



MONARCH
NETWORTH CAPITAL
— wealthcare redefined

07th September, 2020

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 for the Financial Year 2019-2020

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 2019-20.

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

Rupali Verma
Company Secretary & Compliance Officer
Membership No.A42923
Encl.: A/a





MONARCH
NETWORTH CAPITAL

wealthcare redefined

financial market simplified

WEALTHCARE REDEFINED

**ANNUAL REPORT
2019-20**



MESSAGE FROM MD DESK

Dear Valued Shareowners,

Hope you and your family continue to be in a good health and spirit in this situation of COVID -19 pandemic. It is my pleasure to present you the Company's overall performance for the financial year 2019-20. With continuous efforts and consistent execution of our strategies, the Company has steadily expanded its scale, strength and reach throughout the year. As known to every one of us, financial year 2020 has remained volatile and challenging for various industries with several macro-economic concerns like escalation in US-China trade tensions, lower investment activity, fall in oil prices etc. Nevertheless, equity markets have enjoyed a bull run for most part of the year with Sensex and Nifty touching an all-time high in January 2020 before crashing down in March'2020 by over 38% from its all time high witnessing one of the fastest crash in stock market history. Despite all challenges, we continued to create meaningful value not only for our clients but also for co-owners by enhancing our branch network and providing wide range of investment solutions.

Indian economy has faced various headwinds during the year such as tighter liquidity conditions, slowdown in consumer demand, default of major housing finance companies as well as the relentless Covid-19 pandemic. There are uncertainties around economic recovery and seems it will take the better part of the year for our economy to return tonormalcy. However, I am optimistic on our growth potential. It is rightly said that **“when going gets tough, tough gets going”**. Despite many challenges during the year, Monarch stood up and continued its march towards achieving consistency in business growth.



KEY HIGHLIGHTS

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

1. **Expanding Client base:** We strive to develop and sustain a relationship with our clients through multiple channels. It is evident from the fact that our aggregate client base has reached to 249,766 in FY 2020. There has been an average 6% YoY increase in our client base during past four years.
2. **Wealth Management:** We obtained NPS license in 2017 for distribution of pension plans. Besides, our average MF distribution AUM has increased by average 14% during past four years.
3. **Merchant Banking:** Company which was targeting retail IPO's till now has successfully ventured as a Lead Investment Banker for Institutional Public Offers and has raised funds for a large corporate. Though revenue from Merchant Banking division reduced in FY 2020 due to dry primary market, revenue from this division reported an average 145% jump in past four years.
4. **Insurance Distribution business:** We have expanded our Insurance distribution business during the year which is reflected in 27% higher Premium collection figure in FY 2019-20 as compared to FY 2018-19.
5. **Expanding our Wings:** Our physical branch network plays an important role in serving our customers' Investment needs. Through a PAN-India network of branches and customer touch points backed by our digital infrastructure, we provide a comprehensive range of financial products and services to our customers. We own 61 branches and 575 business associates across India with a presence in 218 cities across 22 states. During the year, the Company has set up six additional branches across the country.
6. Number of sub-brokers partnered with us are 575 as at 31st March 2020 as compared to 578 as at 31st March 2019.
7. **Product baskets:**
 - Monarch offers a wide range of products within the BFSI gamut such as
 - Stock Broking services in Equity, Commodity & Currency Stock markets;
 - Distribution of Initial Public Offer (IPO), FPO, QIP products;
 - Distribution of Mutual Fund products, Bonds, FDs, and NPS;
 - Distribution of Life Insurance & General Insurance Policies of various Insurance companies
 - Depository (Demat) services
 - Investment Banking Services.



8. Digital Progression

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

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

9. Awards & Recognitions:

- Awarded by NSE as Best Regional Retail Broker 2018;
- Awarded as Times Retails Icon 2016-17 in category of Investor – Advisory in Equity Currency & Commodity.
- Awarded as Top performer in NSE Cash Market in 2015-2016.
- Awarded as Top Performer in Active Accounts (Big DPs) of NSDL star Performer in 2013 & 2015.
- Awarded as Top Performer in New Accounts – Opened (NON – Bank Category - 2nd Position) of NSDL Star Performer in 2014.
- Award for Leader in GOGREEN Initiative of NSDL Star Performer in 2014.

CREATING VALUE FOR MY CO-OWNERS

At Monarch, we value our Stakeholders and we thrive to create value for all of us.

Shareholders and Investors

- ROE: 4 year average 21.63%
- ROA: 4 year average 4.13%
- PAT: 4 year average 14.26%

Customers

- Wide product range to provide one-stop financial solutions
- Right Investment advice through robust research wing
- Availability of Online / digital platforms for Client, for investments and payouts, and for other information
- Availability of PAN India Branch and Sub broker network

Employees

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



Government and Regulatory bodies

- Accountable and Responsible taxpayer
- Ethical and transparent business practices
- Compliance with the relevant regulations and guidelines
- Contribution to industry and regulatory working groups
- Contributing via CSR to Society at large

GOING FORWARD...

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

Technology will drive the force.....

The cumulative impact of the slowdown in global markets, rising trade barriers, oil crisis, geopolitical conflicts, and of course the corona pandemic (Covid-19) resulted in weakened economic activities, lower private consumption, private investment, and exports. While the Government's fiscal packages are expected to help economic recovery, uncertainty looms over the timeframe. In the midst of all this, all of us have experienced how we live life, is transforming rapidly. A few signs of these include the renewed level of technologies that can today help us to work or run our offices from wherever we are. Many of these trends are indicative of future adaptations and will also stay with us even after this storm has passed. In all of this, we believe businesses that are already leaning towards technology should stay ahead and, in some cases, rise forward. We believe that in Today's era, digital trading platforms and user-friendly mobile applications will drive the business. Hence, in upcoming years, the Company will keep investing in Technology and digital trading platforms to provide a secure and more user-friendly investing experience to our clients.

Expanding Customer base.....

Your Company is an example, where despite the lockdown, we have been able to provide timely services as well as witness a surge in business revenues during Q1 2021. In the upcoming year, we will strengthen our e-KYC process and aspire to increase Client base.

Good corporate Governance.....

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



Going forward, our focus on technology, knowledge, talent, processes, brand & culture, and intersegment synergies will pave the road for achieving milestones across all business verticals.

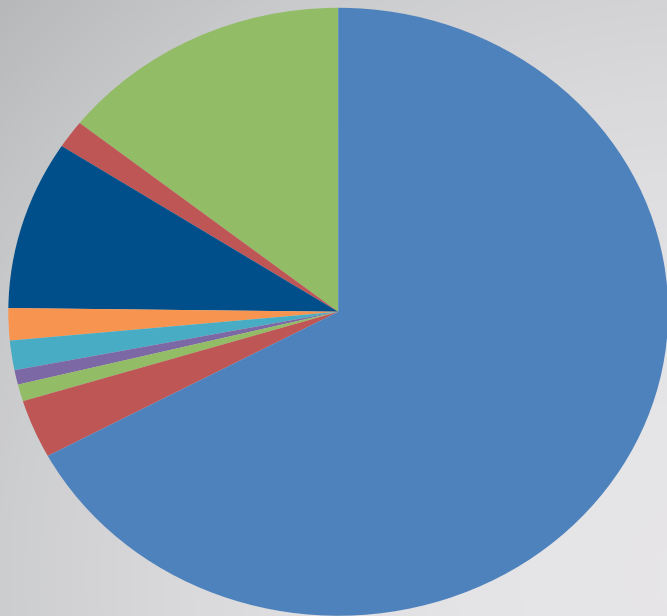
Finally, I would like to thank my fellow Board members and our young and energetic C.E.O./C.F.O. and the entire Monarch team for their efforts and valuable contribution and the stakeholders for their continuous support in our vision.



Vaibhav J Shah
Managing Director
- MNCL Group of Company



SEGMENT WISE REVENUE FOR FY 2019-20

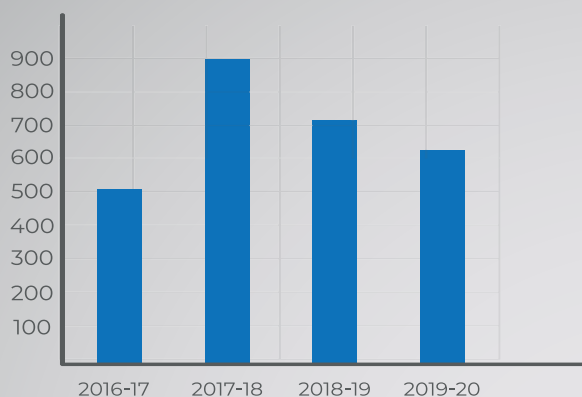


- **Brokeage**
- **Demat**
- **Merchant Banking**
- **Financial Products Distribution**
- **Advisory**
- **Interest Income from Margine Funding & Misc**
- **Late payment Charges Income**
- **Insurance**
- **NBFC Interest Income**

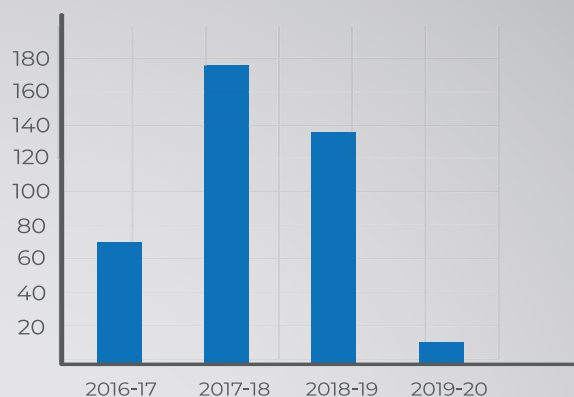


STANDALONE FINANCIAL HIGHLIGHTS

Total Revenue Decreased by 14.62% at Rs. 621.82 MN in FY: 2019-20 as compared to Rs. 728.28 MN in FY: 2018-19. Operating Profits decreased by 60.24% to Rs. 69.73 MN in FY: 2019-20 to Rs. 175.41 in FY 2018-19. PAT Decreased by 91.04% to Rs. 12.30 MN in FY 2019-20 to Rs. 137.30 MN in FY 2018-19.



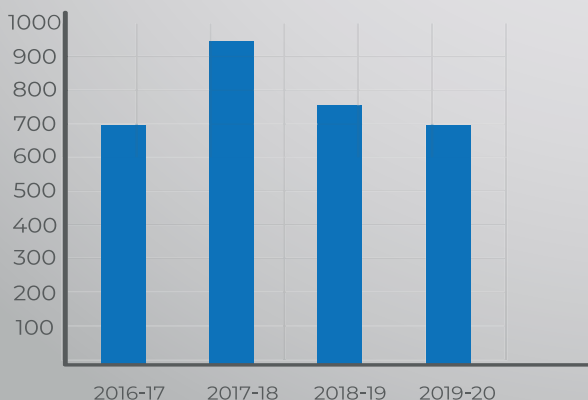
Revenue Standalone (in Rs. million)



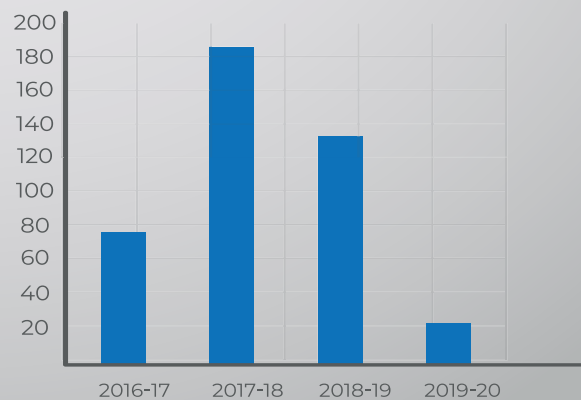
Profit Standalone (in Rs. million)

CONSOLIDATED FINANCIAL HIGHLIGHTS

Total Revenue Decreased by 9.93% at Rs. 704.39 MN in FY: 2019-20 as compared to Rs. 782.04 MN in FY: 2018-19. Operating Profits decreased by 37.27% to Rs. 123.13 MN in FY: 2019-20 to Rs. 196.63 in FY 2018-19. PAT Decreased by 82.76% to Rs. 22.50 MN in FY 2019-20 to Rs. 130.54 MN in FY 2018-19.



Revenue Consolidated (in Rs. million)



Profit Consolidated (in Rs. million)

GENESIS OF A JOURNEY TO SIMPLIFY WEALTH MANAGEMENT

Monarch Networth Capital is a strategic amalgamation of two leading financial service providers - Monarch Group of Companies and Networth 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 & SIMPLIFYING PROGRESS

Vaibhav Shah

Managing Director - MNCL

Vaibhav Shah is the founder of the Monarch Group (now Merged with Network Stock Broking Limited). With his rich experience of 27 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 natural flair for forging long term association with client, 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 Network 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.

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 improved quality investor services of the organization. He is also gifted with excellent operational and client management skills. He operates collaboratively with the team members to achieve a common goal of the group.

He also inspires the team by being actively involved in all internal programs and services, and works to develop a broad and deep knowledge base for all the programs. He prepares and submits the annual operational budget, manages the operations effectively within the 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.



Manju Bafna

Chairman cum WholeTime Director - MNCL

Manju Bafna has done her bachelors in Science from Mumbai University. She has over 26 years of experience in Capital Market & Administrative Affairs of the organization. She has a broad knowledge of organizing, managing, and supporting the day to day activities required for running an organization. She is very flexible with strong team-working skills. She can 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 & management. With her excellent organizational skills gained through all-round administrative experience, she is enriching the group.

Ashok Bafna

Executive Director - MNCL

The Company has appointed Mr. Ashok Bafna as a Executive Director (Whole Time) w.e.f. 20th August, 2020.

Ashok Bafna has an experience of more than 2 decades in the broking services and handles the company's business affairs.

He develops the organization's financial strategies and contributes to disseminating financial and accounting information and analysis. He also offers his recommendations to the strategic thinking and provides 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 supports Group's expansion

Shailen Shah

Associate Director - MNCL

Shailen Shah is an Associate Director in MNCL group and has an industry experience of 22 years he has played a key role in the group's rapid expansion PAN India in recent years. He also serves as a director a Non-Banking Financial Company. He has proven regarding our Institutional Business Segment. He has also played a key role in establishing strong Institutional setup of more than 10 banks, 13 Dlls, 18 Flls & 6 Insurance Company



Gaurav Bhandari

Chief Executive Officer - MNCL

Monarch Network has appointed Gaurav Bhandari as the CEO of the Company w.e.f. 10th June, 2019.

Mr. Gaurav Bhandari has a rich experience of over 15 years in the financial markets. During his previous assignments, he has successfully headed the Private client group and the Institutional broking teams. Prior to joining Monarch, he was working with Centrum Capital Limited and with his entrepreneurial mindset, he was able to scale various businesses at Centrum. He was solely responsible for closing big ticket transactions for the companies like Mayur Uniquoters, Fiem Industries, Lakshmi Vilas Bank, Sarla performance and fibers etc. He brings a strong set of relationship with the corporates.

Mr. Gaurav Bhandari is a graduate in commerce and has done his executive business management from IIM- C.

At Monarch, he will be responsible to spearhead the retail, Institutional, NBFC, SME and the AIF business. Monarch has a strong retail network of over 2,50,000 clients spread across 20 states and 80 branches.





