciation for the period	2,30,662	65,19,062	37,38,624	14,33,827	10,23,836	-	1,29,46,011	-
Deletions	2,02,542	7,12,760	5,34,630	4,74,296	99,916	-	20,24,144	-
<b>Accumulated depreciation as at 31 March 2017 (E)</b>	<b>28,120</b>	<b>58,06,302</b>	<b>32,03,994</b>	<b>9,59,531</b>	<b>9,23,920</b>	-	<b>1,09,21,867</b>	-
Depreciation for the period	2,77,049	56,07,203	12,87,182	6,04,344	10,44,260	-	88,20,038	-
Deletions	70,113	40,643	1,68,405	-	45,358	-	3,24,519	-
<b>Accumulated depreciation as at 31 March 2018 (F)</b>	<b>2,35,056</b>	<b>1,13,72,862</b>	<b>43,22,771</b>	<b>15,63,875</b>	<b>19,22,822</b>	-	<b>1,94,17,386</b>	-
<b>Net carrying amount as at 1 April 2016 (A) - (D)</b>	<b>8,74,876</b>	<b>1,54,18,719</b>	<b>72,56,505</b>	<b>26,16,085</b>	<b>29,70,769</b>	<b>5,58,349</b>	<b>2,96,95,303</b>	-
<b>Net carrying amount as at 31 March 2017 (B) - (E)</b>	<b>11,83,330</b>	<b>1,56,16,930</b>	<b>41,89,650</b>	<b>47,93,207</b>	<b>35,31,901</b>	<b>5,58,349</b>	<b>2,98,73,367</b>	-
<b>Net carrying amount as at 31 March 2018 (C) - (F)</b>	<b>11,38,846</b>	<b>1,52,44,897</b>	<b>36,66,624</b>	<b>39,83,863</b>	<b>42,32,368</b>	<b>5,58,349</b>	<b>2,88,24,947</b>	<b>11,16,445</b>

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP.

Description	Air Condi- tioners	Computer	Furniture & Fixtures	Vehicles	Office Equipment	V-SAT Equipment	Total	Capital Work in Progress
Gross Block	1,60,30,491	13,26,19,963	3,54,80,702	1,53,26,173	1,84,46,474	1,11,67,083	22,90,70,886	-
Accumulated Depreciation	-1,51,55,615	-11,72,01,244	-2,82,24,197	-1,27,10,088	-1,54,75,705	-1,06,08,734	-19,93,75,583	-
<b>Net Block</b>	<b>8,74,876</b>	<b>1,54,18,719</b>	<b>72,56,505</b>	<b>26,16,085</b>	<b>29,70,769</b>	<b>5,58,349</b>	<b>2,96,95,303</b>	-

## MONARCH NETWORK CAPITAL LIMITED

### Note: 3 Intangible assets

Description	Computer Software
<b>Cost as at 1 April 2016 (A)</b>	<b>4,65,550</b>
Additions	1,23,375
Deletions	-
<b>Cost as at 31 March 2017 (B)</b>	<b>5,88,925</b>
Additions	5,53,375
Deletions	-
<b>Cost as at 31 March 2018 (C)</b>	<b>11,42,300</b>
<b>Accumulated amortisation as at 1 April 2016 (D)</b>	<b>-</b>
Amortisation for the period	2,42,913
Deletions	-
<b>Accumulated amortisation as at 31 March 2017 (E)</b>	<b>2,42,913</b>
Amortisation for the period	1,38,623
Deletions	-
<b>Accumulated amortisation as at 31 March 2018 (F)</b>	<b>3,81,536</b>
<b>Net carrying amount as at 1 April 2016 (A) - (D)</b>	<b>4,65,550</b>
<b>Net carrying amount as at 31 March 2017 (B) - (E)</b>	<b>3,46,012</b>
<b>Net carrying amount as at 31 March 2018 (C) - (F)</b>	<b>7,60,764</b>

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

Refer note below for the gross block value and the accumulated amortisation on 1 April 2016 under the previous GAAP.

Description	Computer Software
Gross Block	7,66,654
Accumulated amortisation	-3,01,104
Net Block	4,65,550

### Note: 4 Non-current Investments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<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)	88,49,762	89,48,636	89,57,627
Investment in Network Softech Limited 15,00,000 (Previous year: 15,00,000) equity shares of Rs. 10 each, fully paid up)	1,53,30,472	1,54,54,630	1,56,98,890
	<b>2,41,80,234</b>	<b>2,44,03,266</b>	<b>2,46,56,517</b>
<b>Investment in equity - quoted (FVTOCI)</b>			
- Sadbhav Engineering Limited (1310 (Previous year: 1310)) equity shares of Rs. 10 each, fully paid up)	5,10,180	3,99,812	3,90,380

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
- Unistar Multimedia Limited (774262 (Previous Year: 0)) equity shares of Rs. 10 each, fully paid up)	21,29,221	-	-
NTPC Limited ( 0 (Previous year: 0)) equity shares of Rs. 10 each, fully paid up)	-	-	2,57,700
Power Grid Limited (0 (Previous year: 0)) equity shares of Rs. 10 each, fully paid up)	-	-	19,05,670
Bombay Stock Exchange Limited- (5700 (Previous year: 5700)) equity shares of Rs. 2 each, fully paid up)	43,10,340	55,72,605	877
- Rattanpower India Limited (229000 (Previous year: 229000)) equity shares of Rs. 10 each, fully paid up)	11,79,350	18,66,350	22,78,550
	<b>81,29,091</b>	<b>78,38,767</b>	<b>48,33,177</b>
Less : Provision for diminution in value of investments	-	-	-
	<b>81,29,091</b>	<b>78,38,767</b>	<b>48,33,177</b>
<b>Investment in Government or Trust Securities</b>			
National savings certificates	38,000	38,000	52,289
Life Insurance Policies	59,680	4,13,020	4,52,623
	<b>97,680</b>	<b>4,51,020</b>	<b>5,04,912</b>
	<b>3,24,07,005</b>	<b>3,26,93,053</b>	<b>2,99,94,606</b>
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>81,29,091</b>	<b>78,38,767</b>	<b>48,33,177</b>
<b>Aggregate amount of unquoted investments</b>	<b>2,42,77,914</b>	<b>2,48,54,286</b>	<b>2,51,61,429</b>
<b>Aggregate amount of impairment in the value of investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>3,24,07,005</b>	<b>3,26,93,053</b>	<b>2,99,94,606</b>
<b>Note: 5 Other Financial Assets</b>			
<b>Unsecured considered good unless stated otherwise :</b>			
<b>a. Security Deposits</b>			
Deposit with Stock Exchange & Financial Institutions	5,92,63,664	8,30,25,576	5,94,49,117
Additional Base capital with Clearing Member	31,92,39,258	30,06,35,189	7,83,56,502
<b>b. Balance with Revenue Authorities</b>			
Advance Income Tax & Service Tax	1,04,51,794	2,38,80,120	6,47,00,934
Advance Fringe Benefit Tax	20,58,456	20,58,456	20,58,456
<b>c. Other Deposits</b>			
Deposits for Arbitration Order	1,41,51,444	1,38,24,028	1,30,57,906
Deposits for PMS			11,00,000
Deposits for Office Premises	9,76,75,020	9,19,09,686	9,12,19,422
Deposits for Telephone, VSAT, Electricity etc.	<b>16,56,600</b>	<b>26,33,438</b>	<b>28,55,928</b>
<b>Total</b>	<b>50,44,96,236</b>	<b>51,79,66,492</b>	<b>31,27,98,265</b>

**Note: 6 DEFERRED TAX ASSETS (NET)**

The movement on the deferred tax account is as follows:

At the start of the year	1,97,02,344	1,97,61,422	2,17,89,717
Charge/(credit) to statement of Profit and Loss	-19,83,649	-59,078	-20,28,295

## MONARCH NETWORTH CAPITAL LIMITED

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
At the end of the year	1,77,18,695	1,97,02,344	1,97,61,422
MAT Receivable	2,69,85,777	15,436	15,436
<b>Total</b>	<b>4,47,04,472</b>	<b>1,97,17,780</b>	<b>1,97,76,858</b>

### Note: 7 Inventories

Stock in Trade*	3,10,49,737	9,79,92,199	6,46,35,063
Franking Balance on Hand	-	50,420	50,420
Stock of Stamp	-	10,162	10,162
<b>Total</b>	<b>3,10,49,737</b>	<b>9,80,52,781</b>	<b>6,46,95,645</b>

\* Stock in trade represents shares held as on balance sheet date at valued at cost being shares held by virtue of acting as a merchant banker and market maker for the acquired equity shares. Balance in vandha & trading error A/c. are basically shares held as a result of Trading Error or Vandha Accounts of clients. In absence of information, disclosure relating quantity has not been given.