Contents

| | | |
|---|-----|--|
| Notice | 02 | Board of Directors: Mr. Vaibhav Shah : Managing Director Ms. Manju Bafna : Chairman cum Whole-Time Director Mr. Ashok Bafna : Whole-Time Director (Appointed w.e.f. 20.08.2020) Mr. Mayukh Pandya : Independent Director (Ceased w.e.f. 20.01.2020) Mr. Chetan Bohra : Independent Director Mr. Sathish Kumar : Independent Director (Appointed w.e.f. 17.04.2020) Ms. Avni Chouhan : Independent Director (Appointed w.e.f. 20.08.2020) |
| Boards' Report | 11 | |
| Extract of Annual Report | 20 | |
| AOC-I | 30 | |
| Details of the ratio of remuneration | 31 | Chief Executive Officer: Mr. Gaurav Bhandari (Appointed w.e.f. 10.06.2019) |
| Management Discussion & Analysis Report | 33 | Chief Financial Officer: Mr. Ashok Bafna (Ceased w.e.f. 13.02.2020) Mr. Tarak Shah (Appointed w.e.f. 14.02.2020) |
| Report of Corporate Governance | 38 | |
| Report on Corporate Social responsibility | 59 | Company Secretary & Compliance Officer: Ms. Rupali Verma |
| Secretarial Audit Report | 61 | |
| Auditors' Report on Standalone Financial Statements | 64 | Registered & Corporate Office: 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:cs@mnclgroup.com Website: www.mnclgroup.com CIN: L65920MH1993PLC075393 |
| Balance Sheet | 74 | |
| Statement of Profit & Loss | 75 | Bankers: HDFC Bank Ltd. ICICI Bank Ltd. |
| Cash Flow Statement | 76 | |
| Significant Accounting Policies and Notes on Accounts | 79 | Statutory Auditors: M/s. Parekh Shah and Lodha Chartered Accountants, Mumbai |
| Auditors' Report on Consolidated Financial Statements | 124 | |
| Consolidated Balance Sheet | 132 | Internal Auditors: Rushil Soni & Co, Chartered Accountants, Ahmedabad |
| Consolidated Statement of Profit & Loss | 133 | |
| Consolidated Cash Flow Statement | 134 | Secretarial Auditors: M/s. VKM & Associates Company Secretaries, Mumbai |
| Significant Accounting Policies and Notes on Accounts | 137 | |
| Updation Form | 183 | Registrar & Share Transfer Agent: 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 |
| Proxy Form | 185 | |
| Nomination Form | 187 | |
| Cancellation or Variation | 188 | |
| Route Map of AGM Venue | 189 | Annual General Meeting Day : Monday Date : 30th September, 2020 Time : 09.30 A.M. Venue : Office No. 901/ 902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon East, Mumbai - 400063 |

MONARCH NETWORTH CAPITAL LIMITED

MONARCH NETWORTH 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:** cs@mnclgroup.com, **Website:** www.mnclgroup.com

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the member's of Monarch Networth Capital Limited will be held on Wednesday, the 30th day of September, 2020 at 09.30 a.m. at the registered office of the Company at Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East), Mumbai – 400063 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, 2020 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: Appointment of Mr. Ashok Bafna as a Whole Time Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution:**

“RESOLVED THAT Mr. Ashok Bafna (DIN: 01431472), who was appointed as an Additional Director of the Company w.e.f. 20th August, 2020 in accordance with the provisions of Sections 149, 152 and 161 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company and holds office as such upto the date of ensuing Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the Act and 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 appointment of Mr. Ashok Bafna as Executive Director (Whole Time Director) of the Company for a period of 5 (Five) years w.e.f. 20th August, 2020 till 19th August, 2025 be and is hereby approved on such terms and conditions contained in the Agreement executed by and between Mr. Ashok Bafna and the company and on the payment of such remuneration as may be determined by the Board, from time to time, within the maximum permissible limits as specified in the said agreement.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Ashok Bafna will be paid the salary and perquisites as minimum remuneration not exceeding the limits specified under Section II of Part II of Schedule V of the Act by making such compliances as provided in the Schedule.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

Item No. 04: Appointment of Mr. Sathish Kumar as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Sathish Kumar (having DIN: 08735238),

Independent Non-Executive Director (Additional) of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a term of five consecutive years with effect from 17th April, 2020 to 16th April, 2025, who shall not be liable to retire by rotation.”

Item No. 05: Appointment of Ms. Avni Chouhan as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Avni Chouhan (having DIN: 08716231), Independent Non-Executive Director (Additional) of the Company who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a term of five consecutive years with effect from 20th August, 2020 to 19th August, 2025, who shall not be liable to retire by rotation.”

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

**Sd/-
Rupali Verma**

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

Place : Mumbai

Date : 07th September, 2020

NOTES:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts concerning each item of special business to be transacted as at general meeting is annexed hereto.
2. Information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), in respect of the Directors seeking re-appointment at the AGM is provided hereunder as "Annexure A".
3. As required under SS-2 issued by ICSI, a route map, including a prominent landmark, showing directions to reach the AGM venue is annexed to Annual Report and forms part of this Notice.
4. **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.**
5. An instrument appointing proxy is valid only if it is properly stamped as per the applicable law. Blank or incomplete, unstamped or inadequately stamped, undated proxies or proxies upon which the stamp not been cancelled, will be considered as invalid. If the Company receives multiple proxies for the same holdings of a Member, the proxy which is dated last will be considered as valid. If such multiple proxies are not dated or they bear the same date without specific mention of time, all such proxies shall be considered as invalid.
6. The proxy-holder shall prove his identity at the time of attending the Meeting.

MONARCH NETWORK CAPITAL LIMITED

7. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution in terms of Section 113 of the Act, together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting to the Company.
8. **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.**
9. At the 26th Annual General Meeting of the Company held on 30th September, 2019, the members approved re-appointment of M/s. Parekh Shah & Lodha, Chartered Accountants (Firm Registration No 107487W) as Statutory Auditors of the Company to hold office for a second term of five consecutive years from the conclusion of that Annual General Meeting till the conclusion of the 31st Annual General Meeting to be held in the year 2024. 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 27th Annual General Meeting.
10. In order to enable us to register your attendance at the venue of the Annual General Meeting, we request you to bring your folio number/demat account number/DP ID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation at the meeting.
11. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Pursuant to Section 91 of the Act, the Register of Members and Share Transfer books will remain closed from Wednesday, 23rd day of September, 2020 to Wednesday, 30th day of September, 2020 (both days inclusive).
13. **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.**
14. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No's 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has allowed Companies to send official documents to their shareholders electronically as part of its Green Initiatives in Corporate Governance.
15. In case of any queries regarding the Annual Report, members may write to cs@mnclgroup.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.
16. 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.
17. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates or email id to the 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.
18. 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.
19. 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.

20. 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.
21. 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.
22. 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.
23. The Notice of 27th 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).
24. To facilitate other shareholders whose email id are not registered, to receive this notice electronically and cast their vote electronically, special arrangement has been made with its Registrar & Share Transfer Agent for registration of email addresses in terms of the General Circular No. 17/2020 & 20/2020 issued by Ministry of Corporate Affairs dated April 13, 2020 & May 05, 2020 respectively. The process for registration of email addresses is as under:

Pursuant to the aforesaid Circular issued by Ministry of Corporate Affairs, shareholders who have not registered their email address may temporarily get their email address registered with the Company's Registrar and Share Transfer Agent, Skyline Financial Services Private Limited, by clicking the link: <http://www.skylinerta.com/EmailReg.php>. Post successful registration of the email, the shareholder would get soft copy of the notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this AGM. In case of any queries, shareholder may write to info@skylinerta.com.

25. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.mnclgroup.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and the same is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
26. The facility for voting 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.
27. 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.

28. 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 27th Annual General Meeting to be held on Wednesday, 30th September, 2020. The Company has engaged the services of National Securities Depository Limited (NSDL) 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.

MONARCH NETWORK CAPITAL LIMITED

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 Wednesday, 23rd September, 2020 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. Wednesday, 23rd September, 2020, only. The e-voting facility is available at the link www.evoting.nsdl.com

INSTRUCTIONS FOR E-VOTING:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>

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

Details on Step 1 are mentioned below:

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

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

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

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

5. **Your password details are given below:**

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to vkmassociates@yahoo.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
4. The e-voting period commences on Saturday, 26th September, 2020 (09:00 a.m. IST) and ends on Tuesday, 29th September, 2020 (05:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, 23rd September, 2020 i.e. cutoff date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again.

MONARCH NETWORK CAPITAL LIMITED

5. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, 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 Meeting through electronic voting system or poll paper.
6. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com.
7. 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.
8. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
9. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: www.mnclgroup.com and on the website of NSDL www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@mnclgroup.com.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@mnclgroup.com.
2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

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

Item No. 3:

The Board of Directors on recommendation of the Nomination and Remuneration Committee had appointed Mr. Ashok Bafna (DIN: 1431472) as an Additional Director of the Company w.e.f. 20th August, 2020 for a period of 5 years. He is a Commerce Graduate and also possesses experience of more than 2 decades in Broking Services and has a keen knowledge of Capital Market.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Ashok Bafna holds office as such upto the date of ensuing Annual General Meeting. Mr. Ashok Bafna is also appointed as an Executive Director (Whole Time Director) of the Company for a period of 5 (Five) years w.e.f. 20th August, 2020 to 19th August, 2025 on the terms and conditions as provided in resolution as set out at item no. 3 of the Notice.

As per provisions of the Companies Act, 2013, the appointment of Mr. Ashok 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. 3 of the Notice for approval of the shareholders.

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

Item No. 4:

The Board of Directors on recommendation of the Nomination and Remuneration Committee had appointed Mr. Sathish Kumar (DIN: 08735238) as an Additional Non Executive Independent Director of the Company for a period of 5 years commencing from 17th April, 2020 subject to approval of shareholders in ensuing AGM, pursuant to provisions of Section 161 of the Companies Act, 2013.

Mr. Sathish Kumar has given the requisite declaration pursuant to Section 149(7) of the Companies Act, 2013 to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In the opinion of the Board, Mr. Sathish Kumar proposed to be appointed as an Independent Director, fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Sathish Kumar as Independent Directors is now being placed before the Members in general meeting for their approval.

The Board recommends the Ordinary Resolution as set out at item no. 4 of the Notice for approval of the shareholder. The details of the Directors along with a brief resume are given in the Annexure to the Notice.

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

Item No. 5:

The Board of Directors on recommendation of the Nomination and Remuneration Committee had appointed Ms. Avni Chouhan (DIN: 08716231) as an Additional Non Executive Independent Director of the Company for a period of 5 years commencing from 20th August, 2020 subject to approval of shareholders in ensuing AGM, pursuant to provisions of Section 161 of the Companies Act, 2013.

Ms. Avni Chouhan has given the requisite declaration pursuant to Section 149(7) of the Companies Act, 2013 to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In the opinion of the Board, Ms. Avni Chouhan proposed to be appointed as an Independent Director, fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Ms. Avni Chouhan as Independent Directors is now being placed before the Members in general meeting for their approval.

The Board recommends the Ordinary Resolution as set out at item no. 5 of the Notice for approval of the shareholder. The details of the Directors along with a brief resume are given in the Annexure to the Notice.

Except Ms. Avni Chouhan, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the said resolution.

MONARCH NETWORK CAPITAL 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:

| Name of the Director | Mr. Vaibhav Shah | Mr. Ashok Bafna | Mr. Sathish Kumar | Ms. Avni Chouhan |
|--|--|--|---|---|
| DIN | 00572666 | 01431472 | 08735238 | 08716231 |
| Date of Birth | 17th April, 1972 | 03rd July, 1972 | 17th June, 1980 | 15th April, 1991 |
| Nationality | Indian | Indian | Indian | Indian |
| Qualifications | B. Sc | B.com | B. Sc (CS), Masters in International Business. | B.com, CS, Masters in Commerce in Accounts and Statistics |
| Designation | Managing Director | Executive Director (Whole Time Director) | Independent Director | Independent Director |
| Experience/Expertise | 27 Years of Experience in Capital Market | Over 2 decades in Broking Services and Capital Market | 9 years in Finance Industry and Capital Market | Over 5 years in Secretarial, Legal and Accounting matters |
| Date of First appointment to the Board Meeting | 1st December, 2014 | 20th August, 2020 | 17th April, 2020 | 20th August, 2020 |
| Number of meeting attended of board in last financial year | 8 | NA | NA | NA |
| 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 2,56,038/- p.m. shall be payable as minimum remuneration. | 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 1,28,000/- p.m. shall be payable as minimum remuneration. | Terms & Condition for re-appointment are as per the Nomination and Remuneration Policy of the Company as displayed on the website of the Company. | Terms & Condition for re-appointment are as per the Nomination and Remuneration Policy of the Company as displayed on the website of the Company. |
| Remuneration last drawn | Rs. 2,48,200/- PM | - | - | - |
| Remuneration proposed to be paid | Rs. 2,56,038/- p.m. | Rs. 1,28,000/- p.m. | - | - |
| Shareholding in the Company (Equity shares of Rs. 10/- each) | 31,08,815 | 7,03,500 | - | - |
| List of directorships held in various other Companies | 1. Monarch Network Capital IFSC Private Limited 2. Monarch Network Money Changers Private Limited | 1. Monarch Network Finserve Private Limited 2. Network Financial Services Limited 3. Simandhar Securities Private Limited | NA | 1. Transwind Infrastructures Limited |
| Relationship with existing Directors of the Company | None | None | None | None |

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

Place : Mumbai
Date : 07th September, 2020

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

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 27th 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 on March 31, 2020.

FINANCIAL PERFORMANCE:

The standalone and consolidated financial statements for the financial year ended March 31, 2020, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

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

(INR. in Lakhs)

| Particulars | Standalone Year ended | | Consolidated Year ended | |
|---|-----------------------|---------------------|-------------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Revenue & other Income | 6218.22 | 7282.77 | 7043.90 | 7820.41 |
| Finance Cost | 387.28 | 229.48 | 786.12 | 477.54 |
| Depreciation & Amortization Expenses | 88.23 | 93.23 | 88.23 | 93.23 |
| Profit before Tax | 216.75 | 1533.66 | 351.85 | 1494.26 |
| Tax Expenses: | | | | |
| Short & Excess Tax Provision | 3.90 | 14.57 | 4.17 | 32.72 |
| Current Tax | 63.14 | 416.22 | 94.58 | 424.77 |
| Deferred tax | 10.10 | 22.60 | 11.41 | 24.02 |
| Mat Receivable | 16.64 | (292.70) | 16.64 | (292.70) |
| Net profit for the year | 122.97 | 1372.97 | 225.05 | 1305.45 |
| Other comprehensive (loss)/income for the year | (34.20) | (25.38) | (34.22) | (25.40) |
| Total comprehensive income for the year | 88.77 | 1347.59 | 190.94 | 1279.86 |
| Total comprehensive income for the period attributable to: | | | | |
| Minority Interest | - | - | 0.11 | (0.19) |
| Share of Profit/(Loss) from Associates | - | - | - | - |
| EPS: | | | | |
| - Basic | 0.29 | 4.34 | 0.61 | 4.12 |
| - Diluted | 0.29 | 4.34 | 0.61 | 4.12 |

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

(INR. in Lakhs)

| Particulars | Standalone Year ended | | Consolidated Year ended | |
|--|-----------------------|---------------------|-------------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| (a) Broking & Others | | | | |
| 1) Broking | 5250.72 | 6019.73 | 5463.68 | 6,162.32 |
| 2) Financial Products Distribution | 49.94 | 68.17 | 49.93 | 68.17 |
| 3) Merchant Banking Income | 58.6 | 256.95 | 58.6 | 256.95 |
| 4) Advisory Income | 101.74 | 13.39 | 101.74 | 13.39 |
| 5) Others (Un-allocated) | 757.22 | 924.53 | 343.21 | 640.79 |
| b) Non Banking financial business | - | - | 930.42 | 583.98 |
| c) Insurance business | - | - | 96.32 | 94.81 |
| TOTAL | 6,218.22 | 7,282.77 | 7,043.90 | 7,820.41 |

MONARCH NETWORK CAPITAL LIMITED

IMPACT OF COVID 19:

The COVID-19 outbreak was declared a global pandemic by the World Health Organization in the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis and has disrupted every business in every industry and no company is an exception. The Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from March 22, 2020 and has implemented strict guidelines on undertaking necessary precautionary measures for social distancing, limited manpower, staggered working, work from home, regular screening and sanitization, preventive healthcare, health checkups and necessary guidance and advisory for providing a safe working environment to all.

Though classified under the exempted category, the company also faced business interruption on account of the lockdown and was able to continue only limited operations during the lockdown period with large number of employees opting to stay at home in terms of the Government advisory, non-availability of transport for mobility and other related reasons.

Notwithstanding the odds, the focus of the Company immediately shifted to ensure the health and well-being of all employees by carrying out its operations with the help of minimum staff as permitted besides strictly following the advisory/guidelines of Government particularly for social distancing, sanitizing of persons and premises and majority of its staff working from home and on minimizing disruption to services for all our customers. This response has reinforced customer confidence in MNCL and many of them have expressed their appreciation and gratitude for keeping businesses running under most challenging conditions.

Since the situation is exceptional, it may not be possible to estimate the future impact on its operations with certainty.

DIVIDEND:

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

TRANSFER TO RESERVES:

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

STOCK EXCHANGE:

The Equity Shares of the Company are listed at BSE Limited. The Company has paid the Annual listing fees for the year 2019-2020 to the said Stock Exchange.

BOARD OF DIRECTOR'S:

As on March 31, 2020, the Board comprised of two Executive Directors- Mr. Vaibhav Jayantilal Shah- Managing Director and Ms. Manju Suresh Bafna- Whole –Time Director and only One Non-Executive Independent Director, due to demise of one of the Non-Executive Independent Director of the company. Thereafter on 17th April, 2020 and 20th August, 2020 the company has appointed Non-Executive Independent Directors. 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 Regulation 25 of SEBI (LODR), Regulations, 2015 and on evaluation of the relationships disclosed, the following Non-Executive Directors are considered as Independent Directors:

- a) Mr. Chetan Bohra
- b) Mr. Sathish Kumar
- c) Ms. Avni Chouhan

DECLARARTION BY INDEPENDENT DIRECTORS:

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

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

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 (DIN: 00572666), retires by rotation and being eligible, has offered himself for re-appointment.

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

Further to the above, below changes took place in directorship/ KMP took place upto the date of this report:

1. Mr. Gaurav Bhandari has been appointed as Chief Executive Officer of the Company w.e.f. 10th June, 2019.
2. Mr. Ashok Bafna having DIN 01431472 has resigned from the post of Chief Financial Officer of the Company w.e.f. 13th February, 2020 and has been appointed as Executive Director (Whole Time Director) of the Company w.e.f. 20th August, 2020.
3. Mr. Tarak Shah has been appointed as Chief Financial Officer of the Company w.e.f. 14th February, 2020.
4. Mr. Sathish Kumar having DIN 08735238 has been appointed as Independent Director of the Company has w.e.f. 17th April, 2020.
5. Ms. Avni Chouhan having DIN 08716231 has been appointed as Independent Director of the Company has w.e.f. 20th August, 2020.

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 27th Annual General Meeting.

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>.

MONARCH NETWORK CAPITAL LIMITED

MEETINGS OF THE BOARD:

The Board met 8 (Eight) times during the financial year 2019-20, i.e. on 26th April, 2019, 30th May, 2019, 14th June, 2019, 14th August, 2019, 03rd September, 2019, 14th November, 2019, 15th January, 2020, and 14th February, 2020. The maximum interval between any two meetings did not exceed 120 days.

COMMITTEES OF THE BOARD:

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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, 2020 in form MGT-9 is enclosed as **Annexure - I** to this report, further the same is also available on the website of the Company viz. <https://www.mnclgroup.com/investor-relation>.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES:

The Company has 4 (Four) Subsidiary Companies and 1 (One) Associate Companies as on 31st March, 2020. The Company does not have any Joint Venture.

During the year, the Board of Directors ('the Board') reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries which form part of the Annual Report. Further, a report on the performance and financial position of each of the Company's subsidiaries, joint ventures and associate companies for the financial year ended March 31, 2020 in Form AOC 1 is attached and marked as **Annexure - II** and forms part of this report.

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

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

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.

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 –IV**.

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, 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.

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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

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)

MONARCH NETWORK CAPITAL LIMITED

of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company. Further disclosure of transactions with related parties is set out as part of the financial statements.

CORPORATE SOCIAL RESPONSIBILITY:

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

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

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 2019-20, 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>

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

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

Your Directors further state that during the fiscal year 2019-20, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:

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

INTERNAL AUDITOR:

The Company has re-appointed M/S. Rushil Soni & Co., Chartered Accountants, Ahmedabad as its Internal Auditor vide Board Meeting dated 30th May, 2019. The Internal Auditor has given his reports on quarterly basis to the Audit Committee.

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

STATUTORY AUDITORS:

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

The Auditor's Report for the year ended 31st March, 2020 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, 2020 is enclosed as **Annexure VII** to this Report.

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

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

A. Conservation of Energy

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

B. Technology Absorption

- a. The efforts made towards technology absorption - The Company continues to take prudential measures in respect of technology absorption, adaptation and take innovative steps to use the scarce resources effectively.
- b. The benefits derived like product improvement, cost reduction, product development or import substitution- Not Applicable

MONARCH NETWORTH CAPITAL LIMITED

- c. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
- Not Applicable
- d. The expenditure incurred on Research and Development - Not Applicable

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

(Figures in INR)

| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|--------------------------|--------------------------------|--------------------------------|
| Foreign exchange earning | Nil | Nil |
| Foreign exchange Outgo | Nil | Nil |

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

During the year under review and up to the date of this Report, certain material changes took place, the details of which together with their rationale are as under:

a. Amalgamation / Merger:

Pursuant to order dated 09th May, 2019 of Hon'ble National Company Law Tribunal (NCTL) and as per Scheme of Amalgamation wholly owned subsidiary company- Networth Insurance Broking Private Limited, Networth Wealth Solution Limited, subsidiary company- Monarch Networth Comtrade Limited and Associate Company- Networth SoftTech Limited (Transferor Companies) has been amalgamated with the Company (Transferee Company) with effect from appointed date viz. April 1, 2017.

As a result of the group restructuring and implementation of the aforesaid Schemes, these Transferor Companies stand dissolved without winding up.

b. Share capital:

• Increase in authorized share capital

During the financial year under review, the Authorised Share Capital of the Company has been increased as under by virtue of order dated 09th May, 2019 by Hon'ble National Company Law Tribunal (NCTL) approving the Scheme of Amalgamation:

| Share Capital | Pre amalgamation | | Post amalgamation | |
|--|--------------------|---------------------|--------------------|---------------------|
| | No. of shares | Amount (INR) | No. of shares | Amount (INR) |
| Authorized Share Capital | | | | |
| 5,00,000 - 6% Cumulative Redeemable Preference Shares of INR. 100/- Each | 5,00,000 | 5,00,00,000 | 5,00,000 | 50,00,00,000 |
| 60,00,000 Redeemable Preference Shares of INR. 10/- each | 60,00,000 | 6,00,00,000 | 60,00,000 | 6,00,00,000 |
| Equity Shares of INR 10/- Each | 3,05,00,000 | 30,50,00,000 | 5,40,00,000 | 54,00,00,000 |
| Total | 3,70,00,000 | 41,50,00,000 | 6,05,00,000 | 65,00,00,000 |

• Increase in paid up share capital:

In terms of Scheme, the Company has issued and allotted equity shares to the shareholders of Networth Softtech Limited and Monarch Networth Comtrade Limited in the ratio of 13 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares and 28 Equity shares of face value of Rs. 10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares held in Transferor Companies respectively.

Pursuant to approval of scheme, the Company has allotted 7,37,918 (Seven Lacs Thirty Seven Thousand Nine Hundred Eighteen Only) fully paid up Equity Shares of face value of Rs. 10/- each to the equity shareholders of Transferor Companies as per the Share Exchange Ratio in terms of the Scheme. Accordingly, the paid-up share capital of the Company as on the date is as under:

| Share Capital | Pre amalgamation | | Post amalgamation | |
|---|--------------------|---------------------|--------------------|---------------------|
| | No. of shares | Amount (INR) | No. of shares | Amount (INR) |
| Issued, Subscribed and Paid-up Share Capital | | | | |
| Equity Shares of INR10/- Each | 3,03,11,600 | 30,31,16,000 | 3,10,49,518 | 31,04,95,180 |
| Total | 3,03,11,600 | 30,31,16,000 | 3,10,49,518 | 31,04,95,180 |

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

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

ACKNOWLEDGEMENT:

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

Your Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : 07th September, 2020

Sd/-
Vaibhav Shah
Managing Director

Sd/-
Manju Bafna
Chairman cum Whole-Time Director

EXTRACT OF ANNUAL RETURN
Form No. MGT-9
(As on the financial year ended on 31st March, 2020)
[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 - cs@mnclgroup.com Website - www.mnclgroup.com |
| vi. | Whether listed company | Yes, Listed on BSE Limited |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Skyline Financial Services Private. Limited. 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 | 79.77 |

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. | Monarch Network Finserve Private Limited - Office no. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063 | U65900MH1996PTC100919 | Subsidiary | 100.00 | 2 (87) (ii) |
| 2. | Monarch Network Investment Advisors Private Limited - Monarch House, Nr. Ishwar Bhuwan Cross Road, Nr. Commerce Six Road, Navarangpura Ahmedabad, Gujarat - 380009 | U74140GJ2007PTC052348 | Subsidiary | 99.99 | 2 (87) (ii) |
| 3. | Monarch Network Capital IFSC Private Limited - Unit No 421, 4th Floor, Pragya Building No-15A, Block No 15A, GIFT SEZ Road 1C. GIFT City, Gandhinagar, Gujarat - 382355 | U65929GJ2017PTC096239 | Subsidiary | 99.99 | 2 (87) (ii) |

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 4. | Monarch Network Money Changers Private Limited - Monarch House, Opp Prahladbhai Patel Garden, Nr Ishwar Bhuvan Commerce Six Road, Ahmedabad Gujarat -380009 | U65999GJ2019PTC109174 | Subsidiary | 99.99 | 2 (87) (ii) |
| 5. | Network Financial Services Limited 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 | |
| A. Promoter | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual /HUF | 18100802 | 0 | 18100802 | 59.72 | 17955594 | 0 | 17955594 | 57.83 | (1.89) |
| (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 | 1446000 | 0 | 1446000 | 4.66 | 0.02 |
| (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 |
| Sub-total (A)(1) | 19507802 | 0 | 19507802 | 64.36 | 19401594 | 0 | 19401594 | 62.49 | (1.87) |
| (2) Foreign | | | | | | | | | |
| (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 |
| Sub-total (A)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total shareholding of promoters (A) | 19507802 | 0 | 19507802 | 64.36 | 19401594 | 0 | 19401594 | 62.49 | (1.87) |
| B. Public | | | | | | | | | |
| (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 | 0.96 | (0.03) |
| (c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) State Govts. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) Insurance Co. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) Foreign Portfolio Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| (j) Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| Sub-total (B)(1) | 298845 | 300 | 299145 | 0.99 | 298845 | 300 | 299145 | 0.96 | (0.03) |
| (2) Non Institutions | | | | | | | | | |
| (a) Bodies Corp. | 4556497 | 11651 | 4568148 | 15.07 | 4913256 | 11651 | 4924907 | 15.86 | 0.79 |
| (i) Indian | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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 | |
| (ii) Overseas | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh | 1852666 | 238451 | 2091117 | 6.90 | 1856185 | 234580 | 2090765 | 6.73 | (0.17) |
| (ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh | 2265677 | 0 | 2265677 | 7.47 | 2729329 | 0 | 2729329 | 8.79 | 1.32 |
| (c) NBFCs Registered with RBI | 10 | 0 | 10 | 0.00 | 10 | 0 | 10 | 0.00 | 0.00 |
| (d) Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| NRI - Repatriable & Non Repatriable | 160252 | 0 | 160252 | 0.53 | 163882 | 0 | 163882 | 0.53 | 0.00 |
| Hindu Undivided Family | 442882 | 0 | 442882 | 1.46 | 477204 | 0 | 477204 | 1.54 | 0.08 |
| Clearing Members | 18179 | 0 | 18179 | 0.06 | 4304 | 0 | 4304 | 0.01 | (0.05) |
| Foreign Bodies-DR | 958388 | 0 | 958388 | 3.16 | 958388 | 0 | 958388 | 3.09 | (0.08) |
| Qualified Foreign Investor- Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (B)(2) | 10254551 | 250102 | 10504653 | 34.66 | 11102548 | 246231 | 11348779 | 36.55 | 1.90 |
| Total Public Shareholding (B) | 10553396 | 250402 | 10803798 | 35.64 | 11401393 | 246231 | 11647924 | 37.51 | 1.87 |
| C. Shares held by custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| D. IEPF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C+D) | 30061198 | 250402 | 30311600 | 100.00 | 30802987 | 246531 | 31049518 | 100.00 | 0.00 |

Note: During the year under review the company has issued 7,37,918 Equity Shares as per the scheme of amalgamation

ii. Shareholding of Promoters and Promoters' Group:

| Sr. No. | Shareholding of Promoters | 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. Vaibhav Shah | 3108815 | 10.26 | 0 | 3108815 | 10.01 | 0 | (0.25) |
| 2. | Ms. Hemangi Shah | 100000 | 0.33 | 0 | 100000 | 0.32 | 0 | (0.01) |
| 3. | Mr. Ashok Bafna | 703500 | 2.32 | 0 | 703500 | 2.27 | 0 | (0.05) |
| 4. | Mr. Shailen Shah | 703500 | 2.32 | 0 | 703500 | 2.27 | 0 | (0.05) |
| 5. | Ms. Kinnari Shah | 1204000 | 3.97 | 0 | 1204000 | 3.88 | 0 | (0.09) |
| 6. | Mr. Himanshu Shah | 1206000 | 3.98 | 0 | 1206000 | 3.88 | 0 | (0.09) |
| 7. | Ms. Manju Bafna | 1507500 | 4.97 | 0 | 1507500 | 4.86 | 0 | (0.11) |
| 8. | Mr. Bankim Shah | 2206000 | 7.28 | 0 | 2206000 | 7.10 | 0 | (0.18) |
| 9. | Ms. Bela Shah | 2406000 | 7.94 | 0 | 2406000 | 7.75 | 0 | (0.19) |
| 10. | Mr. Suresh Bafna | 2512500 | 8.29 | 0 | 2512500 | 8.09 | 0 | (0.20) |
| 11. | Mr. Suresh P Jain | 2442137 | 8.06 | 0 | 2296873 | 7.40 | 0 | (0.66) |
| 12. | Ms. Kanta Suresh Jain | 0 | 0 | 0 | 28 | 0 | 0 | 0.00 |
| 13. | Mr. Raj Bhandari | 850 | 0.00 | 0 | 878 | 0.00 | 0 | 0.00 |
| 14. | M/s. Simandhar Securities Private. Limited. | 1407000 | 4.64 | 0 | 1446000 | 4.66 | 0 | 0.02 |
| | Total | 19507802 | 64.36 | 0.00 | 19401594 | 62.49 | 0.00 | (1.87) |

Note: The shareholding of majority of promoters remained unchanged, however the % has reduced due to allotment made by the Company during the financial year under review as per the scheme of amalgamation.