### Note: 8 Trade Receivables

#### Trade Receivables

-considered good, outstanding for more than six month	19,28,23,486	21,16,19,342	18,11,04,773
-considered doubtful, outstanding for more than six month	1,38,280	1,38,280	6,88,79,167
-considered good, outstanding for less than six month	36,33,24,375	76,01,29,039	39,82,68,985
Less : Prov for Doubtful Debts	-1,38,280	-1,38,280	-6,88,79,167
<b>Total Trade Receivables</b>	<b>55,61,47,861</b>	<b>97,17,48,381</b>	<b>57,93,73,758</b>
<b>Others Trade Receivables: considered good</b>			
MTF Funding Debtors	2,18,81,396	-	-
Other Receivables	1,51,74,038	1,28,90,770	1,61,02,371
<b>Total</b>	<b>59,32,03,295</b>	<b>98,46,39,151</b>	<b>59,54,76,129</b>

Note : As per financial statements of the holding company, as on 01.04.2016, there was a Provision for Doubtful Re-cevables for Rs. 6,72,87,557/-. A further provision of Rs. 100,00,000/- was made during the Financial Year 2016 - 2017. The Board is of the opinion that inspite of all due efforts, the said Doubtful Receivables for Rs. 7,72,87,557/- are not recoverable, hence the same has been written off during the Financial Year 2016 - 2017. Also in subsidiary company Monarch Networkth Comtrade Limited as on 01.04.2016 there was provision for Rs-15,91,610 and the board is of the opinion that inspite of all due efforts, the said Doubtful receivables for Rs,15,91,610 are not recoverable , hence the same has been written off during the financial year 2016-17.

Note : As per management opinion there is no Expected Credit Loss in Trade Receivables of the Company and all are on fair value.

### Note: 9 Cash and cash equivalents

Cash on Hand	1,97,102	1,90,507	18,03,081
Balance with Bank	39,11,33,704	14,43,17,853	9,95,78,335
Fixed deposits held as margin deposits	18,64,04,949	18,62,85,797	10,56,52,363
Other Fixed Deposits	10,57,43,555	5,29,94,703	2,87,84,798
<b>Total</b>	<b>68,34,79,310</b>	<b>38,37,88,860</b>	<b>23,58,18,577</b>

Notes:

1. Fixed deposits includes Rs. 186404949, Rs. 186285797, Rs. 105652363 for the year ended 31 March 2018, 31 March 2017 and 1 April 2016, respectively, under lien with banks towards bank guarantee, or kept as security with Exchanges as margin money.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
-------------	------------------------	------------------------	------------------------

2. Cash and Bank balances as on 31 March 2018, 31 March 2017 and as on 1 April 2016 include cheques on hands, which were cleared subsequent to the year end on periodic basis.

**Note: 10 Loans and Advances**

Advances to Staff	36,74,934	28,39,545	25,05,961
Advances to Suppliers	27,05,143	21,12,768	26,23,625
Prepaid Expenses	94,69,781	81,96,828	1,08,00,148
Receivables from Related Party	6,69,980	1,23,84,912	1,31,85,912
Loan - others Advances	2,32,90,360	10,67,07,052	10,45,58,535
<b>Total</b>	<b>3,98,10,199</b>	<b>13,22,41,106</b>	<b>13,36,74,181</b>

**Note: 11 Other Current Assets**

Miscellaneous Expenditure not Written Off	3,64,931	6,88,510	2,26,579
<b>Total</b>	<b>3,64,931</b>	<b>6,88,510</b>	<b>2,26,579</b>

**Note: 12 Share Capital****a. Authorised :**

Equity Shares of Re. 10/- each			
3,05,00,000 (Previous year 3,05,00,000 ) Equity shares	30,50,00,000	30,50,00,000	30,50,00,000
60,00,000 (P.Y 60,00,000) Preference Share of Rs 10/- each	6,00,00,000	6,00,00,000	6,00,00,000
500000 (P.Y 500000) 6% Cumulative Redeemable Preference Shares of Rs 100/- each	5,00,00,000	5,00,00,000	5,00,00,000
<b>TOTAL</b>	<b>41,50,00,000</b>	<b>41,50,00,000</b>	<b>41,50,00,000</b>

**b. Issued and Subscribed and Paid up:**

3,03,11,600 (Previous year 3,03,11,600) Equity shares fully paid up	30,31,16,000	30,31,16,000	30,31,16,000
<b>TOTAL</b>	<b>30,31,16,000</b>	<b>30,31,16,000</b>	<b>30,31,16,000</b>

**c. Reconciliation of number of shares outstanding at the beginning and end of the year :**

Equity share :			
Outstanding at the beginning of the year	30,31,16,000	30,31,16,000	30,31,16,000
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	-	-	-
Outstanding at the end of the year	30,31,16,000	30,31,16,000	30,31,16,000

**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.

During the year ended 31 March 2018, the amount of dividend per equity share recognised as distributions to equity shareholders is NIL (previous year NIL).

## MONARCH NETWORK CAPITAL LIMITED

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.”

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

Equity share	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
VAIBHAV JAYANTILAL SHAH	31,08,815	10.26%	27,12,000	8.95%	27,12,000	8.95%
SURESH P JAIN	26,42,137	8.72%	29,92,137	9.87%	32,92,137	10.86%
SURESH BABULAL BAFNA	25,12,500	8.29%	25,12,500	8.29%	25,12,500	8.29%
BELA HIMANSHU SHAH	24,06,000	7.94%	24,06,000	7.94%	24,06,000	7.94%
BANKIM JAYANTILAL SHAH	22,06,000	7.28%	22,06,000	7.28%	22,06,000	7.28%
METAPHOR REALTY INVESTMENTS PRIVATE LIMITED	24,12,000	7.96%	24,12,000	7.96%	24,12,000	7.96%

g 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.

h During the year no share was reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Note: 13 Other Equity</b>			
<b>Reserves &amp; Surplus</b>			
<b>Capital reserve - at the beginning of the year</b>	<b>1,51,63,560</b>	<b>1,51,63,560</b>	<b>1,51,63,560</b>
Add: Addition during the year	-	-	-
At the end of the year	1,51,63,560	1,51,63,560	1,51,63,560
<b>Securities premium reserve - at the beginning of the year</b>	<b>29,66,52,896</b>	<b>29,66,52,896</b>	<b>29,66,52,896</b>
Add: Addition during the year	-	-	-
At the end of the year	29,66,52,896	29,66,52,896	29,66,52,896
<b>Amalgamation Reserve - at the beginning of the year</b>	<b>3,31,91,490</b>	<b>3,31,91,490</b>	<b>3,31,91,490</b>
Add: Addition during the year	-	-	-
At the end of the year	3,31,91,490	3,31,91,490	3,31,91,490
<b>Retained earnings - at the beginning of the year</b>	<b>-20,75,59,410</b>	<b>-33,17,99,139</b>	<b>-24,13,96,878</b>
Add: Addition during the year	18,91,88,738	12,43,13,144	-9,04,02,262
Add: Other Reserve (Prior Period Adjustments)	74,415	-73,414	0
At the end of the year	-1,82,96,256	-20,75,59,410	-33,17,99,139
<b>Total Reserves &amp; Surplus</b>	<b>32,67,11,690</b>	<b>13,74,48,536</b>	<b>1,32,08,807</b>
<b>Other comprehensive income</b>			
<b>Remeasurements of the net defined benefit Plans</b>	<b>2,79,713</b>	-	-
Add: Addition during the year	-1,286	2,79,713	-
At the end of the year	2,78,427	2,79,713	-
Fair valuation of investments in equity shares	7,71,905	-41,16,140	-
Add: Addition during the year	-48,97,232	48,88,045	-41,16,140
At the end of the year	-41,25,327	7,71,905	-41,16,140
<b>Total Other comprehensive income</b>	<b>-38,46,900</b>	<b>10,51,618</b>	<b>-41,16,140</b>
<b>Total Other Equity</b>	<b>32,28,64,790</b>	<b>13,85,00,154</b>	<b>90,92,667</b>



Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Note: 14 Non Current Borrowing</b>			
Loan from ICICI Bank Ltd (Secured against hypothecation of Car)	18,31,876	24,32,925	-
Loan from Kotak Mahindra Prime Limited (Secured against hypothecation of Car) Unsecured	-	-	4,11,720
Deposits from Business Associates	2,74,51,854	3,21,91,391	2,60,20,734
<b>Total</b>	<b>2,92,83,730</b>	<b>3,46,24,316</b>	<b>2,64,32,454</b>
<b>Note: 15 Non Current Provisions</b>			
Provision for Gratuity	1,26,02,659	1,11,79,423	1,27,32,567
Provision for NPA	1,864	2,53,378	26,88,345
<b>Total</b>	<b>1,26,04,523</b>	<b>1,14,32,801</b>	<b>1,54,20,912</b>
<b>Note: 16 Current Borrowings</b>			
<b>Secured Borrowings</b>			
Overdraft from HDFC Bank (Secured against hypothecation of Office premises & Securities, and Personal guarantee of Key Management)	55,51,101	4,02,01,759	6,45,58,193
<b>Banks &amp; Financial Institutions</b> (Secured against Hypothecation of Stock)	<b>1,15,405</b>	<b>15,68,120</b>	<b>15,89,54,116</b>
<b>Current Maturities</b>			
Loan from ICICI Bank Ltd	6,01,043	5,46,727	-
Loan from Kotak Mahindra Prime Limited	-	-	1,74,826
<b>Unsecured Borrowings</b>			
Loans from shareholders			
- Other than promoter group	30,00,000	30,00,000	30,00,000
- Related Parties	1,93,49,385	1,95,54,110	2,02,63,859
Unsecured loan from Body Corporate	10,24,65,753	8,40,00,000	8,26,15,157
<b>Total</b>	<b>13,10,82,687</b>	<b>14,88,70,716</b>	<b>32,95,66,151</b>
<b>Note: 17 Trade Payable</b>			
Trade Payable	23,34,37,814	95,13,36,594	36,28,13,870
Margin Payable to Clearing Member	68,78,79,659	53,04,79,320	32,06,62,637
Payable to MTF Clients	72,59,955	-	-
Other Payable	52,09,723	23,28,801	10,83,535
<b>Total</b>	<b>93,37,87,151</b>	<b>1,48,41,44,715</b>	<b>68,45,60,042</b>
Notes:			
In absence of information regarding vendors covered under Micro, Small & Medium Enterprises Development Act, 2006. disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act has not been given.			
<b>Note: 18 Other Current financial liabilities</b>			
Creditors for Expenses	72,44,944	48,52,597	1,01,45,978
Salary & Reimbursements	1,81,46,277	1,61,68,984	1,56,66,533
<b>Total</b>	<b>2,53,91,221</b>	<b>2,10,21,581</b>	<b>2,58,12,511</b>