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 | Mr. Vaibhav Shah | | | | |
| | a) At the Beginning of the Year | 3108815 | 10.26 | 3108815 | 10.01 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 3108815 | 10.26 | 3108815 | 10.01 |
| 2 | Mr. Suresh Bafna | | | | |
| | a) At the Beginning of the Year | 2512500 | 8.29 | 2512500 | 8.09 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 2512500 | 8.29 | 2512500 | 8.09 |
| 3 | Ms. Manju Bafna | | | | |
| | a) At the Beginning of the Year | 1507500 | 4.97 | 1507500 | 4.86 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 1507500 | 4.97 | 1507500 | 4.86 |
| 4 | Ms. Hemangi Shah | | | | |
| | a) At the Beginning of the Year | 100000 | 0.33 | 100000 | 0.32 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 100000 | 0.33 | 100000 | 0.32 |
| 5 | Mr. Ashok Bafna | | | | |
| | a) At the Beginning of the Year | 703500 | 2.32 | 703500 | 2.27 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 703500 | 2.32 | 703500 | 2.27 |
| 6 | Mr. Shailen Shah | | | | |
| | a) At the Beginning of the Year | 703500 | 2.32 | 703500 | 2.27 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 703500 | 2.32 | 703500 | 2.27 |
| 7 | Ms. Kinnari Shah | | | | |
| | a) At the Beginning of the Year | 1204000 | 3.97 | 1204000 | 3.88 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 1204000 | 3.97 | 1204000 | 3.88 |
| 8 | Mr. Himanshu Shah | | | | |
| | a) At the Beginning of the Year | 1206000 | 3.98 | 1206000 | 3.88 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 1206000 | 3.98 | 1206000 | 3.88 |
| 9 | Mr. Bankim Shah | | | | |
| | a) At the Beginning of the Year | 2206000 | 7.28 | 2206000 | 7.10 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 2206000 | 7.28 | 2206000 | 7.10 |
| 10 | Ms. Bela Shah | | | | |
| | a) At the Beginning of the Year | 2406000 | 7.94 | 2406000 | 7.75 |
| | b) Changes during the Year | No Changes During The Year | | | |

MONARCH NETWORK CAPITAL LIMITED

| | | | | | |
|-----------|--|----------|--------|---------|------|
| | c) At the end of the Year | 2406000 | 7.94 | 2406000 | 7.75 |
| 11 | M/s. Simandhar Securities Private. Limited. | | | | |
| | a) At the Beginning of the Year | 1407000 | 4.64 | 1407000 | 4.53 |
| | b) Changes during the Year | | | | |
| | 1) Allotted on 30/05/2019 pursuant to scheme of amalgamation | 39000 | 0.13 | 1446000 | 4.66 |
| | c) At the end of the Year | 1446000 | 4.66 | 1446000 | 4.66 |
| 12 | Mr. Raj Bhandari | | | | |
| | a) At the Beginning of the Year | 850 | 0.00 | 850 | 0.00 |
| | b) Changes during the Year | | | | |
| | 1) Allotted on 30/05/2019 pursuant to scheme of amalgamation | 28 | 0.00 | 878 | 0.00 |
| | c) At the end of the Year | 878 | 0.00 | 878 | 0.00 |
| 13 | Mr. Suresh P Jain | | | | |
| | a) At the Beginning of the Year | 2442137 | 8.06 | 2442137 | 7.87 |
| | b) Changes during the Year | | | | |
| | 1) Allotted on 30/05/2019 pursuant to scheme of amalgamation | 28 | 0.00 | 2442165 | 7.87 |
| | 2) Sold – on 17/03/2020 | (145292) | (0.47) | 2296873 | 7.40 |
| | c) At the end of the Year | 2296873 | 7.40 | 2296873 | 7.40 |
| 14 | Ms. Kanta Suresh Jain | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | | | | |
| | 1) Allotted on 30/05/2019 pursuant to scheme of amalgamation | 28 | 0.00 | 28 | 0.00 |
| | c) At the end of the Year | 28 | 0.00 | 28 | 0.00 |

Note: The shareholding of majority of promoters remained unchanged, however the % has reduced due to allotment made by the Company during the financial year under review as per the scheme of amalgamation.

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

| Sr. No | 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 Private Limited | | | | |
| | a) At the Beginning of the Year | 2412000 | 7.96 | 2412000 | 7.77 |
| | b) Changes during the Year | No Changes During The Year | | | |
| | c) At the end of the Year | 2412000 | 7.77 | 2412000 | 7.77 |
| 2 | DSP HMK Holdings Private Limited | | | | |
| | a) At the Beginning of the Year | 487186 | 1.61 | 487186 | 1.57 |
| | b) Changes during the Year | | | | |
| | 1) Sold on 26/07/2019 | (7388) | (0.02) | 479798 | 1.55 |
| | 2) Sold on 30/08/2019 | (7541) | (0.03) | 472257 | 1.52 |
| | 3) Sold on 06/09/2019 | (566) | (0.00) | 471691 | 1.52 |

| Sr. No | 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) Sold on 13/09/2019 | (33212) | (0.11) | 438479 | 1.41 |
| | c) At the end of the Year | 438479 | 1.41 | 438479 | 1.41 |
| 3 | Spot Light Securities Private Limited | | | | |
| | a) At the Beginning of the Year | 480545 | 1.59 | 480545 | 1.55 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 480545 | 1.55 | 480545 | 1.55 |
| 4 | Sun Capital Advisory Services Private Limited | | | | |
| | a) At the Beginning of the Year | 288805 | 0.95 | 288805 | 0.93 |
| | b) Changes during the Year | | | | |
| | 1) Sold on 05/04/2019 | (1100) | 0.00 | 287705 | 0.93 |
| | 2) Sold on 28/06/2019 | (10424) | (0.04) | 277281 | 0.89 |
| | 3) Sold on 05/07/2019 | (1024) | (0.00) | 276257 | 0.89 |
| | 4) Sold on 19/07/2019 | (2000) | (0.01) | 274257 | 0.88 |
| | 5) Purchased on 26/07/2019 | 2563 | 0.01 | 276820 | 0.89 |
| | 6) Purchased on 16/08/2019 | 1100 | 0.01 | 277920 | 0.90 |
| | 7) Purchased on 23/08/2019 | 4900 | 0.01 | 282820 | 0.91 |
| | 8) Purchased on 30/08/2019 | 4000 | 0.01 | 286820 | 0.92 |
| | 9) Purchased on 20/09/2019 | 2000 | 0.01 | 288820 | 0.93 |
| | 10) Sold on 01/11/2019 | (3300) | (0.01) | 285520 | 0.92 |
| | 11) Sold on 08/11/2019 | (5000) | (0.02) | 280520 | 0.90 |
| | 12) Sold on 17/01/2020 | (2870) | (0.01) | 277650 | 0.89 |
| | 13) Sold on 24/01/2020 | (1000) | (0.00) | 276650 | 0.89 |
| | 14) Purchased on 28/02/2020 | 15000 | 0.05 | 291650 | 0.94 |
| | 15) Purchased on 20/03/2020 | 169357 | 0.54 | 461007 | 1.48 |
| | 16) Purchased on 31/03/2020 | 46 | 0.00 | 461053 | 1.48 |
| | c) At the end of the Year | 461053 | 1.48 | 461053 | 1.48 |
| 5 | M/s. Punjab National Bank | | | | |
| | a) At the Beginning of the Year | 298845 | 0.99 | 298845 | 0.96 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 298845 | 0.96 | 298845 | 0.96 |
| 6 | Ms. Usha Mahendra Sanghvi | | | | |
| | a) At the Beginning of the Year | 151270 | 0.50 | 151270 | 0.49 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 151270 | 0.49 | 151270 | 0.49 |
| 7 | M/s. Teletec Finsec India Private. Limited. | | | | |
| | a) At the Beginning of the Year | 142052 | 0.47 | 142052 | 0.46 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 142052 | 0.46 | 142052 | 0.46 |
| 8 | M/s. Clear Water Commodities Private Limited | | | | |
| | a) At the Beginning of the Year | 200500 | 0.66 | 200500 | 0.65 |

MONARCH NETWORK CAPITAL LIMITED

| Sr. No | 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 |
| | b) Changes during the Year | | | | |
| | 1) Sold on 31/08/2019 | (500) | (0.00) | 200000 | 0.65 |
| | 2) Purchased on 06/09/2019 | 500 | 0.00 | 200500 | 0.65 |
| | 3) Sold on 20/03/2020 | 200000 | 0.65 | 500 | 0.00 |
| | c) At the end of the Year | 500 | 0.00 | 500 | 0.00 |
| 9 | Mr. Prakash M Sanghvi | | | | |
| | a) At the Beginning of the Year | 188187 | 0.62 | 188187 | 0.61 |
| | b) Changes during the Year | | | | |
| | 1) Purchased on 09/08/2019 | 50 | 0.00 | 188237 | 0.61 |
| | 2) Purchased on 16/08/2019 | 4657 | 0.01 | 192894 | 0.62 |
| | 3) Purchased on 30/08/2019 | 5220 | 0.02 | 198114 | 0.64 |
| | 4) Sold on 31/08/2019 | (87500) | (0.28) | 110614 | 0.36 |
| | 5) Purchased on 06/09/2019 | 87500 | 0.28 | 198114 | 0.64 |
| | c) At the end of the Year | 198114 | 0.64 | 198114 | 0.64 |
| 10 | M/s. Nomura Singapore Limited | | | | |
| | a) At the Beginning of the Year | 958388 | 3.16 | 958388 | 3.09 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 958388 | 3.09 | 958388 | 3.09 |
| 11 | SUR-MAN Securities Pvt. Ltd. | | | | |
| | a) At the Beginning of the Year | 80150 | 0.26 | 80150 | 0.26 |
| | b) Changes during the Year | | | | |
| | 1) Purchased on 29/11/2019 | 348850 | 1.12 | 429000 | 1.38 |
| | c) At the end of the Year | 429000 | 1.38 | 429000 | 1.38 |
| 12 | Vignaharta Ceramics LLP | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | | | | |
| | 1) Purchased on 29/11/2019 | 183950 | 0.59 | 183950 | 0.59 |
| | c) At the end of the Year | 183950 | 0.59 | 183950 | 0.59 |
| 13 | Lalu Ram Nuwal | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | | | | |
| | 1) Purchased on 20/03/2020 | 200000 | 0.64 | 200000 | 0.64 |
| | c) At the end of the Year | 200000 | 0.64 | 200000 | 0.64 |

Note: % change in shareholding is due to allotment made by the Company during the financial year under review as per the scheme of amalgamation.

v) SHAREHOLDING OF DIRECTOR'S AND KEY MANAGERIAL PERSONNEL:

| | For each of Directors & KMP | 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 | 3108815 | 10.26 | 3108815 | 10.01 |
| | b) Changes during the Year | No Changes During the year | | | |
| | c) At the end of the Year | 3108815 | 10.26 | 3108815 | 10.01 |
| 2 | Ms. Manju Bafna | | | | |
| | a) At the Beginning of the Year | 1507500 | 4.97 | 1507500 | 4.86 |
| | b) Changes during the Year | No Changes During the year | | | |
| | c) At the end of the Year | 1507500 | 4.97 | 1507500 | 4.86 |
| 3 | Mr. Chetan Bohra | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 0 | 0.00 | 0 | 0.00 |
| 4 | Mr. Mayukh Pandya | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 0 | 0.00 | 0 | 0.00 |
| 5 | Ms. Rupali Verma, CS | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 0 | 0.00 | 0 | 0.00 |
| 6 | Mr. Ashok Bafna, CFO | | | | |
| | a) At the Beginning of the Year | 703500 | 2.32 | 703500 | 2.27 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 703500 | 2.32 | 703500 | 2.27 |
| 7 | Mr. Tarak Shah, CFO | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 0 | 0.00 | 0 | 0.00 |
| 8 | Mr. Gaurav Bhandari, CEO | | | | |
| | a) At the Beginning of the Year | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the Year | No changes during the year | | | |
| | c) At the end of the Year | 0 | 0.00 | 0 | 0.00 |

MONARCH NETWORTH CAPITAL LIMITED

V. 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 |
|--|----------------------------------|---------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 241,813,906 | 22,347,615 | - | 264,161,521 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 241,813,906 | 22,347,615 | - | 264,161,521 |
| Changes in indebtedness during the financial year | | | | |
| > Addition | 5,898,400 | 1,000,000 | - | 6,898,400 |
| > Reduction | (155,092,254) | (19,347,615) | - | (174,439,869) |
| Net Change | (149,193,854) | (18,347,615) | - | (167,541,469) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 92,620,052 | 4,000,000 | - | 96,620,052 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 92,620,052 | 4,000,000 | - | 96,620,052 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

| Particulars of Remuneration | Name of the MD/WTD/Manager | | Total Amount (in INR) |
|---|--|--|-----------------------|
| | Mr. Vaibhav Shah Managing Director | Ms. Manju Bafna Whole-Time Director | |
| Gross Salary: | | | |
| (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 29,78,400 | 17,84,940 | 47,63,340 |
| (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - | - |
| (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 | - | - | - |
| Total | 29,78,400 | 17,84,940 | 47,63,340 |
| 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 | Independent Directors | | Total Amount (in INR) |
|--------|-----------------------------|--|------------------|-----------------------|
| | | Mr. Mayukh Pandya | Mr. Chetan Bohra | |
| 1 | Sitting Fees | Nil | Nil | Nil |
| 2 | Commission | | | |
| | - as % of profit | | | |
| | - others, specify | Nil | Nil | Nil |
| 3 | Others, please specify | Nil | Nil | Nil |
| | Total | Nil | Nil | Nil |
| | 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 | Name of KMP | | | | Total Amount (in INR.) |
|---|--|-------------------------|-------------------------|-------------------------|------------------------|
| | Ms. Rupali Verma | Mr. Ashok Bafna* | Mr. Tarak Shah# | Mr. Gaurav Bhandari@ | |
| | Company Secretary & Compliance Officer | Chief Financial Officer | Chief Financial Officer | Chief Executive Officer | |
| Gross Salary: | | | | | |
| (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 6,16,247 | 9,00,000 | 8,83,897 | 1,23,62,376 | 1,47,62,520 |
| (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - | - | - | - |
| (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 | - | - | - | - | - |
| Total | 6,16,247 | 9,00,000 | 8,83,897 | 1,23,62,376 | 1,47,62,520 |
| Ceiling as per the Act | As per the provisions of Section 197 of the Companies Act, 2013 read with Schedule V to the Act. | | | | |

* Ceased w.e.f. 13th February, 2020

Appointed w.e.f. 14th February, 2020

@ Appointed w.e.f. 10th June, 2019

VII. 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) |
|----------|----------------------------------|-------------------|---|------------------------------|------------------------------------|
| A | COMPANY | | | | |
| | Penalty/Punishment/Compounding | | | | |
| B | DIRECTORS | | | | |
| | Penalty/Punishment/Compounding | | None | | |
| C | OTHER OFFICERS IN DEFAULT | | | | |
| | Penalty/Punishment/Compounding | | | | |

MONARCH NETWORK CAPITAL LIMITED

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 Finserve Private Limited | Monarch Network Capital IFSC Private Limited | Monarch Network Investment Advisors Private Limited | Monarch Network Money Changers Private Limited |
|---|--|--|---|--|
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees |
| Equity Share Capital | 966.67 | 5.00 | 60.00 | 50.00 |
| Reserves | 236.06 | (1.13) | 65.84 | 0.39 |
| Total Assets | 3958.70 | 5.14 | 132.24 | 50.51 |
| Total Liabilities | 2562.51 | 1.26 | 4.95 | 0.12 |
| Investments (except in subsidiary companies) | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Turnover | 935.75 | 0.00 | 101.19 | 0.54 |
| Profit/(Loss) before Taxation | 87.61 | (1.07) | 48.02 | 0.52 |
| Provision for Taxation | 20.14 | 0.00 | 12.74 | 0.13 |
| Profit /(Loss) after Taxation | 67.47 | (1.07) | 35.28 | 0.39 |
| Proposed Dividend | 0.00 | 0.00 | 0.00 | 0.00 |
| % of shareholding | 100 | 99.99 | 99.99 | 99.99 |