## MONARCH NETWORK CAPITAL LIMITED

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Note: 19 Current Provisions</b>			
Provision for Expenses	33,35,652	83,25,629	32,48,823
Provision for Income Tax	3,12,58,512	1,47,59,450	32,91,768
Provision for Gratuity (Current)	23,53,312	21,11,467	
Provision for CRS	27,50,000	6,50,000	-
Provision for doubtful Deposit & Debtors	-	78,766	9,93,807
Contingent Provisions against Standard Assets	9,89,003	18,25,850	9,81,966
<b>Total</b>	<b>4,06,86,479</b>	<b>2,77,51,162</b>	<b>85,16,364</b>
<b>Note: 20 Other Current Liabilities</b>			
Statutory Remittances	1,22,05,407	77,93,166	83,53,790
Deposits from Clients	14,08,52,480	1,58,37,000	58,45,500
Advance Brokerage from Client	12,78,244	27,38,053	25,59,311
Other Current Liabilities	70,50,260	41,66,676	33,37,517
<b>Total</b>	<b>16,13,86,392</b>	<b>3,05,34,896</b>	<b>2,00,96,118</b>
<b>Note: 21 Income from Operation</b>			
Particulars	Year Ended on 31 March 2018	Year Ended on 31 March 2017	
Brokerage & Related income	65,97,14,225	55,25,71,086	
Demat Income	3,30,17,881	2,09,93,784	
Merchant Banking income	87,79,690	21,00,000	
Income From Trading In Securities	-70,70,159	-30,68,351	
Other Income	11,12,79,276	1,43,36,325	
Interest Income	8,33,91,067	5,91,08,496	
Income from Advisory Services	95,56,959	35,21,408	
Professional Fees	39,50,000	-	
<b>Total</b>	<b>90,26,18,939</b>	<b>64,95,62,747</b>	
<b>Note: 22 Other Income</b>			
Dividend Income	1,77,683	2,97,386	
Interest Received On Fixed Deposits	2,63,83,142	1,47,52,451	
Interest received from Others	85,06,221	58,27,391	
Income Tax Refund	-	1,30,25,541	
Interest on Income Tax Refund	15,59,760	88,53,596	
Interest Received On Staff Loan	1,79,383	232	
Profit on Remeasurement of Financial Assets (valued at FVTPL)	36,21,325	2,87,47,229	
Penalty Charges Recovered	3,36,826	4,40,793	
Profit on Error Holding	8,36,998	38,90,346	
MTF Interest Income	1,35,364	-	
Other Income	14,80,357	6,33,294	
<b>Total</b>	<b>4,32,17,058</b>	<b>7,64,68,259</b>	
<b>Note: 23 Employee Benefit Expenses</b>			
<b>Salary &amp; Other Allowances</b>			
Employee Salary	21,84,59,060	15,53,16,492	
Director Remuneration	41,12,556	34,16,431	
Performance Incentive	95,74,464	43,78,171	
Statutory Contribution	1,40,45,753	95,62,458	
Staff Welfare Charges	48,06,960	39,51,425	
<b>Total</b>	<b>25,09,98,793</b>	<b>17,66,24,977</b>	

Particulars	Year Ended on 31 March 2018	Year Ended on 31 March 2017
** This represents recovery of expenses in agreed proportion towards utilization of common facilities including staff cost from subsidiaries and associate concerns.		
<b>Note: 24 Operating Expenses</b>		
Demat Related Charges	1,88,17,735	1,50,21,049
Sub Brokerage & Commission Expenses	21,30,48,243	16,60,68,091
Stamping Charges	16,66,526	5,12,845
Penalty Account	8,54,593	4,16,156
Exchange Expenses	5,77,432	2,25,585
Connectivity Charges	78,84,161	71,68,055
Membership Fees & Subscription	53,31,583	41,61,470
Software Charges	56,24,832	72,32,498
Interest on Loan Availed	4,59,67,428	3,10,24,997
Claw Back & Brokerage Charges	1,50,974	
<b>Total</b>	<b>29,99,23,507</b>	<b>23,18,30,746</b>
<b>Note: 25 Finance Cost</b>		
Interest On Bank OD & Fin Institutions	70,80,377	2,47,31,306
Interest On Car Loan	2,53,547	1,87,443
Bank Guarantee Charges	66,80,813	46,27,271
Bank & Fin Institution charges	27,93,480	2,03,950
Interest on Late Payment of TDS / Service tax/GST	48,857	51,245
Other Interest	56,53,203	5,39,418
<b>Total</b>	<b>2,25,10,277</b>	<b>3,03,40,632</b>
<b>Note: 26 Other Expenses</b>		
<b>Administration expenses</b>		
Legal & Professional Charges	1,89,50,004	1,94,51,796
Telephone/Communication Charges	49,12,792	81,16,442
Electricity Charges	1,03,49,441	95,52,423
Rent Rates & Taxes	3,50,71,257	3,17,80,138
Municipal Taxes	10,39,285	8,28,459
Repairs & Maintenance	89,11,246	76,37,036
Manpower supply charges	37,20,776	31,69,800
Insurance Charges	7,34,358	7,72,370
Postage & Courier Charges	46,20,292	45,92,690
Conveyance & Travelling	74,64,859	73,57,773
Printing Stationery & Xerox Charges	32,05,846	34,04,835
Office expenses	56,37,615	58,18,831
Misc. Expenses	88,454	1,92,235
Festival Expenses	26,09,369	15,90,854
Corporate Social Responsibility	21,00,000	6,50,000
Staff Recruitment Expenses	1,26,930	1,30,784
Auditors' Remuneration	6,38,500	6,04,600
Bad debts/Sundry Balance written off	2,95,20,589	42,87,477
Loss on Assets sold / discarded	45,474	-1,10,563
Other Expenses-SBC	2,80,616	8,80,556
Charity & Donations	9,31,501	6,71,600
<b>Selling &amp; Distribution Expenses</b>		
Advertisement/Sponsorship	54,41,364	18,21,419

## MONARCH NETWORK CAPITAL LIMITED

Particulars	Year Ended on 31 March 2018	Year Ended on 31 March 2017
Business Promotion Expenses	17,12,174	60,45,911
<b>Total of Administrative, selling and Distribution</b>	<b>14,81,12,742</b>	<b>11,92,47,464</b>

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

### Note: 27 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:

- Gross amount required to be spent by the Company during the year is Rs. 20,01,782/-
- Amount Spent during the year - Rs. Nil

### Note: 28 Statement of other comprehensive income

(i) Items that will not be reclassified to profit or loss		
Changes in revaluation surplus		
Remeasurements of the defined benefit plans	-1,861	4,04,794
Equity Instruments through Other Comprehensive Income	-48,97,232	48,88,045
(ii) Income tax relating to items that will not be reclassified to profit or loss	575	-1,25,081
<b>Total</b>	<b>-48,98,518</b>	<b>51,67,758</b>

### Note: 29

#### 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-18	31-Mar-17
	INR	INR
Profit attributable to equity holders :		
Continuing operations	18,42,90,220	12,94,80,902
Discontinued operations	-	-
<b>Profit attributable to equity holders for basic earnings</b>	<b>18,42,90,220</b>	<b>12,94,80,902</b>
<b>Adjustments:</b>		
Interest on Convertible preference shares	-	-
Others	-	-
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>18,42,90,220</b>	<b>12,94,80,902</b>

<b>ii. Weighted average number of ordinary shares</b>			
		<b>31-Mar-18</b>	<b>31-Mar-17</b>
		<b>No. of Shares</b>	<b>No. of Shares</b>
Issued ordinary shares at April 1		3,03,11,600	3,03,11,600
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>3,03,11,600</b>	<b>3,03,11,600</b>
<b>Effect of dilution:</b>			
Share options		-	-
Convertible preference shares		-	-
		<b>3,03,11,600</b>	<b>3,03,11,600</b>
<b>Basic and Diluted earnings per share</b>			
		<b>31-Mar-18</b>	<b>31-Mar-17</b>
		<b>INR</b>	<b>INR</b>
Basic earnings per share		6.08	4.27
Diluted earnings per share		6.08	4.27

Note: 30

#### Tax expense

##### (a) Amounts recognised in profit and loss

	<b>For the year ended</b>	
	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Current income tax	4,73,50,000	2,09,64,740
Changes in tax estimates of prior years	14,16,693	-91,025
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	19,84,225	-66,005
<b>Deferred tax expense</b>	<b>19,84,225</b>	<b>-66,005</b>
<b>Tax expense for the year</b>	<b>5,07,50,918</b>	<b>2,08,07,710</b>

##### (b) Amounts recognised in other comprehensive income

	<b>For the year ended 31 March 2018</b>			<b>For the year ended 31 March 2017</b>		
	<b>Before tax</b>	<b>Tax (ex- pense) benefit</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax (ex- pense) benefit</b>	<b>Net of tax</b>
<b>Items that will not be reclassified to profit or loss</b>						
Changes in revaluation surplus	-	-	-	-	-	-
Remeasurements of the defined benefit plans	-1,861	575	-1,286	4,04,794	-1,25,081	2,79,713
Equity Instruments through Other Comprehensive Income	-48,97,232	-	-48,97,232	48,88,045	-	48,88,045
<b>Items that will be reclassified to profit or loss</b>						
	-	-	-	-	-	-
	<b>-48,99,093</b>	<b>575</b>	<b>-48,98,518</b>	<b>52,92,839</b>	<b>-1,25,081</b>	<b>51,67,758</b>

## MONARCH NETWORK CAPITAL LIMITED

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

	For the year ended	
	31-Mar-18	31-Mar-17
<b>Profit before tax</b>	<b>21,57,65,844</b>	<b>14,53,76,403</b>
Statutory income tax rate	Multiple	Multiple
Tax using the Company's domestic tax rate	4,76,07,297	2,40,65,334
<b>Tax effect of:</b>		
Non-deductible tax expenses	-1,31,020	-28,88,827
Tax-exempt income	-37,920	-60,634
Brought Forward Losses	-	-
Provision for trade receivables	-	-
Changes in tax estimates of prior years	-	-
MAT Credit Entitlement	-	-
Deductions Under Income Tax Act	-	-
Change in tax rate	-	-
Others	-88,357	-1,51,134
	<b>4,73,50,000</b>	<b>2,09,64,740</b>

### (d) Movement in deferred tax balances

	31-Mar-18				
	"Net balance April 1, 2017"	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	1,35,11,122	(25,05,749)		1,10,05,373	1,10,05,373
Compensated absences and gratuity	41,06,885	4,78,795	575	45,86,255	45,86,255
Investments in quoted equity shares	-	-	-	-	-
Investments in unquoted equity shares	20,60,000	-		20,60,000	20,60,000
Provision for Doubtful Debt	24,339	42,729	-	67,068	67,068
MAT Credit entitlement	15,436	2,69,70,341	-	2,69,85,777	2,69,85,777
<b>Tax assets (Liabilities)</b>	<b>1,97,17,782</b>	<b>2,49,86,116</b>	<b>575</b>	<b>4,47,04,473</b>	<b>4,47,04,473</b>
Set off tax					
<b>Net tax assets</b>	<b>1,97,17,782</b>	<b>2,49,86,116</b>	<b>575</b>	<b>4,47,04,473</b>	<b>4,47,04,473</b>

### (e) Movement in deferred tax balances

	31-Mar-17				
	"Net balance 1 April 2016"	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	82,68,908	52,42,214		1,35,11,122	1,35,11,122
Compensated absences and gratuity	41,28,660	1,03,306	-1,25,081	41,06,885	41,06,885
Investments in quoted equity shares	-	-	-	-	-
Investments in unquoted equity shares	20,60,000	-	-	20,60,000	20,60,000
Provision for Doubtful Debt	20,84,910	(20,60,571)		24,339	24,339
Business Loss	32,18,944	(32,18,944)		-	-
MAT Credit entitlement	15,436	-		15,436	15,436
<b>Tax assets (Liabilities)</b>	<b>1,97,76,858</b>	<b>66,005</b>	<b>-1,25,081</b>	<b>1,97,17,782</b>	<b>1,97,17,782</b>
Set off tax					
<b>Net tax assets</b>	<b>1,97,76,858</b>	<b>66,005</b>	<b>-1,25,081</b>	<b>1,97,17,782</b>	<b>1,97,17,782</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: 31 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	Year ended
	31-Mar-18	31-Mar-17
Contribution to Provident Fund	77,77,109	57,87,746
Contribution to ESIC	26,80,802	15,17,438
	<b>1,04,57,911</b>	<b>73,05,184</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 2017. 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-18	31-Mar-17	01-Apr-16
<b>Net defined benefit asset</b>	-	-	-
Total employee benefit asset	-	-	-
<b>Net defined benefit liability</b>			
Liability for Gratuity	1,49,55,971	1,32,90,890	1,27,32,567
<b>Total employee benefit liabilities</b>	<b>1,49,55,971</b>	<b>1,32,90,890</b>	<b>1,27,32,567</b>
Non-current	1,26,02,659	1,11,79,423	1,27,32,567
Current	23,53,312	21,11,467	-

# MONARCH NETWORK CAPITAL LIMITED

## Note: 32 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 26 in the notes to the financial statements.

Particular	Year ended 31-Mar-18	Year ended 31-Mar-17
Lease Rental Payments	3,50,71,257	3,17,80,138
<b>TOTAL</b>	<b>3,50,71,257</b>	<b>3,17,80,138</b>

### b) Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows.

Particular	31-Mar-18 INR	31-Mar-17 INR
Less than one year	45,48,121	14,84,482
Between one and five years	2,55,58,968	3,03,39,454
<b>TOTAL</b>	<b>3,01,07,089</b>	<b>3,18,23,936</b>

## Note: 33 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.

31-Mar-18	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	3,24,07,005	-	3,24,07,005	2,42,77,914	-	-	2,42,77,914
Non-current loans	-	-	50,44,96,236	50,44,96,236	-	-	-	-
Trade receivables	-	-	59,32,03,295	59,32,03,295	-	-	-	-
Cash and cash equivalents	-	-	68,34,79,310	68,34,79,310	-	-	-	-
Current Loans and advances	-	-	3,98,10,199	3,98,10,199	-	-	-	-
	-	<b>3,24,07,005</b>	<b>1,82,09,89,040</b>	<b>1,85,33,96,045</b>	<b>2,42,77,914</b>	-	-	<b>2,42,77,914</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	2,92,83,730	2,92,83,730	-	-	-	-
Current borrowings	-	-	13,10,82,687	13,10,82,687	-	-	-	-
Trade payables	-	-	93,37,87,151	93,37,87,151	-	-	-	-
<b>Other Non-Current financial liabilities</b>	-	-	<b>2,53,91,221</b>	<b>2,53,91,221</b>	-	-	-	-
	-	-	<b>1,11,95,44,789</b>	<b>1,11,95,44,789</b>	-	-	-	-

31-Mar-17	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	3,26,93,053	-	3,26,93,053	2,48,54,286	-	-	2,48,54,286
Non-current loans	-	-	51,79,66,492	51,79,66,492	-	-	-	-
Trade receivables	-	-	98,46,39,151	98,46,39,151	-	-	-	-
Cash and cash equivalents	-	-	38,37,88,860	38,37,88,860	-	-	-	-
Current Loans and advances	-	-	13,22,41,106	13,22,41,106	-	-	-	-
	-	<b>3,26,93,053</b>	<b>2,01,86,35,608</b>	<b>2,05,13,28,661</b>	<b>2,48,54,286</b>	-	-	<b>2,48,54,286</b>



Financial liabilities								
Non-current borrowings	-	-	3,46,24,316	3,46,24,316	-	-	-	-
Current borrowings	-	-	14,88,70,716	14,88,70,716	-	-	-	-
Trade payables	-	-	1,48,41,44,715	1,48,41,44,715	-	-	-	-
<b>Other Non-Current financial liabilities</b>	-	-	<b>2,10,21,581</b>	<b>2,10,21,581</b>	-	-	-	-
	-	-	1,68,86,61,328	1,68,86,61,328	-	-	-	-

01-Apr-16	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	2,99,94,606	-	2,99,94,606	2,51,61,429	-	-	2,51,61,429
Non-current loans	-	-	31,27,98,265	31,27,98,265	-	-	-	-
Trade receivables	-	-	59,54,76,129	59,54,76,129	-	-	-	-
Cash and cash equivalents	-	-	23,58,18,577	23,58,18,577	-	-	-	-
Current Loans and advances	-	-	13,36,74,181	13,36,74,181	-	-	-	-
	-	<b>2,99,94,606</b>	<b>1,27,77,67,152</b>	<b>1,30,77,61,758</b>	<b>2,51,61,429</b>	-	-	<b>2,51,61,429</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	2,64,32,454	2,64,32,454	-	-	-	-
Current borrowings	-	-	32,95,66,151	32,95,66,151	-	-	-	-
Trade payables	-	-	68,45,60,042	68,45,60,042	-	-	-	-
<b>Other Non-Current financial liabilities</b>	-	-	<b>2,58,12,511</b>	<b>2,58,12,511</b>	-	-	-	-
	-	-	1,06,63,71,158	1,06,63,71,158	-	-	-	-

- (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 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

## MONARCH NETWORK CAPITAL LIMITED

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.

### Financial instruments – Fair values and risk management (continued)

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party 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 2018 are as follows:

31 March 2018	59,32,03,295
31 March 2017	98,46,39,151

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 Risk Management Committee 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 Risk Management Committee.