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

PART B - ASSOCIATES AND JOINT VENTURES

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

(INR. in lakhs)

| | Particulars | Network Financial Services Limited |
|-----|--|------------------------------------|
| 1. | Latest audited Balance Sheet Date | 31.03.2020 |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end | |
| a. | No. of shares | 9.49 |
| b. | Amount of Investment in Associates/Joint Venture | 94.94 |
| c. | Extend of Holding % | 45.32 |
| 3. | Description of how there is significant influence | 45.32% Shares held in the company |
| 4. | Reason why the associate/joint venture is not consolidated | NA |
| 5. | Network attributable to Shareholding as per latest audited Balance Sheet | 88.19 |
| 6. | Profit / Loss for the year | |
| i. | Considered in Consolidation | (0.10) |
| ii. | Not Considered in Consolidation | NA |

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : 07th September, 2020

Sd/-
Vaibhav Shah
Managing Director

Sd/-
Manju Bafna
Chairman cum Whole-Time Director

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

| (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year :- | | |
|---|--|--|
| Sr. No. | Name of the Director | Ratio of remuneration to the median remuneration of the employees |
| 1 | Mr. Vaibhav Shah | 14.62:1 |
| 2 | Ms. Manju Bafna | 8.76:1 |
| 3 | Mr. Chetan Bohra | NA |
| 4 | Mr. Mayukh Pandya | 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 | Ms. Manju Bafna | 28.16 |
| 3 | Mr. Ashok Bafna | 0.00 |
| 4 | Mr. Tarak Shah | 0.00 |
| 5 | Ms. Rupali Verma | 0.00 |
| (iii) | The percentage increase in the median remuneration of employees in the financial year | 0.00 |
| (iv) | The number of permanent employees on the rolls of the Company | 395 |
| (v) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | The average increase in the remuneration of other employees is 1.26% |
| (vi) | Statement Pursuant To Rule 5(2) & (3) Of Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014 | Attached as Annexure A |

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : 07th September, 2020

Sd/-
Vaibhav Shah
Managing Director

Sd/-
Chetan Bohra
Chairman of Nomination and Remuneration Committee

MONARCH NETWORTH CAPITAL LIMITED

ANNEXURE A

STATEMENT PURSUANT TO RULE 5(2) & (3) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Details of all the employees as per Rule 5(2) and 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 2019-2020, in excess of that drawn by the Managing Director or Whole-Time Director:

| Sr No | Name Of Employee | Designation | Remuneration Received (INR) (per annum) | Qualifications And Experience | Date Of Joining | Age | The Last Employment Held | The Percentage Of Equity Shares Held (Including spouse and dependent children) |
|-------|------------------------|------------------------------|---|--|-----------------|----------|--|--|
| 1 | Gaurav Bhandari | Chief Executive Officer | 1,23,62,376 | B.Com, IIM C/ over 15 years in the financial markets | 10/06/2019 | 39 Years | Centrum Capital Limited | - |
| 2 | Bankim Jayantilal Shah | Chief Operating Officer | 30,00,000 | B.Com/ More than 23 years in Securities market & 14 years in commodity derivatives | 01/01/2015 | 46 Years | Monarch Research and Brokerage Private Limited | 07.42 (Along with spouse) |
| 3 | Ashok Daulatraj Bafna | Chief Financial Officer | 9,00,000 | B.Com/ More than 23 Years of experience in Capital Market. | 13/02/2015 | 48 Years | Monarch Project & Finmarkets Limited | 2.27 |
| 4 | Shailen Ramesh Shah | President-Institutional Desk | 4,44,000 | B.Com /More than 23 Years of experience in Capital Market & Institutional Desk | 14/11/2014 | 45 Years | Monarch Project & Finmarkets Limited | 2.27 |

Notes:

1. Remuneration comprises salary, allowances, commission, performances based payments and company's contribution to PF, Gratuity as per the definition contained in section 2 (72) of the Companies Act, 2013 paid during the year.
2. The nature of employment is permanent in all the above cases.
3. Mr. Bankim Shah, who is in the employment of the Company is brother of Mr. Vaibhav Shah, Managing Director of the Company.
4. Mr. Ashok Bafna ceased to be Chief Financial Officer w.e.f. 13th February, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31st March, 2020. 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.

MACRO ECONOMY: REVIEW AND OUTLOOK

FY 2019-2020 was a challenging year for Indian market. The fiscal year of 2020 marked the completion of NDA government's 5 year term, with the nation-wide election NDA government secured second term and announced several economic measures to revive domestic economic growth. The government's thrust was more on digital initiatives and financial inclusion on the forefront. However, India's speedy journey in terms of political and economic reforms faced national as well as international road-blocks. The year saw various domestic events like default of a major housing finance company, removal of Article 370 of the Constitution of India, revival of a major private bank, merger of public sector banks etc.

On global front the major events that made headlines include escalation in US China trade tensions and subsequently agreement on phase I of trade deal, sharp rate cuts by US Fed and European Central Bank (ECB) bringing it back to all-time lows, completion of BREXIT, fall in oil prices etc. However, the single biggest event of the year, which happened in last quarter, was origination and spread of Covid- 19 pandemic. The virus that originated in China rapidly covered all major countries, especially in the month of March, 2020. Many economies implemented shutdown – partial or full and consequently economic activity was severely disrupted globally. This also resulted in a fall in most asset classes including equities, commodities and currencies. In India, to check the spread of the virus, government announced lockdown for 21 days till April 14 and later on extended it. Government first announced an economic stimulus package worth Rs 1.7 trillion to help millions of low income cope with lockdown and a second package of Rs 20 lakh crore later on to revive the country's economy.

A host of measures were taken by RBI to help liquidity conditions in the economy which included Repo rate cut by 115 bps to 4%, moratorium of three months of EMI on all outstanding loans which was later on extended by another three months till August end, auction of targeted long term repo operations worth Rs. 1 crore etc. Disruption in global supply chain has highlighted risk of overdependence on a single country. Many global MNCs are likely to consider diversifying their manufacturing operations from China and India could be a likely beneficiary given the low corporate tax rate, skilled population, relatively low wages and a large domestic market. Thus, once the situation stabilizes, India could see relatively stronger recovery.

Market had a roller coaster ride in FY2020. Both Sensex and Nifty closed at an all-time high of 42,273 and 12,430 respectively in the month of January. Then came Covid-19 and as the pandemic rampaged across the world, Sensex and Nifty ended the year with large negative returns. With India in midst of a complete lockdown, Sensex and Nifty closed at 29,469 and 8,598 levels respectively in March, 2020. FIIs sold massively during the month of March, 2020 with net equity outflows of Rs. 620 billion but still ended FY2020 with net inflows of Rs. 65 billion. The size of outflow in March, 2020 was highest ever in one month and was around 0.4% of Indian market capitalization. DIIs also witnessed net inflows of Rs. 1293 billion which was 79% higher than the previous year.

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.

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 | |
|--|-----------------------|------------------|-------------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| (a) Broking & Others | | | | |
| 1) Broking | 5250.72 | 6019.73 | 5463.68 | 6,162.32 |
| 2) Financial Products Distribution | 49.94 | 68.17 | 49.93 | 68.17 |
| 3) Merchant Banking Income | 58.6 | 256.95 | 58.6 | 256.95 |
| 4) Advisory Income | 101.74 | 13.39 | 101.74 | 13.39 |
| 5) Others (Un-allocated) | 757.22 | 924.53 | 343.21 | 640.79 |
| b) Non Banking financial business | - | - | 930.42 | 583.98 |
| c) Insurance business | - | - | 96.32 | 94.81 |
| TOTAL | 6,218.22 | 7,282.77 | 7,043.90 | 7,820.41 |

SUBSIDIARY COMPANIES:

As on 31st March, 2020, the Companies had following subsidiaries:

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

OPPORTUNITIES AND THREATS

Opportunities

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

Threats

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

RISK MANAGEMENT & INTERNAL CONTROL SYSTEM:

- As per the Provisions of Section 134(3) of the Companies Act, 2013 ('the Act') the Company as a part of the Board's Report needs to give a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. Additionally, as per Listing Obligations and Disclosure Requirement Regulations, 2015 requires to lay down procedures about the risk assessment and risk minimization.
- The company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risks, competition risk, interest rate volatility, human resource risk and execution risk, etc. The Company mitigates these risks by enhancing its technological capabilities in Surveillance mechanism and by following prudent business and risk practices and adhering to standard policies and procedures adopted for risk management.
- Compliance Risk & Responsive strategies: The Company has a full-fledged compliance department manned by knowledgeable and well-experienced professionals in compliance, corporate, legal and audit functions. The department guides the businesses/support functions on all regulatory compliances and monitors implementation of extant regulations/circulars, ensuring all the regulatory compliances, governance and reporting of the Group.

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

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

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

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

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

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

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 2019-20 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.

MONARCH NETWORK CAPITAL LIMITED

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, 2020 stood at 658.

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

| Particulars | 2019-20 | 2018-19 | 2017-18 |
|---|-------------|-------------|-------------|
| Total Revenue | 546,099,711 | 625,346,218 | 733,453,858 |
| EBIDTA | 31,008,131 | 152,458,290 | 188,042,558 |
| PBT | 21,675,156 | 153,366,281 | 178,616,608 |
| PAT | 12,296,662 | 137,296,425 | 161,529,453 |
| Total Comprehensive Income for the year | 8,876,769 | 134,758,972 | 156,630,935 |
| EPS | 0.29 | 4.34 | 5.17 |

ENVIRONMENTAL ISSUES:

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

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

| Particular | FY 2019-20 | FY 2018-19 | Reason If changes done more than 25% |
|-----------------------------|------------|------------|---|
| Debtors Turnover | 0.52 | 0.65 | - |
| Inventory Turnover | NA | NA | - |
| Interest Coverage Ratio | 1.57 | 7.64 | Due to decrease in EBITDA |
| Current Ratio | 0.74 | 1.24 | Due to increase in liability on account of increase in trade payable as on balance sheet date |
| Debt Equity Ratio | 0.11 | 0.35 | Due to decrease in Borrowing |
| Operating Profit Margin (%) | 11.21% | 14.75% | Due to decrease in revenue and cost remain consistent |
| Net Profit Margin (%) | 1.98% | 19.38% | Due to decrease in revenue and cost remain consistent |

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

| Particular | FY 2019-20 | FY 2018-19 |
|--|------------|------------|
| Return on Net Worth as compared to the immediately previous financial year | 1.06% | 16.25% |

Note: Due to decrease in revenue and cost remain consistent and market crash in the month of March, 2020

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 : 07th September, 2020

Place : Mumbai

For Monarch Network Capital Limited

**Vaibhav Shah
Managing Director**

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, 2020, the Board of Directors comprised of 3 (Three) directors out of which 1 (One) was Non-Executive Director/Independent Director 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, 2020 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, 2020 are given herein below. Other directorships do not include directorships of 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 2019-20, 8 (Eight) meetings of Board of Directors were held on viz., 26th April, 2019, 30th May, 2019, 14th June, 2019, 14th August, 2019, 03rd September, 2019, 14th November, 2019, 15th January, 2020, and 14th February, 2020.

The details of composition of the Board of Directors, their attendance at each Board meeting held during the financial year 2019-2020 and at the last Annual General Meeting, their directorships in other public companies and positions in various Committees are as follows:

| Name | Category | No. of Board Meetings | No. of Board Meetings Attended | Whether attended last AGM Held | As on 31st March, 2020 (Excluding position in the Company) | | |
|--------------------|----------|-----------------------|--------------------------------|--------------------------------|---|------------------|---------------|
| | | | | | No. of Director ships | Committee | |
| | | | | | | Chairman ship(s) | Membership(s) |
| Mr. Vaibhav Shah | P/MD/ED | 8 | 8 | Yes | 2 | – | – |
| Ms. Manju Bafna | C/P/ED | 8 | 8 | No | 5 | – | – |
| Mr. Mayukh Pandya* | I/NED | 6 | 6 | No | 2 | - | 3 |
| Mr. Chetan Bohra | I/NED | 8 | 8 | No | 2 | – | – |
| Mr. Sathish Kumar# | I/NED | NA | NA | NA | - | – | – |
| Mr. Ashok Bafna@ | I/P/ED | NA | NA | NA | - | – | – |
| Ms. Avni Chouhan@ | I/NED | NA | NA | NA | 1 | – | – |

*Ceased w.e.f. 20th January, 2020 due to sad demise.

#Appointed w.e.f. 17th April, 2020

@ Appointed w.e.f. 20th August, 2020

Details of Directorship in other listed entity(s)

| Category of Directorship | Category of Directorship | Category of Directorship |
|--------------------------|-----------------------------------|--------------------------------------|
| Mr. Mayukh Pandya | Shree Ganesh Elastoplast Limited | Non Executive - Independent Director |
| Ms. Avni Chouhan | Transwind Infrastructures Limited | Non Executive - Independent Director |

The necessary quorum was present for all the meetings.

Notes:

- 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
 - Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
 - The directorship held by directors as mentioned above do not include Directorship in foreign companies and companies registered under Section 8 of the Companies Act, 2013.
 - 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 August, 2019 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

- x. During the year 2019-20, 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, 2020 are given below:

| Name | Category | Number of equity shares |
|--------------------|----------------------------|-------------------------|
| Mr. Vaibhav Shah | Non-Independent, Executive | 31,08,815 |
| Ms. Manju Bafna | Non-Independent, Executive | 15,07,500 |
| Mr. Mayukh Pandya* | Independent, Non-Executive | Nil |
| Mr. Chetan Bohra | Independent, Non-Executive | Nil |

*Ceased w.e.f. 20th January, 2020 due to sad demise.

Key Board qualifications, expertise and attributes

The Company's Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensure that the Company's Board is in compliance with the highest standards of corporate governance.

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

- General Management and Business Operations
- Leadership
- Senior Management Expertise
- Public Policy/Governmental Regulations
- Accounting/Finance/Legal
- Risk Management
- Human Resources Management
- Corporate Governance
- Business Development

3. COMMITTEES OF THE BOARD:

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

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

I. AUDIT COMMITTEE:

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

and legal requirements and other associated matters.

c) Terms of reference:

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

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Reviewing with management, the quarterly/half yearly/ annual financial statements before submission to the Board for approval with particular reference to:
 - ❖ Matters required to be included in the Directors' Responsibility Statement.
 - ❖ Changes, if any, in accounting policies and practices and reasons for the same.
 - ❖ Major accounting entries involving estimates based on the exercise of judgment by the management.
 - ❖ Significant adjustments made in the financial statements arising out of audit findings.
 - ❖ Compliance with listing and other legal requirements relating to financial statements.
 - ❖ Disclosure of related party transactions.
 - ❖ Qualifications in draft audit report.
 - ❖ Recommending the appointment/re-appointment/removal of statutory auditors, fixation of audit fees and also approval of payments for any other services.
 - Reviewing with management, Statutory and internal auditor's adequacy of the internal control systems.
 - Discussing with internal and statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
 - Reviewing the Company's financial and risk management policies.
 - Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
 - Scrutiny of inter-corporate loans and investments.
 - Approval or any subsequent modification of transactions of the Company with related parties.
 - Valuation of undertakings or assets of the company, wherever it is necessary; Evaluation of internal financial controls and risk management systems.
 - Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.
 - The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company
 - The audit committee shall review the information required as per SEBI Listing Regulations.
- d) The quorum of the Committee is two independent members present or one third of the total members of the Committee, whichever is higher. As on 31st March, 2020 the Audit Committee consists of 2 (Two) Non-Executive/Independent Directors and 1 (One) executive Director.
- e) During the financial year 2019-20, the members of Audit Committee met 04 (Four) times on 30/05/2019, 14/08/2019, 14/11/2019 and 14/02/2020. The Composition and attendance of the members of the Audit Committee during the financial year 2019-20 was as follows:

MONARCH NETWORK CAPITAL LIMITED

| Name | Designation | Number of Meetings Held | Meetings Attended |
|--------------------|-------------|-------------------------|-------------------|
| Mr. Mayukh Pandya* | Chairman | 04 | 03 |
| Mr. Chetan Bohra# | Chairman | 04 | 04 |
| Mr. Vaibhav Shah | Member | 04 | 04 |

* Ceased w.e.f. 20th January, 2020 due to sad demise.