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 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	Carrying amount (in INR)	
	31 March 2018	31 March 2017
India	59,32,03,295	98,46,39,151
	<b>59,32,03,295</b>	<b>98,46,39,151</b>

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 2018	31 March 2017
Opening balance	1,38,280	6,88,79,167

Provision for receivables impairment	-	-
Receivables written off during the year as uncollectible	-	-6,87,40,887
Provision released during the year	-	-
<b>Closing balance</b>	<b>1,38,280</b>	<b>1,38,280</b>

### 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.

### Financial instruments – Fair values and risk management (continued)

#### 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.

31-Mar-18	Carrying amount	Contractual cash flows				
		Total	12 months or less	1-2 years	2-5 years	More than 5 years
INR						
<b>Non-derivative financial liabilities</b>						
Non-current borrowings	2,92,83,730	2,92,83,730	-	-	18,31,876	2,74,51,854
Current borrowings	13,10,82,687	13,10,82,687	13,10,82,687	-	-	-
Trade payables	93,37,87,151	93,37,87,151	93,37,87,151	-	-	-
Other financial liabilities	2,53,91,221	2,53,91,221	2,53,91,221	-	-	-
Derivative financial liabilities						
Forward exchange contracts	-	-	-	-	-	-

31-Mar-17	Carrying amount	Contractual cash flows				
		Total	12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Non-current borrowings	3,46,24,316	3,46,24,316	-	-	24,32,924	3,21,91,392
Current borrowings	14,88,70,716	14,88,70,716	14,88,70,716	-	-	-
Trade payables	1,48,41,44,715	1,48,41,44,715	1,48,41,44,715	-	-	-
Other financial liabilities	2,10,21,581	2,10,21,581	2,10,21,581	-	-	-
Derivative financial liabilities						
Forward exchange contracts	-	-	-	-	-	-

### Financial instruments – Fair values and risk management (continued)

#### 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

## MONARCH NETWORK CAPITAL LIMITED

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.

### Financial instruments – Fair values and risk management (continued)

#### 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.

	Nominal amount in INR	
	31-Mar-18	31-Mar-17
<b>Fixed-rate instruments</b>		
Financial assets	61,13,87,762	53,99,15,689
Financial liabilities	80,99,425	4,47,49,531
	<b>60,32,88,337</b>	<b>49,51,66,158</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
<b>Total</b>	<b>60,32,88,337</b>	<b>49,51,66,158</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 34 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 2018 was as follows.

INR

Particular	As at 31 March 2018	As at 31 March 2017
Total Borrowings	16,03,66,417	18,34,95,032
Less : Cash and cash equivalent	68,34,79,310	38,37,88,860
<b>Adjusted net debt</b>	<b>-52,31,12,893</b>	<b>-20,02,93,829</b>
<b>Total equity</b>	<b>62,59,80,790</b>	<b>38,37,88,860</b>
Less : Hedging reserve	-	-
<b>Adjusted equity</b>	<b>62,59,80,790</b>	<b>38,37,88,860</b>
Adjusted net debt to adjusted equity ratio	-0.84	- 0.52

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.

### Note 35 Related party relationships, transactions and balances

#### A Nature of relationship

##### I Subsidiary Companies

- a Monarch Network Comtrade Limited
- b Network Wealth Solutions Limited
- c Monarch Network Finserve Private Limited
- d Network Insurance Broking Private Limited
- e Monarch Network Investment Advisors Private Limited
- f Monarch Network Capital IFSC Pvt Ltd

##### II Associate Companies

- a Network SoftTech Ltd
- b Network Financial Services Ltd

##### III Enterprises over which Directors and their relatives exercise significant influence

- a Monarch Network Capital IFSC Private Limited
- b Premjayanti Properties
- c Monarch Infra Venture
- d Premjayanti Enterprises Private Limited
- e Monarch Comtrade Private Limited
- f Monarch Intraparks Private Limited
- g Sur-Man Investment Limited
- h Simandhar Securities Private Limited
- i Samarpan Properties Private Limited
- j S.P. Jain – HUF (Sun Capital Advisory Services Private Limited)
- k Maxgainz Properties Private Limited

##### IV Key Management Personnel and their relatives

- a Mr. Vaibhav Shah
- b Mrs. Manju Bafna
- c Mr. Suresh Pukhraj Jain
- d Mrs. Kanta Jain
- e Mrs. Kinnari Shah
- f Mr. Bankim Shah
- g Mr. Himanshu Shah
- h Mr. Suresh Bafna

## MONARCH NETWORTH CAPITAL LIMITED

### Note 35 Related Party Disclosures: (Continued)

B. The following transactions were carried out during the year with the related parties in the ordinary course of business:

Nature of Transactions	Enterprises over which Directors and their relatives exercise significant influence		Key Management Personnel and their relatives		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue						
Brokerage Income	8,26,076	2,04,476	6,16,409	1,49,833	14,42,485	3,54,309
<b>Total</b>	<b>8,26,076</b>	<b>2,04,476</b>	<b>6,16,409</b>	<b>1,49,833</b>	<b>14,42,485</b>	<b>3,54,309</b>
<b>Expenses</b>						
Professional Fees Paid	-	-	-	13,50,000	-	13,50,000
Salaries	-	-	85,55,496	76,87,999	85,55,496	76,87,999
Lease Rent Paid	1,08,00,000	1,08,00,000	36,00,000	36,00,000	1,44,00,000	1,44,00,000
<b>Total</b>	<b>1,08,00,000</b>	<b>1,08,00,000</b>	<b>1,21,55,496</b>	<b>1,26,37,999</b>	<b>2,29,55,496</b>	<b>2,34,37,999</b>

### Note 35

### Related Party Disclosures: (Continued)

C. The following transactions were carried out during the year with the related parties in the ordinary course of business:

Nature of Transactions	Enterprises over which Directors and their relatives exercise significant influence			Key Management Personnel and their relatives			Total		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Receivables / Advances									
Monarch Network Capital IFSC Private Limited	3,08,640	-	-	-	-	-	3,08,640	-	-
Network Softech Limited	3,61,340	-	-	-	-	-	3,61,340	-	-
Himanshu J Shah	-	-	-	-	6,37,284	6,37,284	-	6,37,284	6,37,284
Monarch Infraparks Pvt Ltd	-	41,99,000	50,00,000	-	-	-	-	41,99,000	50,00,000
Manju Bafna	-	-	-	-	75,48,628	75,48,628	-	75,48,628	75,48,628
<b>Total</b>	<b>6,69,980</b>	<b>41,99,000</b>	<b>50,00,000</b>	<b>-</b>	<b>81,85,912</b>	<b>81,85,912</b>	<b>6,69,980</b>	<b>1,23,84,912</b>	<b>1,31,85,912</b>
Payables									
Networth Financial Services Limited	1,93,49,385	1,95,54,110	1,95,54,110	-	-	-	1,93,49,385	1,95,54,110	1,95,54,110
Network Insurance Broking Private Limited	-	-	-	-	-	-	-	-	2,64,082
Monarch Network Investment Advisory Private Limited	-	-	-	-	-	-	-	-	4,45,667
<b>Total</b>	<b>1,93,49,385</b>	<b>1,95,54,110</b>	<b>1,95,54,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,93,49,385</b>	<b>1,95,54,110</b>	<b>2,02,63,859</b>

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.

**Notes 36****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
- Segment-2: Wealth Management
- Segment-3: Non Banking Finance Business
- Segment-4: Merchant Banking 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**

Reportable segment  
 Segment-1 Broking  
 Segment-2 Wealth Management  
 Segment-3 Non Banking Finance Business  
 Segment-4 Merchant Banking Business

**B. Information about reportable segments**

(Currency: Indian Rupees in lacs)

Particulars	Year Ended		
	31.03.2018	31.03.2017	31.03.2016
<b>1. Segment Revenue</b>			
a) Broking	7,947.28	5,831.21	4,631.46
b) Wealth Management	77.72	33.20	43.92
c) Non Banking financial business	875.37	608.52	392.39
d) Merchant Banking Income	87.80	21.00	0.05
e) Others (Un-allocated)	38.48	2.08	0.07
<b>Total</b>	<b>9,026.64</b>	<b>6,496.01</b>	<b>5,067.89</b>
Less: Inter Segment Revenue	289.44	251.69	141.37
Net sales/Income From Operations	8,737.20	6,244.32	4,926.52
<b>2. Segment Results (Profit)(+)/ Loss(-) before tax and interest from Each segment)</b>			
a) Broking	1,913.67	1,446.32	440.85
b) Wealth Management	42.46	4.98	-5.77
c) Non Banking financial business	196.17	117.61	-31.51
e) Others (Un-allocated)	11.90	-5.02	-0.11
<b>Total</b>	<b>2,164.20</b>	<b>1,563.89</b>	<b>403.46</b>
Less: (i) Interest	-225.10	-303.41	-601.43
(ii) Other Un-allocable Expenditure net off		-	-
(iii) Un-allocable income		-	-
Add : Exceptional Item		-	-
Interest Income	263.83	147.52	179.27
<b>Total Profit/(Loss) Before Tax</b>	<b>2,202.93</b>	<b>1,408.00</b>	<b>-18.70</b>
<b>3. Capital Employed</b>			
(Segment assets – Segment Liabilities)			

## MONARCH NETWORK CAPITAL LIMITED

a) Broking	7,616.31	5,965.60	5,806.64
b) Wealth Management	-954.29	-982.39	-988.90
c) Non Banking financial business	732.79	573.42	505.53
d) Others (Unallocated)	58.51	40.78	45.81
<b>Total</b>	<b>7,453.32</b>	<b>5,597.41</b>	<b>5,369.08</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 37 Contingent liabilities (to the extent not provided for)

Rs in Lacs

Contingent liabilities	31-Mar-18	31-Mar-17	01-Apr-16
Income Tax matters pending with various authorities	43.93	201.10	269.82
Service Tax matters pending with various authorities (Merged Entity -Monarch Project & Finmarkets Limited )	64.72	64.72	-
Inter Corporate Guarantee (Merged Entity -Monarch Project & Finmarkets Limited )	-	103.33	-

### 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, 2018
- (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) Monarch Network Comtrade Pvt Ltd (Formerly Known as Network Commodities & Investments Limited), has received an Order u/s 143(3) of Income Tax Act, 1961 for A.Y 2011-12 and demand of Rs 45.21/- Lakhs raised. In connection with the same assessee has filled appeal against the same demand.
- (iv) Monarch Network Comtrade Pvt Ltd (Formerly Known as Network Commodities & Investments Limited), is undergoing litigation from clients in MCX & NCDEX segment for sum amounting to Rs. 37.26/- Lakhs. The outcome of which is contingent in nature(P.Y )
- (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 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.



- (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 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 38 Commitments**

Rs in Lacs

	31-Mar-18	31-Mar-17	01-Apr-16
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil	Nil

**Note 39**

<b>Dues to micro, small and medium enterprises</b>	31-Mar-18	31-Mar-17	01-Apr-16
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
Principal	Nil	Nil	Nil
Interest	Nil	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 40 Disclosure on specified bank notes (SBN)**

During the previous year, the company deposited specified bank notes (SBN) with the bank between November 8, 2016 to December 30, 2016. The amount so deposited consisted of currency note denominations of INR 1000 and INR 500 as defined in the MCA notification G.S.R 308 (E) dated MARCH 30, 2017 on the details of the SBN held and transacted during the period from November 8, 2016 to December 30, 2016.:

Particulars	SBNs	Other denominations	Total
<b>Closing cash in hand as on November 8,2016</b>	<b>5,66,500</b>	<b>3,75,751</b>	<b>9,42,251</b>
(+) Permitted receipts	-	5,60,000	5,60,000
(-) Permitted payments	-	4,35,602	4,35,602
(-) Amount deposited in banks	5,66,500	-	5,66,500
<b>Closing cash in hand as on December 30,2016</b>	<b>-</b>	<b>5,00,149</b>	<b>5,00,149</b>

**Note 41 Earnings and expenditure in Foreign Currency during the year:**

	31-Mar-18	31-Mar-17
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

## MONARCH NETWORK CAPITAL LIMITED

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**Note 42 Dividends proposed to be distributed for the equity shareholders for the year ended 2017-18 is Nil.**

### **Note 43 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 44**

	31-Mar-18	31-Mar-17
Forward exchange contracts outstanding on the balance sheet date which is entered to hedge foreign exchange exposures of the Company.	Nil	Nil

### **Note 45**

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 46**

Balance of all Sundry Debtors, Sundry Creditors, Investments & Loan and Advances are subject to confirmation and consequent reconciliation and adjustments, if any.

### **Note 47**

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 48**

The company has taken suitable legal action for recovering deposits of INR 40 lacs (previous year INR 40 lacs) for premises at Bangalore. The management expects favorable order for the same, hence no provisions have been made thereof.

### **Note 49**

The company has taken suitable legal action for recovering debts of INR 239 lacs (previous year INR 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 50**

#### **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 51**

	31-Mar-18	31-Mar-17
Directors Remuneration		
Director Remuneration	41,12,556	34,16,431

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 52**

<b>Auditors Remuneration</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Towards Statutory & Tax Audit (Exclusive of Service Tax/GST)	6,38,500	6,04,600
	6,38,500	6,04,600

**Note 53**

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 54 Transition to Ind AS:**

For the purposes of reporting, company have transitioned its basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing opening Ind AS balance sheet, company have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS."

**Reconciliation of equity as at 01 April, 2016**

	<b>Amount as per IGAAP</b>	<b>Ind AS Impact</b>	<b>Amount as per Ind AS</b>
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3,34,90,835	-37,95,532	2,96,95,303
(b) Capital work-in-progress	-	-	-
(c) Other Intangible assets	87,80,580	-83,15,030	4,65,550
(d) Investments in subsidiaries and joint ventures	-	-	-
(e) Financial Assets			
(i) Investments	3,41,10,746	-41,16,140	2,99,94,606
(ii) Loans & Advances	31,89,87,746	-61,89,481	31,27,98,265
(f) Deferred tax assets (net)	5,14,02,363	-3,16,25,505	1,97,76,858
<b>Total non current assets</b>	<b>44,67,72,270</b>	<b>-5,40,41,688</b>	<b>39,27,30,582</b>
<b>(2) Current Assets</b>			
(a) Inventories	12,36,58,326	-5,89,62,681	6,46,95,645
(b) Financial Assets		-	
(i) Trade receivables	59,53,96,598	79,531	59,54,76,129
(ii) Cash and cash equivalents	23,43,96,315	14,22,262	23,58,18,577
(iii) Loans	13,42,94,798	-6,20,617	13,36,74,181
<b>(c) Other Current Assets</b>	<b>2,26,579</b>	<b>-</b>	<b>2,26,579</b>
<b>Total current assets</b>	<b>1,08,79,72,616</b>	<b>-5,80,81,505</b>	<b>1,02,98,91,111</b>
<b>Total Assets</b>	<b>1,53,47,44,886</b>	<b>-11,21,23,193</b>	<b>1,42,26,21,693</b>
<b>II. Equity and Liabilities</b>			
(1) Equity			

## MONARCH NETWORK CAPITAL LIMITED

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
(a) Equity share capital	30,31,16,000	-	30,31,16,000
(b) Other equity	11,59,23,989	-10,68,31,322	90,92,667
<b>Total equity</b>	<b>41,90,39,989</b>	<b>-10,68,31,322</b>	<b>31,22,08,667</b>
<b>(2) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	5,86,546	2,58,45,908	2,64,32,454
(ii) Other financial liabilities	3,18,66,234	-3,18,66,234	-
(b) Provisions	1,49,63,912	4,57,000	1,54,20,912
(3) Minority Interest	8,474	-	8,474
<b>Total non current liabilities</b>	<b>4,74,25,166</b>	<b>-55,63,326</b>	<b>4,18,61,840</b>
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	55,41,48,394	-22,45,82,243	32,95,66,151
(ii) Trade payables	47,02,27,988	21,43,32,054	68,45,60,042
(iii) Other financial liabilities	-	2,58,12,511	2,58,12,511
(b) Other current liabilities	1,40,37,023	60,59,095	2,00,96,118
(c) Short-term provisions	2,98,66,326	-2,13,49,962	85,16,364
<b>Total Current liabilities</b>	<b>1,06,82,79,731</b>	<b>2,71,455</b>	<b>1,06,85,51,186</b>
<b>Total liabilities</b>	<b>1,11,57,04,897</b>	<b>-52,91,871</b>	<b>1,11,04,13,026</b>
<b>Total Equity and Liabilities</b>	<b>1,53,47,44,886</b>	<b>-11,21,23,193</b>	<b>1,42,26,21,693</b>

### Reconciliation of equity as at 31 March 2017

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3,26,65,387	-27,92,020	2,98,73,367
(b) Capital work-in-progress	-	-	-
(c) Other Intangible assets	66,60,605	-63,14,593	3,46,012
(d) Investments in subsidiaries and joint ventures	-	-	-
(e) Financial Assets			
(i) Investments	3,18,87,148	8,05,905	3,26,93,053
(ii) Loans & Advances	52,84,18,275	-1,04,51,783	51,79,66,492
(f) Deferred tax assets (net)	4,36,35,652	-2,39,17,872	1,97,17,780
<b>Total non current assets</b>	<b>64,32,67,067</b>	<b>-4,26,70,363</b>	<b>60,05,96,704</b>
<b>(2) Current Assets</b>			
(a) Inventories	12,82,68,233	-3,02,15,452	9,80,52,781
(b) Financial Assets			
(i) Trade receivables	98,56,58,331	-10,19,180	98,46,39,151
(ii) Cash and cash equivalents	38,37,88,857	3	38,37,88,860
(iii) Loans	12,52,88,146	69,52,960	13,22,41,106
(c) Other Current Assets	6,88,510	-	6,88,510
<b>Total current assets</b>	<b>1,62,36,92,077</b>	<b>-2,42,81,670</b>	<b>1,59,94,10,407</b>
<b>Total Assets</b>	<b>2,26,69,59,144</b>	<b>-6,69,52,033</b>	<b>2,20,00,07,111</b>
<b>II. Equity and Liabilities</b>			
(1) Equity			