Appointed as a Chairman w.e.f. 14th February, 2020.

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

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 2019-20, the members of Nomination and Remuneration Committee met 3 (Three) times on 30/05/2019, 03/09/2019 and 14/02/2020.
- d) The Composition and attendance of the members of the Nomination and Remuneration Committee during the financial year 2019-20 was as follows:

| Name | Designation | Number of Meetings Held | Meetings Attended |
|--------------------|-------------|-------------------------|-------------------|
| Mr. Mayukh Pandya* | Chairman | 03 | 02 |
| Mr. Chetan Bohra# | Chairman | 03 | 03 |
| Ms. Manju Bafna | Member | 03 | 03 |

* Ceased w.e.f. 20th January, 2020 due to sad demise.

Appointed as a Chairman w.e.f. 14th February, 2020.

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

e) Performance Evaluation Criteria for Independent Directors:

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

f) Nomination & Remuneration policy:

The Company follows a comprehensive policy for selection, re-recommendation, 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.

MONARCH NETWORK CAPITAL LIMITED

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:

- i. The relationship of remuneration and performance benchmark;
- ii. The components of remuneration includes salaries, perquisites and retirement benefits;
- iii. 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 2019-20 are as follows:

| Name | Category | Salary | Perquisites or Allowances | Stock Options | Sitting Fees* | Total | No. of shares held |
|--------------------|------------------------------|-----------|---------------------------|---------------|---------------|-----------|--------------------|
| Mr. Vaibhav Shah | Chairman & Managing Director | 29,78,400 | - | - | - | 29,78,400 | 31,08,815 |
| Ms. Manju Bafna | Executive Director | 17,84,940 | - | - | - | 17,84,940 | 15,07,500 |
| Mr. Mayukh Pandya* | Independent Director | - | - | - | - | - | - |
| Mr. Chetan Bohra | Independent Director | - | - | - | - | - | - |

* Ceased w.e.f. 20th January, 2020 due to sad demise.

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

III. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

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

b) Terms of Reference:

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

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

- c) During the financial year 2019-20, the members of Stakeholders' Relationship Committee met 4 (Four) times on 30/05/2019, 14/08/2019, 14/11/2019 and 14/02/2020.
- d) The Composition and attendance of the members of the Stakeholders' Relationship Committee during the financial year 2019-20 was as follows:

| Name | Designation | Number of Meetings Held | Meetings Attended |
|--------------------|-------------|-------------------------|-------------------|
| Mr. Mayukh Pandya* | Chairman | 04 | 03 |
| Mr. Chetan Bohra# | Chairman | 04 | 04 |
| Mr. Vaibhav Shah | Member | 04 | 04 |

*Ceased w.e.f. 20th January, 2020 due to sad demise.

#Appointed as a Chairman w.e.f. 14th February, 2020.

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

Ms. Rupali Verma
 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: cs@mnclgroup.com
 Website: www.mnclgroup.com

f) Details of Status of Investors' Complaints during the year 2019-20 are as follow:

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

MONARCH NETWORK CAPITAL LIMITED

IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The 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 | Chairman |
| Ms. Manju Bafna | Whole-Time Director | Member |
| Mr. Chetan Bohra@ | Non Executive Independent Director | Member |

*Ceased w.e.f. 20th January, 2020 due to sad demise.

#Appointed as a Chairman w.e.f. 14th February, 2020.

@Appointed as a member w.e.f. 14th February, 2020

During the financial year 2019-20, the members of the Committee met on 30/05/2019.

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

The terms of reference of CSR shall, inter-alia, include the following:

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

V. GENERAL BODY MEETINGS:

a) Annual General Meetings:

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

| Financial Year | AGM | Date of AGM | Time | Location of the meeting |
|----------------|------|----------------------|------------|--|
| 2018-19 | 26th | 30th September, 2019 | 11.30 a.m. | Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West), Mumbai – 400 104. |
| 2017-18 | 25th | 28th September, 2018 | 11.30 a.m. | Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West), Mumbai – 400 104. |
| 2016-17 | 24th | 29th September, 2017 | 12.00 p.m. | Supreme Hospitality, Ozone Activity Centre, Prabhodhan Goregaon, Siddharth Nagar, Goregaon (West), Mumbai – 400 104. |

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

| Date of AGM | Purpose of Resolution |
|----------------------|---|
| 30th September, 2019 | 1. Re-appointment of Mr. Mayukh Pandya as an Independent Director of the Company. 2. Re-appointment of Mr. Chetan Bohra as an Independent Director of the Company. |

| Date of AGM | Purpose of Resolution |
|----------------------|---|
| 28th September, 2018 | 1. Re-Appointment of Ms. Manju Bafna as Whole Time Director of the Company. 2. Re-Appointment of Mr. Vaibhav Shah as a Managing Director of the Company. |
| 29th September, 2017 | No Special Resolution was passed |

During the year under review, no Special 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 Mumbai Lakshadweep (Marathi). The results are also displayed on the Company's website at www.mnclgroup.com.
- The Management Discussion and Analysis for the year ended 31st March, 2020 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 2019-20:

Date : 30th September 2020
 Day : Wednesday
 Time : 09.30 a.m.
 Venue : Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East), Mumbai – 400 063.

b. Financial Calendar:

Financial Year : 1st April to 31st March
 AGM in : September

Financial Calendar (Provisional for 2019-20):

| Subject Matter | Tentative Dates of the Board Meeting |
|--------------------------------|--------------------------------------|
| First Quarter Results | On 20th August, 2020. |
| Second Quarter Results | By 14th November, 2020. |
| Third Quarter Results | By 14th February, 2021. |
| Fourth Quarter/ Yearly Results | By 30th May, 2021 (Audited Results) |

Date of Book Closure/Record Date: 23rd September, 2020 to 30th September, 2020.

- Listing on Stock Exchange:** The Equity Shares of the Company are listed on the BSE Limited. Listing Fees as applicable have been paid.
- Stock Code & ISIN:**
Stock Code : 511551,
Demat ISIN Number in NSDL & CDSL : INE903D01011
- Corporate Identity Number (CIN) of the Company:** L65920MH1993PLC075393

MONARCH NETWORK CAPITAL LIMITED

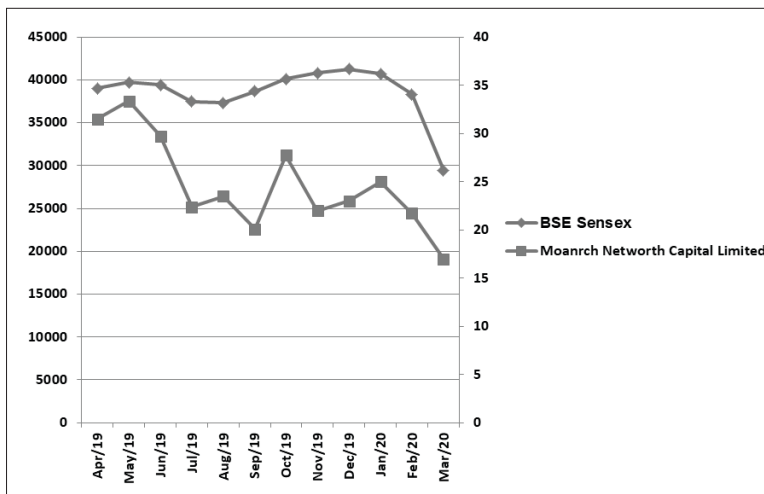
f. Market Price Data:

High & Low price of the Equity Shares of the Company at BSE Limited during each month for the year 2019-20 as compared to BSE SENSEX points are as follows:

| Month | Price on BSE (INR.)* | | BSE Sensex (Points)* | |
|----------------|----------------------|-------|----------------------|----------|
| | High | Low | High | Low |
| April 2019 | 38.90 | 30.65 | 39487.45 | 38460.25 |
| May 2019 | 35.95 | 28.10 | 40124.96 | 36956.1 |
| June 2019 | 36.00 | 28.00 | 40312.07 | 38870.96 |
| July 2019 | 31.45 | 20.40 | 40032.41 | 37128.26 |
| August 2019 | 23.95 | 19.50 | 37807.55 | 36102.35 |
| September 2019 | 24.00 | 20.00 | 39441.12 | 35987.8 |
| October 2019 | 28.00 | 17.00 | 40392.22 | 37415.83 |
| November 2019 | 31.50 | 21.00 | 41163.79 | 40014.23 |
| December 2019 | 25.25 | 20.20 | 41809.96 | 40135.37 |
| January 2020 | 29.00 | 22.25 | 42273.87 | 40476.55 |
| February 2020 | 26.90 | 18.70 | 41709.3 | 38219.97 |
| March 2020 | 24.85 | 14.20 | 39083.17 | 25638.9 |

*Source: www.bseindia.com

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



*Source: www.bseindia.com

h. Registrars and Transfer Agents details:

Name & 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

i. 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.

j. Shareholding Pattern as on 31st March, 2020:

i. Distribution Schedule as on 31st March, 2020:

| Slab of Shares Holding | Number of Share Holders | % to total number of holders | Shareholding Amount | %to total Number of Shares |
|------------------------|-------------------------|------------------------------|---------------------|----------------------------|
| Up To 5,000 | 3916 | 79.93 | 5991490 | 1.93 |
| 5001 To 10,000 | 369 | 7.53 | 3111200 | 1 |
| 10001 To 20,000 | 230 | 4.69 | 3570150 | 1.15 |
| 20001 To 30,000 | 101 | 2.06 | 2572390 | 0.83 |
| 30001 To 40,000 | 56 | 1.14 | 1982110 | 0.64 |
| 40001 To 50,000 | 42 | 0.86 | 1934750 | 0.62 |
| 50,001 To 100000 | 73 | 1.49 | 5295310 | 1.71 |
| 10001 and above | 112 | 2.29 | 286037780 | 92.12 |
| TOTAL | 4899 | 100 | 310495180 | 100 |

ii. Categories of equity shareholding as on March 31, 2020:

| Categories | No of Shareholders | No. of Shares | % of shareholding |
|-----------------------------|--------------------|-----------------|-------------------|
| Promoters | 14 | 19401594 | 62.49 |
| Foreign Portfolio Investors | 1 | 958388 | 3.09 |
| Financial Institution/Banks | 2 | 299145 | 0.96 |
| FII's | 0 | 0 | 0.00 |
| Non- Resident Indians | 31 | 163882 | 0.53 |
| Bodies Corporate | 75 | 4924907 | 15.86 |
| NBFCs Registered with RBI | 0 | 0 | 0.00 |
| Clearing Members/House | 8 | 4304 | 0.01 |
| Resident Indian HUF | 177 | 477204 | 1.54 |
| Indian Public | 4591 | 4820094 | 15.52 |
| Total | 4899 | 31049518 | 100.00 |

iii. Dematerialization of Equity Shares and Liquidity

As on 31st March, 2020, 99.21% of the equity shares of the Company are held in dematerialized form with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE903D01011.

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.

I. Address for Investor Correspondence

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

Ms. Rupali Verma,
Company Secretary and Compliance Officer
Monarch Network Capital Limited
Office no.901/902, 9th Floor,
Atlanta Centre, Opp. Udog Bhawan,
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, 2020 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

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. Rupali Verma
Company Secretary
Monarch Network Capital Limited
Office No. 901/902, 9thFloor, Atlanta Centre,
Opp. Udyog Bhavan, Sonawala Road,
Goregaon (East), Mumbai 400063
E-mail: cs@mnclgroup.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.mnclgroup.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.mnclgroup.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 is 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.mnclgroup.com

All Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations in compliance with the Code of Conduct. The declaration signed by Mr. Vaibhav Shah, Managing Director is given separately in the Annual Report.

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

- 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, 2020, the Company had following subsidiaries:

- Monarch Network Finserve Private Limited
- Monarch Network Investment Advisors Private Limited.
- Monarch Network Capital IFSC Private Limited
- Monarch Network Money Changers Private Limited

MONARCH NETWORKTH CAPITAL LIMITED

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

The Company has a policy for determining 'material subsidiaries which is disclosed on the website at www.mnclgroup.com

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, 2020.

For Monarch Networkth Capital Limited

**Sd/-
Vaibhav Shah
Managing Director**

**Place : Mumbai
Date : 07th September, 2020**

Annexure B

| Sr No. | Date | Details of the case | Observation summary | Name of Statutory Authority | Strictures/ Penalties imposed/ Further action |
|--------|----------|--|--|-----------------------------|---|
| 1 | 02-01-18 | Inspection of books of accounts, other records and documents for the period FY 2016-2017 | Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client. | MSEI | Monetary Penalty of Rs. 45,000/- |
| 2 | 27-02-18 | Regular inspection in FO, CDS and CM Segments Conducted for calendar year 2016 | Levy of monetary penalty of Rs.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 Rs.3,15,300/- |
| 3 | 02-04-18 | Inspection of books of accounts, other records and documents for the period FY 2015-2016 | Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client. | BSE | Monetary Penalty of Rs. 50,000/- |
| 4 | 12-04-18 | Inspection of books of accounts, other records and documents for the period FY 2016-17 | <p>Non settlement of funds and securities of clients at least once in a every six months</p> <p>Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client.</p> <p>Observation in past are repeated</p> | MCX | Monetary Penalty of Rs. 1,87,500/-And We have filed penalty review Application, hearing for the same was conducted on 18/05/2018, we had done final submission as per the direction in the hearing on 05/06/2018. After that there is no communication or penalty debited from MCX. |
| 5 | 21-09-18 | Inspection of books of accounts, other records and documents for the period FY 2014-2016 for commodities | KYC formats including Risk Disclosure Documents not signed in KYC | SEBI | Monetary Penalty of Rs. 5,000/- |

MONARCH NETWORK CAPITAL LIMITED

| | | | | | |
|---|----------|--|--|-----|--|
| 6 | 16-04-19 | Inspection of books of accounts, other records and documents for the period FY 2017-18 | <p>Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client.</p> <p>Notice board providing details of Trading Member / Sub-broker and other details as prescribed by Exchange / SEBI regulation and SEBI registration certificate are not displayed at AP location.</p> <p>CTCL ID 110007029701 is operated by user other than Approved user / Person.</p> <p>CTCL details not updated in exchange records.</p> | MCX | Monetary Penalty of Rs. 1,31,500/-And We have filed penalty review Application , hearing for the same was conducted on 30/04/2019 , we had done final submission as per the direction in the hearing on 02/05/2019 and 31/05/2019. After that there is no communication or penalty debited from MCX. |
| 7 | 05-04-19 | non-compliance in market making for security Felix Industries Limited ('Felix') in the SME segment of the Exchange | <p>MSC considered the submission of Noticee and noted that, Noticee was not able to comply with the requirement of being a market maker.</p> <p>The Committee also noted that Noticee being a market maker for 'FELIX' failed to fulfill its obligations and responsibilities during the continuous period from November 01, 2018 to November 12,2018 (7 days) in providing a 2-way quote for 7 5o/o of the time in a day.</p> <p>The Committee further noted that as per the SEBI circular CIR/MRD/DP/ 14 12010 dated April 26,2010 all the requirements with regard to market making is required to be monitored by the Stock Exchange and any violation of these requirements would is liable for punitive action to be taken by the MSC (erstwhile Disciplinary Action Committee (DAC)) of the Exchange, which may also include monitory penalty apart from the trade restriction as decided by the MSC under intimation to the Merchant Banker.</p> | NSE | Monetary Penalty of Rs. 5000/- |

| | | | | | |
|----|----------|--|--|------|--|
| 8 | 05-04-19 | Regular inspection in FO, CDS and CM Segments Conducted for calendar year 2017 | Funds raised by pledging client securities not used for respective clients' obligation. Receipt and payments of funds are transacted through own bank account There was not enough fund found in client and settlement banks to pay the sum of creditors as on 31st December 2017 | NSE | Monetary penalty of Rs. 35,00,000/-. And We have filed review Application After hearing scheduled on 1st & 26th August 2019 , we have received Penalty Reduction Award on 14th October 2019 from NSE and Penalty now is only 16,67,000/- |
| 9 | 25-10-19 | Inspection of books of accounts , other records and documents for the period FY 2014-2016 | Non settlement of funds and securities of clients at least once in a calendar quarter or month, as per the preference of the client or the gap between two running account settlements is more than 90/30 days chosen by client. | SEBI | Monetary Penalty of Rs. 2,00,000/- |
| 10 | 27-01-20 | Inspection of books of accounts , other records and documents for the period FY 2016-2017 | Funds raised by pledging client securities not used for respective clients' obligation. | BSE | Monetary Penalty of Rs. 100,000/- |
| 11 | 19-03-20 | non-compliance and synchronized trading in stock "Sanwaria Agro Oil Ltd" during the period March to May 2010 | Trades executed through Pro trading accounts in Monarch Research and Monarch Project in stock "Sanwaria Agro" during the period March to May 2020 | SEBI | Monetary Penalty of Rs. 600,000/- (3 lacs each on Monarch Research & Monarch Project) |

MONARCH NETWORK CAPITAL LIMITED

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of MONARCH NETWORK CAPITAL LIMITED

We have examined the compliance of conditions of Corporate Governance by Monarch Network Capital Limited, for the year ended on 31st March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

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

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

For VKM & Associates

Vijay Kumar Mishra
Practising Company Secretary
M. No. F-5023, C.P. No.4279
UDIN No.: F005023B000628349

Place : Mumbai
Date : 28th August, 2020

Certificate under Regulation 34(3) of SEBI Listing Regulations

We have examined the relevant records, registers, forms, and documents of Monarch Network Capital Limited (the company), having CIN L65920MH1993PLC075393 and registered office at Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon East, Mumbai- 400063, maintained and produced before us, and the records available in public domain, for the year ended 31st March, 2020 for the purpose of issuing the certificate under regulation 34(3), read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

For VKM & Associates

Vijay Kumar Mishra
Practising Company Secretary
M. No. F-5023, C.P. No.4279
UDIN No.: F005023B000628382

Place : Mumbai
Date : 28th August, 2020

MONARCH NETWORTH CAPITAL LIMITED

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

To
The Board of Directors
Monarch Networth Capital Limited

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2020 and that to the best of our knowledge and belief;
 - 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - 1) Significant changes in internal control over financial reporting during the year.
 - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) Instances of significant fraud of which we have become aware and the involvement there in, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Monarch Networth Capital Limited

Gaurav Bhandari
Chief Executive Officer
Date: 29th June, 2020

Tarak Shah
Chief Financial Officer
Date: 29th June, 2020

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 women. In implementing its CSR Activities, the Company may choose to partner with a registered trust, society or a Section 8 company that fulfill all requirements of Section 135 of Companies Act, 2013. The Company may collaborate or pool resources with other entities within the Group to undertake CSR Activities. The 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 Composition of Committee is as follow:

| Member's name | Category | Designation |
|--------------------|------------------------------------|-------------|
| Mr. Mayukh Pandya* | Non Executive Independent Director | Chairman |
| Mr. Vaibhav Shah# | Managing Director | Chairman |
| Ms. Manju Bafna | Whole-Time Director | Member |
| Mr. Chetan Bohra@ | Non Executive Independent Director | Member |

* Ceased w.e.f. 20th January, 2020 due to sad demise.

Appointed as a Chairman w.e.f. 14th February, 2020.

@ Appointed as a member w.e.f. 14th February, 2020

- 3. Average net profit of the company for last three Financial Years:** INR 15,80,64,156/-
- 4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above):** INR 31,61,283/-
- 5. Details of CSR spent during the Financial Year:**

(a) Total amount to be spent for the Financial Year: INR 5,00,000/-

(b) Amount unspent, if any: 26,61,283/-

MONARCH NETWORK CAPITAL LIMITED

(c) Manner in which the amount spent during the financial year 2019-20 is detailed below.

| CSR project or activity identified | Sector in which the Project is covered | Location of the project/ program | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs. Sub heads-(a) Direct expenditure& (b) Overheads | Cumulative expenditure upto the reporting period | Amount spent - Direct or through implementing agency |
|---|--|----------------------------------|---|---|--|--|
| Donations for Pulwama attack victims | Contribution towards benefit and support of armed forces, war widows and family | Gujarat | 5,00,000/- | 5,00,000/- | 5,00,000/- | Through Implementing Agency |
| Donation of PPE Kits | Contribution towards disaster management, including relief, rehabilitation and reconstruction activities | Gujarat | 5,32,727/- | 5,32,727/- | 10,32,727/- | Through Implementing Agency |
| Donation for providing financial assistance to needy students | Contribution towards promoting education | Maharashtra | 20,30,000/- | 20,30,000/- | 30,62,727/- | Through Implementing Agency |
| Donation for providing health care | Contribution towards promoting health care including preventive health care | Gujarat | 1,00,000/- | 1,00,000/- | 31,62,727/- | Through Implementing Agency |

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:** The Company usually spend amount towards CSR at the end of the Financial year and was in the process of spending the same in the last week of March, 2020 but due to Covid -19 pandemic multiple lockdowns were levied and which resulted in non availability of staff and therefore we failed to do so, but we are well poised to spend the balance amount and during the current financial year we have spent the said amount.
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

Vaibhav Shah
Chairman CSR Committee
& Managing Director

Chetan Bohra
Member CSR Committee

Date: 07th September, 2020

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020
[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.UdyogBhavan,
Sonawala Road, Goregaon (East),
Mumbai - 400 063.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by “**MONARCH NETWROTH CAPITAL LIMITED**”(hereinafter referred to as “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, 2020 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, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 (SEBI Act);
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 –Not applicable as the Company has not issued any shares during the year under review;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
 - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review;
6. Other Laws applicable to the Company;
 - i. The Factories Act, 1948
 - ii. The Payment of Wages Act, 1936.
 - iii. The Minimum Wages Act, 1948.
 - iv. The Employee Provident Fund and Miscellaneous Provisions Act, 1952.

MONARCH NETWORK CAPITAL LIMITED

- v. The Payment of Gratuity Act, 1972.
- vi. The Bombay Shops and Establishments Act, 1948.
- vii. The Maharashtra Labour Welfare Fund Act, 1953.
- viii. The Environment (Protection) Act, 1986.
- ix. The Public Liability Insurance Act, 1991.
- x. The Maharashtra Pollution and Control Board Circulars and its Standing Orders.

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.

During the period under review the Company has allotted 7,37,918 equity shares pursuant to sanction of scheme of amalgamation vide order dated 09th May, 2019 of the Hon'ble National Company Law Tribunal, Mumbai.

We further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the year under review following change took place in the composition of the Board of Directors of the Company:
 - The members in the Annual General Meeting held on September 30, 2019 approved the re-appointment of Mr. Chetan Bohra as an Independent Director of the Company w.e.f. February 13, 2020.
 - The members in the Annual General Meeting held on September 30, 2019 approved the re-appointment of Mr. Mayukh Pandya as an Independent Director of the Company w.e.f. December 01, 2019. However, Mr. Mayukh Pandya was unable to continue as Independent Director of the Company due to sudden demise on January 20, 2020.

The aforementioned changes were carried out in conformity and compliance with the provisions of the Act

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

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

**For VKM & Associates
Practicing Company Secretary**

**(Vijay Kumar Mishra)
Partner**

FCS No. 5023

C P No.: 4279

UDIN No.: F005023B000627801

Place : Mumbai

Date : 28th August, 2020

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 Members,
Monarch Networth 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

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**

**(Vijay Kumar Mishra)
Partner**

FCS No. 5023

C P No.: 4279

UDIN No.: F005023B000627801

Place : Mumbai

Date : 28th August, 2020

MONARCH NETWORK CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT

To

The Members of
MONARCH NETWORK CAPITAL LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone financial statements of **Monarch Network Capital Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Profit / Loss and cash flows for the year ended on that date.

Basis for opinion

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

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

Key audit matters

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

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

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

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

MONARCH NETWORK CAPITAL LIMITED

| | |
|--|--|
| <p>due to the inherent uncertainty involved in forecasting future cash flows. There is significant judgment in estimating the timing of the cash flows and the appropriate discount rate.</p> <p>In addition, considering the materiality of the investments in group companies, vis-à-vis the total assets of the Company, this is considered to be significant to our overall audit strategy and planning.</p> <p>The Company has also extended loans to group entities and related parties that are assessed for recoverability at each period end.</p> | <p>assessing whether those entities have historically been profit-making;</p> <ul style="list-style-type: none"> • For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the profitability estimation by the management of these group entities; • Understanding the return prospects from the group entities, based on discussion with the management; and • Obtained independent confirmations to ensure completeness and existence of loans and advances held by related parties as on reporting date. |
| <p>Balances of Various Financial Assets and Liabilities</p> | |
| <p>Refer Note No. 45 to the financial statements which describes that the balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable.</p> | <p>We evaluated the management procedure and tested key controls employed by the management to review over the reconciliation and recoverability of the long outstanding assets and payability of long outstanding liabilities. Based on the explanations and representations provided by the management, it was explained to us that the Board is carrying out a regular review of balances of all outstanding assets and liabilities, based on the formal/ informal arrangements with the respective parties involved. As per their opinion, there will be no substantial impact on their reconciliation with their balance confirmations. Based on the same we have place reliance on these key controls for the purposes of our audit.</p> |

Information other than the financial statements and auditors' report thereon

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

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

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Standalone financial statements

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

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

MONARCH NETWORTH CAPITAL LIMITED

Other Matter

An scheme of Amalgamation was approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), on 09th May, 2019, with appointed date of 1st April, 2017, between the four transferor companies (i.e. Networth Insurance Broking Private Limited, Networth Softech Limited, Networth Wealth Solutions Limited and Monarch Networth Comtrade Limited) with Monarch Networth Capital Limited. The financial statements/financial information of these transferor companies (reflecting total assets of Rs. 27,89,74,905/- as at 31st March 2019 and the total revenue of Rs. 704,27,502/- for the year ended on 31st March 2019 (before giving the effect of merger) were consolidated in the standalone financial statements of Monarch Networth Capital Limited during the financial year ended 31st March 2019. We did not audited the financial statements/ information of these transferor companies, included in the financial statements of the company, which have been audited by the earlier statutory auditors of the respective companies, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these transferor companies, is based solely on the report of such other auditors for the year ended 31st March 2019.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - a. The Company does not have any pending litigations which would impact its Standalone financial position, other than those mentioned in Note 34 to 36 to the Standalone Financial Statements;
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - c. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

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

Amit Saklecha
(Partner)
M. No.: 401133
UDIN: 20401133AAAAAF6711

Place: Mumbai
Date : 29th June 2020

ANNEXURE A TO AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors Report of even date]

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

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

Inventory represents securities held as stock-in-trade in course of acting as a merchant banker and market maker for the acquired equity shares and on account of error in execution of transaction. As explained to us, inventories have been verified and reconciled during the year by the management at reasonable intervals. As informed to us, no material discrepancies were noticed on verification of inventories by the management as compared to book records.
3. The company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
 - a) the terms and conditions of the grant of such loans are not otherwise prejudicial to the company's interest;
 - b) According to the information and explanations given to us, the loans given by the company are repayable on demand. As informed, repayment of Principal amount and interest (if agreed) has been received during the year whenever demanded by the company.
 - c) There is no overdue amount for more than ninety days in respect of loans to the parties covered in the above register.
4. According to the information and explanations given to us and based on our examination of the records of the Company, in respect of loans, investments, guarantees and security given/ made by the company, during the year, the company has complied with the provisions of section 185 & 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public covered under the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Further no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal on the company. Hence, Paragraph 3(v) of the Order is not applicable.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for any of the products of the Company.
7. In respect of Statutory Dues:
 - a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities in India. According to the information and explanation given to us, there was no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, **except for Professional Tax Liabilities of Rs 12,300/-;**

MONARCH NETWORK CAPITAL LIMITED

- 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 Lacs) | Period to which the amount relates | Forum where dispute Pending |
|-------|-----------------|----------------------|------------------------------------|---|
| 1 | Service Tax | 15.14 | 01.04.2002 to 31.03.2007 | Pending With Service tax Tribunal With Joint Commissioner of Service Tax |
| | Service Tax | 3.01 | F.Y.2006-07 | Superintendent, Service tax, Range XI, Ahmedabad |
| | Service Tax | 6.76 | F.Y.2005-07 | Pending With Commissioner (Appeals) of Service Tax |
| | Service Tax | 29.03 | F.Y.2007-08 | Pending With Commissioner (Appeals) of Service Tax |
| | Service Tax | 10.78 | F.Y.2007-08 | Pending With Commissioner (Appeals) of Service Tax |
| 2 | Income Tax | 8.54 | A.Y. 2002-03 | First Appellate Authority |
| | Income Tax | 4.91 | A.Y. 2006-07 | Assessing Officer |
| | Income Tax | 30.48 | A.Y. 2010-11 | Pending with CIT (Appeals); Original Demand Rs 75.69 lacs; Rectification Applied: Rs 45.21 lacs |
| | Income Tax | 45.21 | A.Y. 2011-12 | First Appellate Authority |
| | Income Tax | 1.96 | A.Y. 2016-17 | Appeal filed against Assessing Office Order |
| | Income Tax | 4.38 | A.Y. 2017-18 | Appeal filed against Assessing Office Order |

pertaining to Monarch Network Comtrade Limited, since merged with Company

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

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

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

Amit Saklecha
(Partner)
M. No.: 401133
UDIN: 20401133AAAAAF6711

Place: Mumbai
Date : 29th June 2020

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, 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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, 2020, based on the internal control over financial reporting criteria established by the Company. However the same needs to be further improved and formally documented in view of the size of the company and nature of its business, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Amit Saklecha
(Partner)
M. No.: 401133
UDIN: 20401133AAAAAF6711

Place: Mumbai
Date : 29th June 2020

MONARCH NETWORK CAPITAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2020

(Currency: Indian Rupees)

| Particulars | Notes | Year Ended on March 31, 2020 | Year Ended on March 31, 2019 |
|---|----------------|---------------------------------|---------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property Plant and Equipment | 2 | 3,76,67,228 | 2,77,22,531 |
| Capital work-in-progress | 2 | - | - |
| Intangible Assets | 3 | 3,15,437 | 5,34,724 |
| Financial assets | | | |
| - Investments | 4 | 16,74,56,438 | 11,56,61,041 |
| - Other Financial Assets | 5 | 1,50,53,30,759 | 36,14,85,305 |
| Deferred tax assets (Net) | 6 | 5,60,51,605 | 5,88,02,305 |
| Total Non Current Assets | | 1,76,68,21,466 | 56,42,05,906 |
| Current assets | | | |
| Inventories | 7 | 2,76,26,201 | 3,29,15,582 |
| Financial assets | | | |
| - Trade Receivables | 8 | 32,38,95,042 | 47,13,24,591 |
| - Cash and cash equivalents | 9 | 2,24,74,23,837 | 93,22,89,561 |
| - Loans and advances | 10 | 2,92,74,970 | 14,24,27,443 |
| Total Current Assets | | 2,62,82,20,050 | 1,57,89,57,177 |
| Total Assets | | 4,39,50,41,516 | 2,14,31,63,083 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 11 | 31,04,95,180 | 31,04,95,180 |
| Other equity | 12 | 52,73,54,891 | 51,84,78,122 |
| Total Equity | | 83,78,50,071 | 82,89,73,302 |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 13 | 53,15,010 | 11,71,129 |
| Provisions | 14 | 1,53,56,558 | 1,47,31,039 |
| Total Non Current Liabilities | | 2,06,71,568 | 1,59,02,168 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 9,13,05,042 | 26,29,90,393 |
| - Trade payables | 16 | 3,27,34,15,907 | 86,27,88,052 |
| - Other financial Liabilities | 17 | 90,99,545 | 76,03,162 |
| Provisions | 18 | 88,98,282 | 1,14,40,348 |
| Other current liabilities | 19 | 15,38,01,101 | 15,34,65,659 |
| Total Current Liabilities | | 3,53,65,19,877 | 1,29,82,87,614 |
| TOTAL Liabilities | | 4,39,50,41,516 | 2,14,31,63,083 |
| Significant Accounting Policies | 1 | | |
| See accompanying notes to the financial statements | 2 to 55 | | |