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
(a) Equity share capital	30,31,16,000	-	30,31,16,000
(b) Other equity	20,09,84,619	-6,24,84,465	13,85,00,154
(c) Reserves of a disposal group classified as held for distribution	-	-	-
" Equity attributable to equity holders of the parent "	50,41,00,619	-6,24,84,465	44,16,16,154
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>50,41,00,619</b>	<b>-6,24,84,465</b>	<b>44,16,16,154</b>
<b>(2) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24,32,925	3,21,91,391	3,46,24,316
(ii) Other financial liabilities	4,80,28,391	-4,80,28,391	-
(b) Provisions	1,34,30,886	-19,98,085	1,14,32,801
<b>(3) Minority Interest</b>	<b>9,116</b>	<b>1,655</b>	<b>10,771</b>
<b>Total non current liabilities</b>	<b>6,39,01,318</b>	<b>-1,78,33,430</b>	<b>4,60,67,888</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	63,37,99,619	-48,49,28,903	14,88,70,716
(ii) Trade payables	1,00,44,22,505	47,97,22,210	1,48,41,44,715
(iii) Other financial liabilities	-	2,10,21,581	2,10,21,581
Government grants	-	-	-
Deferred revenue / Contract liability	-	-	-
(b) Other current liabilities	1,48,22,334	1,57,12,562	3,05,34,896
(c) Short-term provisions	4,59,12,750	-1,81,61,588	2,77,51,162
<b>Total Current liabilities</b>	<b>1,69,89,57,208</b>	<b>1,33,65,861</b>	<b>1,71,23,23,069</b>
<b>Total liabilities</b>	<b>1,76,28,58,526</b>	<b>-44,67,569</b>	<b>1,75,83,90,957</b>
<b>Total Equity and Liabilities</b>	<b>2,26,69,59,145</b>	<b>-6,69,52,034</b>	<b>2,20,00,07,111</b>

## Reconciliation of profit or loss for the year ended 31 March 2017

	Amount as per IGAAP	Ind AS Impact	Amount as per Ind AS
<b>Revenue</b>			
I. Revenue from Operations (Gross)	64,99,03,379	-3,40,632	64,95,62,747
II. Other income	4,77,39,250	2,87,29,009	7,64,68,259
III. Total Income (I+II)	69,76,42,629	2,83,88,377	72,60,31,006
<b>IV. Expenses</b>		-	
Operating Expenses	23,00,94,706	17,36,040	23,18,30,746
Employee Benefits Expenses	17,55,47,967	10,77,010	17,66,24,977
Finance costs	3,03,41,051	-419	3,03,40,632
Depreciation and Amortization Expenses	1,76,92,871	-45,03,947	1,31,88,924
Other Expenses	12,05,14,156	-12,66,692	11,92,47,464
Provision for Standard Assets	8,43,884	-	8,43,884
Provision for Non Performing Assets	-24,34,967	-	-24,34,967
<b>Total Expenses (IV)</b>	<b>57,25,99,668</b>	<b>-29,58,007</b>	<b>56,96,41,661</b>
<b>V. Profit/(loss) before Exceptional Items and Tax</b>	<b>12,50,42,961</b>	<b>3,13,46,384</b>	<b>15,63,89,345</b>
<b>VI. Exceptional Items</b>	<b>-1,10,12,942</b>	<b>-</b>	<b>-1,10,12,942</b>
<b>VII. Profit/(loss) before Tax</b>	<b>11,40,30,019</b>	<b>3,13,46,384</b>	<b>14,53,76,403</b>
<b>VIII. Tax expense:</b>			
1. Current Tax	2,09,64,740	-	2,09,64,740

## MONARCH NETWORK CAPITAL LIMITED

2. Deferred Tax	77,66,711	-78,32,716	-66,005
3. Adjustment of tax for earlier years	-91,025	-	-91,025
Less: MAT credit entitlement	-	-	-
<b>IX. Profit/(Loss) for the period</b>	<b>8,53,89,593</b>	<b>3,91,79,100</b>	<b>12,45,68,693</b>
<b>X. Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss	-	-	-
Remeasurements of the defined benefit plans	-	4,04,794	4,04,794
Equity Instruments through Other Comprehensive Income	-	48,88,045	48,88,045
(ii) Income tax related to items that will not be reclassified to profit or loss	-	-1,25,081	-1,25,081
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>51,67,758</b>	<b>51,67,758</b>
<b>XI. Total comprehensive income for the period</b>	<b>8,53,89,593</b>	<b>4,43,46,858</b>	<b>12,97,36,451</b>
<b>Add: Share of Profit/(Loss) from Associate</b>	<b>-2,53,252</b>	<b>0</b>	<b>-2,53,252</b>
<b>Add: Minority Interest</b>	<b>-2,297</b>	<b>-0</b>	<b>-2,297</b>
<b>Net Profit</b>	<b>8,51,34,044</b>	<b>4,43,46,858</b>	<b>12,94,80,902</b>

Notes to the reconciliation:

### 1. Remeasurement of Post-employment benefit obligations (Net of Tax)

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis.

Under Ind AS, remeasurements [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 to retained earnings through OCI.

Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

There is no impact on the total equity as at 31 March 2017

### 2. Fair valuation of investments

Under the previous GAAP, investments in equity instruments & securities were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for impairment towards other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, such investments are carried at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) (except for investment in subsidiaries, associates and joint ventures).

The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss. Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income.”

### 3. Deferred Tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

#### **4. Property, plant and equipment**

Under Ind AS, the Company has elected to apply Ind AS 16-Property, plant and equipment from the date of acquisition of property, plant and equipment and accordingly depreciation has been retrospectively calculated and the resultant change has been adjusted in retained earnings.

#### **5. Other comprehensive income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise.

Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes

- re-measurements of defined benefit plans,
- effective portion of gain or loss on cash flow hedging instruments,
- fair value gain or loss on FVOCI equity instruments and
- their corresponding income tax effects.

The concept of other comprehensive income did not exist under previous GAAP.

#### **6. Tax impact on adjustments**

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

#### **7. Re-Classifications**

The Company has done the following reclassifications as per the requirements of Ind-AS :

- i) Assets/liabilities which do not meet the definition of financial asset/financial liability have been reclassified to other asset/liability.
- ii) Under previous GAAP, Live Stock were presented under Property, Plant & Equipment being measured at cost. Under IND AS the same have been reclassified from Property, Plant & Equipment to Biological Assets other than bearer plants and measured at fair value less cost to sale.

#### **8. Reconciliation of Cash Flow Statement**

The IND AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities.

Consequently, IND AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the previous GAAP.

#### **9. Other GAAP adjustments**

Other GAAP adjustments include adjustment related to remeasurnment and recognition of certain assets and liabilities in accordance with Ind AS which are not material in nature.

## MONARCH NETWORK CAPITAL LIMITED

### 10 **Retained earnings :**

Reconciliation of net worth as at:

Particulars	As on 1 April 2016	As on 31 March 2017
Net worth under IGAAP	41,90,39,989	50,41,00,619
Summary of Ind AS adjustments		
Amortisation of Fixed Assets	-1,21,10,561	-91,06,614
FVTOCI of investments	-41,16,140	7,71,905
Fair valuation of Inventories	-5,89,62,681	-3,02,15,452
Deferred tax on Ind AS Adjustments	-3,16,41,940	-2,39,34,303
Total Ind AS adjustments	-10,68,31,322	-6,24,84,465
Net worth under Ind AS	31,22,08,667	44,16,16,154

### 11 **Deferred tax assets (net) :**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

**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)

#### Ashutosh Dwivedi

( Partner)  
M.No. 410227

Place : Mumbai

Date :30th May-2018

#### For and on behalf of the Board

#### Vaibhav Shah

(Managing Director)  
Din:00572666

#### Ashok Bafna

(C.F.O)

Place : Mumbai

Date :30th May 2018

#### Manju Bafna

(Whole-Time Director)  
Din: 01459885

#### Sophia Jain

(Company Secretary)  
ICSI Member. No: A37006

Place : Mumbai

Date :30th May 2018



**MONARCH NETWORK CAPITAL LIMITED**

CIN: L65920MH1993PLC075393

Regd Off: Office No.901/902, 9th Floor, Atlanta Centre, Opp. UdyogBhawan, Sonawala Road, Goregaon (East),  
Mumbai-400063.

Tel: 022-30641600, Fax: 022-26850257, Email: reachus@mnclgroup.com, Website: www.mnclgroup.com

**FOR KIND ATTENTION OF SHAREHOLDERS**

Dear Shareholder(s),

As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the Company needs to update its 'Register of Members' to incorporate certain new details, as are required under the said provisions. Further, as per the "Green Initiative in the Corporate Governance" initiated by the Ministry of Corporate Affairs (MCA), vide its Circular No. 17/2011 dated 21/04/2011, the Company proposes to send all the notices, documents including Annual Report in electronic form to its members.

We, therefore request you to furnish the following details for updation of Register of Members and enable the Company to send all communication to you through electronic mode:

Registered Folio No./DP ID & Client ID	
Name of the Member	
Father's / Mother's / Spouse's Name	
Address (Registered Office Address in case the Member is a Body Corporate)	
E-mail Id	
PAN or CIN (In case of Body Corporate)	
UIN (Aadhar Number)	
Occupation	
Residential Status	
Nationality	
In case member is a minor, name of the guardian	
Date of birth of the Member	

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of the Member

Kindly submit the above details duly filled in and signed at the appropriate place to the Registrar & Share Transfer Agents of the Company viz. **"Skyline Financial Services Private Limited, Unit – Monarch Network Capital Limited , D- 153A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi- 110020 "**

The E-mail ID provided shall be updated subject to successful verification of your signature. The members may receive Annual Reports in physical form free of cost by post / courier by making request for the same.

Thanking You,

**For Monarch Network Capital Limited****Sophia Jain**  
Company Secretary & Compliance Officer

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**MONARCH NETWORK CAPITAL LIMITED**

CIN: L65920MH1993PLC075393

**Regd Off:** Office No.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East), Mumbai-400063.**Tel:** 022-30641600, **Fax:** 022-26850257, **Email:** reachus@mnclgroup.com, **Website:** 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] (Form No.MGT11)

**25TH ANNUAL GENERAL MEETING ON FRIDAY, 28TH SEPTEMBER, 2018**

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: \_\_\_\_\_,

as my/our proxy to attend and vote (on poll) for me/us on my /our behalf of at the 25th Annual General Meeting of the Company to be held on Friday, 28th day of September, 2018 at 11.30 a.m. at Supreme Hospitality , Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon(West) Mumbai-400104 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution Number	Resolutions	Vote (Optional see note 1 & 3) (Please mention no. of Share)		
		For	Against	Abstain
<b>Ordinary Business:</b>				
1	Ordinary Resolution for adoption of Audited Financial Statements (including Consolidated Audited Financial Statements) for the year ended 31st March, 2018 and the Reports of the Directors' and the Auditors.			
<b>Special Business:</b>				
2	To Appoint a Director in place of Mr. Vaibhav Shah (DIN: 00572666) as Managing Director, who retires by rotation and being eligible offers himself for re-appointment.			

3	Special Resolution for re-appointment of Mrs. Manju Bafna as Whole-Time Director.			
4	Special Resolution for re-appointment of Mr. Vaibhav Shah as Managing Director.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Member: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

**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.

**FORM NO. SH-13**

**Nomination Form**

[Pursuant to Section 72 of the Companies Act, 2013 and  
Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,  
Monarch Network Capital Limited  
Office No.901/902, 9th Floor,  
Atlanta Centre, Opp. UdyogBhawan,  
Sonawala Road, Goregaon (East),  
Mumbai- 400 063

I/ We \_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**1. Particulars of the Securities (in respect of which nomination is being made):**

Nature of Security	Folio No.	No. of Securities	Certificate No.	Distinctive No.

**2. Particulars of Nominee/s:**

- a) Name : \_\_\_\_\_
- b) Date of Birth : \_\_\_\_\_
- c) Father's/Mother's  
/Spouse'sname : \_\_\_\_\_
- d) Occupation : \_\_\_\_\_
- e) Nationality : \_\_\_\_\_
- f) Address : \_\_\_\_\_
- g) E-mail Id : \_\_\_\_\_
- h) Relationship with  
the security holder : \_\_\_\_\_

**3. In case nominee is a minor:**

- a) Date of Birth : \_\_\_\_\_
- b) Date of attaining  
majority : \_\_\_\_\_
- c) Name of guardian : \_\_\_\_\_
- d) Address of guardian : \_\_\_\_\_

**Name of the Security Holder(s)**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_

**Signature**

- \_\_\_\_\_
- \_\_\_\_\_

Name of witness: \_\_\_\_\_

Signature of witness: \_\_\_\_\_

Address of witness: \_\_\_\_\_

Date: \_\_\_\_\_

**FORM NO. SH-14**  
**Cancellation or Variation of Nomination**  
[Pursuant to Section 72 of the Companies Act, 2013 and  
Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,  
Monarch Networth Capital Limited  
Office No.901/902, 9th Floor,  
Atlanta Centre, Opp. UdyogBhawan,  
Sonawala Road, Goregaon (East),  
Mumbai- 400 063

I/We hereby cancel the nomination(s) made by me/us in favor of \_\_\_\_\_  
\_\_\_\_\_ (name and address of the nominee) in respect of the below mentioned securities. Or

I/We hereby nominate the following person in place of \_\_\_\_\_ as  
nominee in respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my/  
our death.

1. Particulars of the Securities (in respect of which nomination is being made):

Nature of Securities	Folio No.	No of Securities	Certificate No	Distinctive No

2. Particulars of Nominee(s):

- a) Name : \_\_\_\_\_
- b) Date of Birth : \_\_\_\_\_
- c) Father's/Mother's/  
Spouse's name : \_\_\_\_\_
- d) Occupation : \_\_\_\_\_
- e) Nationality : \_\_\_\_\_
- f) Address : \_\_\_\_\_
- g) E-mail Id : \_\_\_\_\_
- h) Relationship with the  
security holder : \_\_\_\_\_

3. In case nominee is a minor:

- a) Date of Birth : \_\_\_\_\_
- b) Date of attaining majority : \_\_\_\_\_
- c) Name of guardian  
Address of guardian : \_\_\_\_\_
- d) Name : \_\_\_\_\_
- e) Address : \_\_\_\_\_
- f) Name of the Security  
Holder (s) : \_\_\_\_\_
- g) Signature : \_\_\_\_\_
- h) Witness with the name  
and address : \_\_\_\_\_

**Name of the Security Holder(s)**

**Signature**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

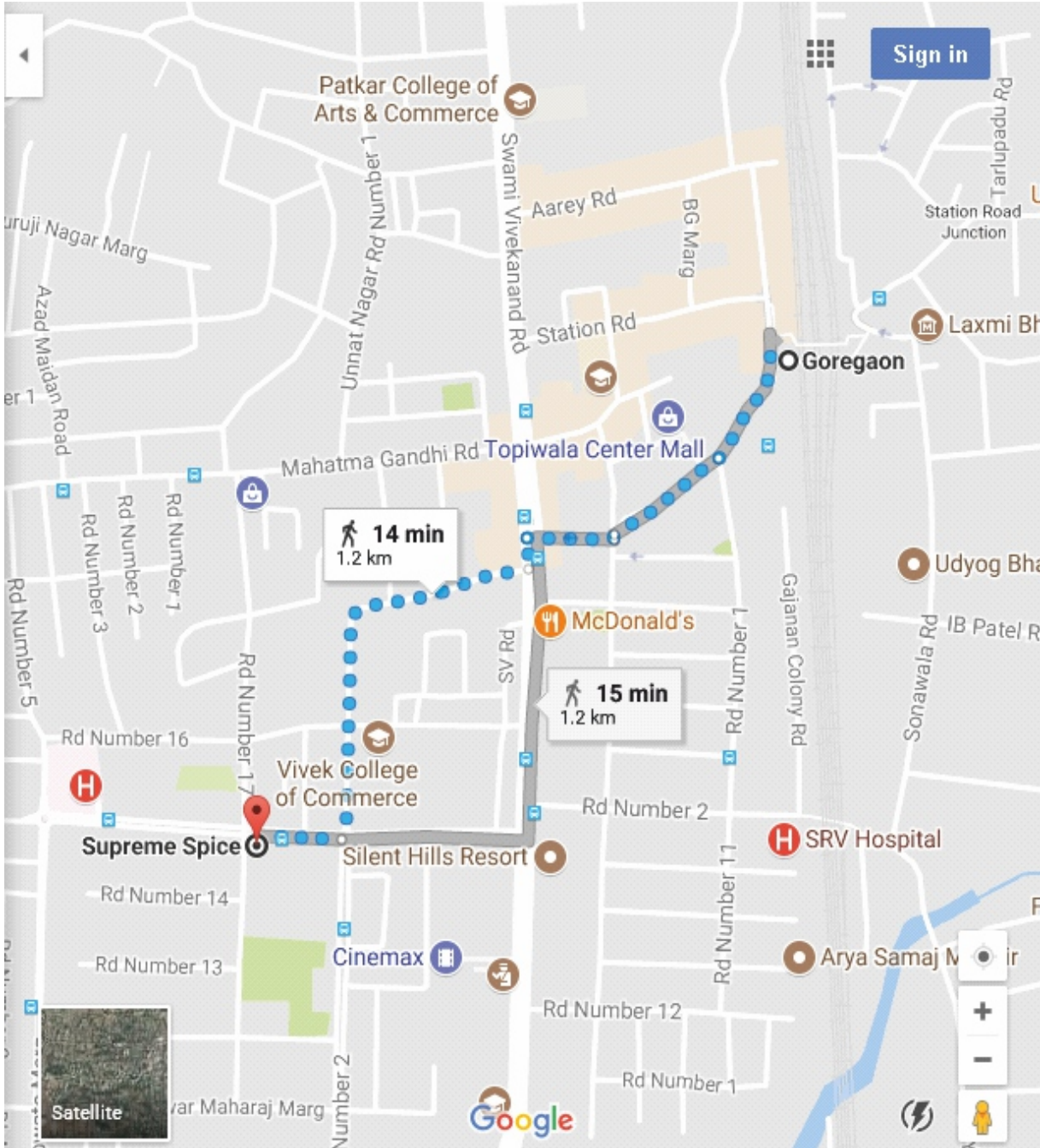
Name of witness: \_\_\_\_\_

Signature of witness: \_\_\_\_\_

Address of witness: \_\_\_\_\_

Date: \_\_\_\_\_

# ROUTE MAP FOR AGM VENUE:





● Branches  
● Authorised Person



**Monarch Network Capital Ltd.** (SEBI Regi. No.: INZ000008037)  
(Formerly known as Network Stock Broking Ltd.)

**Corporate Office:** Monarch House, Opp. Ishwar Bhuwan, Commerce Six Roads, Navrangpura, Ahmedabad-380014. **T:** +91-79-26666500, 66000500

**Registered Office:** 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (E), Mumbai-400063. **T:** +91-22-30641600

**E :** reachus@mnclgroup.com | **W :** www.mnclgroup.com