As per our Report of even date

For and on behalf of the Board

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAF6711

Place : Mumbai
Date: 29th June 2020

Vaibhav Shah
(Managing Director)
DIN 00572666

Tarak Shah
(Chief Financial Officer)

Place : Mumbai
Date :29th June 2020

Manju Bafna
(Whole-Time Director)
DIN 01459885

Rupali Verma
(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date :29th June 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

| Particulars | Notes | Year Ended on March 31, 2020 | Year Ended on March 31, 2019 |
|--|---------|---------------------------------|---------------------------------|
| INCOME | | | |
| Revenue From Operations | 20 | 54,60,99,711 | 63,58,23,956 |
| Other Income | 21 | 7,57,22,140 | 9,24,52,586 |
| Total Income | | 62,18,21,851 | 72,82,76,542 |
| EXPENSES | | | |
| Employee benefit expense | 22 | 25,33,43,450 | 24,63,76,680 |
| Operating Expenses | 23 | 15,75,58,982 | 18,82,17,453 |
| Finance Cost | 24 | 3,87,27,789 | 2,29,47,182 |
| Depreciation & Amortization Expenses | 2 | 88,22,655 | 93,23,353 |
| Other Expenses | 25 | 14,11,83,499 | 11,82,76,939 |
| Total Expenses | | 59,96,36,375 | 58,51,41,606 |
| PROFIT BEFORE EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND TAX | | 2,21,85,476 | 14,31,34,936 |
| Less: Extraordinary Items (prior period expenses) | | (5,10,320) | 1,02,31,345 |
| Profit Before Tax | | 2,16,75,156 | 15,33,66,281 |
| Tax Expenses | | | |
| Current Tax | | 63,14,447 | 4,16,22,700 |
| Deferred tax | | 10,10,173 | 22,59,878 |
| Short & Excess Tax Provison | | 3,89,749 | 14,57,386 |
| Mat Receivable | | 16,64,125 | (2,92,70,107) |
| Total Tax Expenses | | 93,78,494 | 1,60,69,857 |
| PROFIT FOR THE YEAR (AFTER TAX) | | 1,22,96,662 | 13,72,96,424 |
| Other Comprehensive Income | 26 | | |
| A(i) Items that will not be reclassified to profit or loss | | | |
| Remeasurements of the defined benefit plans | | (3,03,766) | (14,90,585) |
| Equity Instruments through Other Comprehensive Income | | (32,04,583) | (14,80,925) |
| (ii) Income tax related to items that will not be reclassified to profit or loss | | 88,456 | 4,34,058 |
| 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 | | 88,76,769 | 13,47,58,972 |
| Earnings Per equity share of face value of Rs 10 each | | | |
| Basic(in Rs) | 27 | 0.29 | 4.34 |
| Diluted (in Rs) | 27 | 0.29 | 4.34 |
| Significant Accounting Policies | 1 | | |
| See accompanying Notes to the Financial Statements | 2 to 55 | | |

As per our Report of even date

For and on behalf of the Board

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAF6711Place : Mumbai
Date: 29th June 2020Vaibhav Shah
(Managing Director)
DIN 00572666Tarak Shah
(Chief Financial Officer)Place : Mumbai
Date :29th June 2020Manju Bafna
(Whole-Time Director)
DIN 01459885Rupali Verma
(Company Secretary)
ICSI Member. No: A42923Place : Mumbai
Date :29th June 2020

MONARCH NETWORK CAPITAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

| | Year Ended on March 31, 2020 | Year Ended on March 31, 2019 |
|---|---------------------------------|---------------------------------|
| Cash flow from operating activities | | |
| Profit before tax from continuing operations | 1,81,66,807 | 15,03,94,772 |
| Profit/(loss) before tax from discontinued operations | - | - |
| Profit before tax | 1,81,66,807 | 15,03,94,772 |
| Adjustments to reconcile profit before tax to net cash used in operating activities | | |
| Depreciation and amortisation | 88,22,655 | 93,23,353 |
| Finance cost | 3,87,27,789 | 2,29,47,182 |
| Equity Instruments through Other Comprehensive Income | 32,04,583 | 14,80,925 |
| Adjustments in Retained Earnings | - | (1,00,00,000) |
| Interest income | (7,17,17,176) | (7,12,88,397) |
| Dividend Income | (1,43,810) | (2,05,200) |
| Income Tax Refund | - | (41,11,540) |
| (Profit) / loss on sale of fixed assets | 99,403 | 49,779 |
| Bad debts/Sundry Balance written off | 5,61,956 | (34,48,780) |
| | (22,77,793) | 9,51,42,093 |
| Working capital adjustments | | |
| Inventories | 52,89,381 | (18,65,845) |
| Trade receivables | 14,68,67,593 | (11,40,97,308) |
| Loans & Advances | 43,51,192 | 6,84,82,428 |
| Trade payables | 2,41,06,27,855 | 2,69,38,473 |
| Other financial liabilities | 14,96,383 | (1,75,00,241) |
| Other liabilities | 3,35,447 | (3,21,51,435) |
| Provisions | (19,16,547) | 53,17,816 |
| | 2,56,47,73,511 | 3,02,65,982 |
| Income Tax paid | (78,07,941) | (5,62,45,078) |
| Net cash flows from operating activities | 2,55,69,65,571 | (2,59,79,096) |
| Cash flow from investing activities | | |
| Payment for purchase and construction of property, plant and equipment (Net of proceeds from sales) | (2,11,47,467) | (1,64,41,769) |
| Fixed deposits held as margin deposits | (11,52,89,190) | (23,75,69,810) |
| Other Fixed Deposits | 1,36,530 | (10,00,91,853) |
| Proceeds from sale of Investments | (5,49,99,980) | 0 |
| Interest received | 7,17,17,176 | 7,12,88,397 |
| Dividend Income | 1,43,810 | 2,05,200 |
| Proceeds /(Repayment) of Other Non Current Financial Assets | (1,14,25,76,850) | 14,53,02,917 |
| Proceeds /(Repayment) of loans and advances to related parties | 11,13,01,281 | (11,58,84,085) |
| Net cash flows from investing activities | (1,15,07,14,691) | (25,31,91,003) |

(Currency: Indian Rupees)

| | Year Ended on March 31, 2020 | Year Ended on March 31, 2019 |
|--|---------------------------------|---------------------------------|
| Cash flow from financing activities | | |
| Proceeds /(Repayment) of borrowings from banks/ FI | (14,91,93,855) | 23,37,14,481 |
| Proceeds /(Repayment) of borrowings from others | (1,83,47,615) | (45,85,173) |
| Finance charges paid | (3,87,27,789) | (2,29,47,182) |
| Net cash flows from financing activities | (20,62,69,259) | 20,61,82,127 |
| Net increase / (decrease) in cash and cash equivalents | 1,19,99,81,622 | (7,29,87,972) |
| Cash and cash equivalents at the beginning of the year | 30,24,79,389 | 37,54,67,366 |
| Effect of exchanges rate changes on cash and cash equivalents | - | - |
| Cash and cash equivalents at the end of the year | 1,50,24,61,011 | 30,24,79,394 |
| Reconciliation of Cash and Cash equivalents with the Balance Sheet | | |
| Cash and Bank Balances as per Balance Sheet | 1,50,24,61,011 | 30,24,79,394 |
| 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 | - | - |
| Cash and Cash equivalents as restated as at the year end | 1,50,24,61,011 | 30,24,79,394 |

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

As per our Report of even date**For PAREKH SHAH & LODHA**

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAF6711

Place : Mumbai
Date: 29th June 2020

For and on behalf of the Board**Vaibhav Shah**

(Managing Director)
DIN 00572666

Tarak Shah

(Chief Financial Officer)

Place : Mumbai
Date :29th June 2020

Manju Bafna

(Whole-Time Director)
DIN 01459885

Rupali Verma

(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date :29th June 2020

MONARCH NETWORK CAPITAL LIMITED

Statement of Changes in Equity

(Currency: Indian Rupees)

| (a) Equity share capital | As at 31st March 2020 | | As at 31st March 2019 | |
|--|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the reporting period | 3,10,49,518 | 31,04,95,180 | 3,10,49,518 | 31,04,95,180 |
| Changes in equity share capital during the year | - | - | - | - |
| Balance at the end of the reporting period | 3,10,49,518 | 31,04,95,180 | 3,10,49,518 | 31,04,95,180 |

(b) Other equity

| Particulars | Reserves & Surplus | | | Other comprehensive income | | Total |
|--|--------------------|----------------------------|---------------------|---|--|---------------------|
| | Capital Reserve | Securities Premium Account | Retained earnings | Remeasurements of the net defined benefit Plans | Fair valuation of investments in equity shares | |
| Balance at 1 April 2018 | 1,51,63,560 | 34,75,69,238 | 3,48,33,251 | 2,78,427 | (41,25,327) | 39,37,19,149 |
| Profit for the year | - | - | 12,72,96,425 | - | - | 12,72,96,425 |
| Other comprehensive income for the year | - | - | - | (10,56,527) | (14,80,925) | (25,37,452) |
| Total comprehensive income for the year | - | - | 12,72,96,425 | (10,56,527) | (14,80,925) | 12,47,58,973 |
| Balance at 31 March 2019 | 1,51,63,560 | 34,75,69,238 | 16,21,29,676 | (7,78,100) | (56,06,252) | 51,84,78,122 |
| Profit for the year | - | - | 1,22,96,662 | - | - | 1,22,96,662 |
| Other comprehensive income for the year | - | - | - | (2,15,310) | (32,04,583) | (34,19,893) |
| Total comprehensive income for the year | - | - | 1,22,96,662 | (2,15,310) | (32,04,583) | 88,76,769 |
| Balance at 31 March 2020 | 1,51,63,560 | 34,75,69,238 | 17,44,26,338 | (9,93,410) | (88,10,835) | 52,73,54,891 |

As per our Report of even date

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAF6711

Place : Mumbai
Date : 29th June 2020

For and on behalf of the Board

Vaibhav Shah

(Managing Director)
DIN 00572666

Tarak Shah

(Chief Financial Officer)

Place : Mumbai
Date : 29th June 2020

Manju Bafna

(Whole-Time Director)
DIN 01459885

Rupali Verma

(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date : 29th June 2020

Notes to financial statements for the year ended 31st March 20

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) 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

c) Functional and presentation currency:

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

d) 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.

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

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.

e) 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.

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

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

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

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

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided using the written down method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirements of Schedule II of the Act. The estimate of the useful life of the assets has been assessed based on technical advice which

Notes to financial statements for the year ended 31st March 20

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.

g) Intangible Assets

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

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

Amortisation methods, estimated useful lives and residual value

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

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

h) Impairment of non-financial assets

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

Recoverable amount is determined:

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

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

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

Notes to financial statements for the year ended 31st March 20

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.

i) Leases- Company as a lessee

Policy applicable with effect from 1st April 2019

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

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

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

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

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

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

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

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

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

Notes to financial statements for the year ended 31st March 20

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

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

Company as a lessee

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

On transition, the Company has applied following practical expedients:

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

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

j) 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.

k) 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.

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

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

Notes to financial statements for the year ended 31st March 20

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

Notes to financial statements for the year ended 31st March 20

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

Notes to financial statements for the year ended 31st March 20

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.

I) Taxes**Current income tax**

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

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

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

Notes to financial statements for the year ended 31st March 20

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.

m) 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.

n) 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.

Notes to financial statements for the year ended 31st March 20

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.

o) 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.

p) 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".

q) Business Combination under Common Control

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

Notes to financial statements for the year ended 31st March 20

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.

Notes to financial statements for the year ended 31st March 20**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.

Notes to financial statements for the year ended 31st March 20

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

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

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

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

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

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

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

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

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

Notes to financial statements for the year ended 31st March 20

Note 2: Property, Plant and Equipment (PPE)

| Description | Air Conditioners | Computer | Furniture & Fixtures | Vehicles | Office Equipment | Total | Capital Work in Progress |
|---|------------------|--------------------|----------------------|--------------------|------------------|--------------------|--------------------------|
| Cost as at 31 March 2018 (A) | 15,68,787 | 2,75,20,996 | 85,85,854 | 55,47,738 | 65,02,371 | 4,97,25,746 | 11,16,445 |
| Additions | 1,95,703 | 39,40,382 | 29,43,611 | 25,00,000 | 6,93,869 | 1,02,73,565 | - |
| Deletions | 1,22,800 | 3,29,152 | 3,88,191 | - | 1,15,754 | 9,55,897 | 11,16,445 |
| Cost as at 31 March 2019 (B) | 16,41,690 | 3,11,32,226 | 1,11,41,274 | 80,47,738 | 70,80,486 | 5,90,43,414 | - |
| Additions | 65,35,036 | 20,78,658 | 27,35,176 | 68,05,776 | 9,05,135 | 1,90,59,781 | - |
| Deletions | 4,06,900 | 18,07,398 | 18,51,955 | - | 5,86,669 | 46,52,922 | - |
| Cost as at 31 March 2020 (C) | 77,69,826 | 3,14,03,486 | 1,20,24,496 | 1,48,53,514 | 73,98,952 | 7,34,50,273 | - |
| Accumulated depreciation as at 31 March 2018 (D) | 4,29,941 | 1,34,69,520 | 49,19,230 | 15,63,875 | 25,31,771 | 2,29,14,337 | - |
| Depreciation for the period | 3,01,932 | 57,23,300 | 12,20,213 | 5,50,536 | 13,01,261 | 90,97,242 | - |
| Deletions | 63,125 | 1,76,633 | 3,68,657 | - | 82,181 | 6,90,596 | - |
| Accumulated depreciation as at 31 March 2019 (E) | 6,68,748 | 1,90,16,187 | 57,70,786 | 21,14,411 | 37,50,851 | 3,13,20,983 | - |
| Depreciation for the period | 9,38,195 | 49,21,248 | 7,38,350 | 7,83,902 | 12,21,673 | 86,03,368 | - |
| Deletions | 3,35,206 | 16,31,094 | 17,15,422 | - | 4,59,552 | 41,41,272 | - |
| Accumulated depreciation as at 31st March 2020 (F) | 12,71,738 | 2,23,06,342 | 47,93,715 | 28,98,313 | 45,12,972 | 3,57,83,079 | - |
| Net carrying amount as at 31 March 2019 (B) - (E) | 9,72,942 | 1,21,16,039 | 53,70,488 | 59,33,327 | 33,29,735 | 2,77,22,531 | - |
| Net carrying amount as at 31st March 2020 (C) - (F) | 64,98,063 | 90,97,103 | 72,30,781 | 1,19,55,201 | 28,86,080 | 3,76,67,228 | - |

Note: 3 Intangible assets

| Description | Computer Software |
|--|-------------------|
| Cost as at 31 March 2018 (A) | 11,42,300 |
| Additions | - |
| Deletions | - |
| Cost as at 31 March 2019 (B) | 11,42,300 |
| Additions | - |
| Deletions | - |
| Cost as at 31 March 2020 (C) | 11,42,300 |
| Accumulated amortisation as at 31 March 2018 (D) | 3,81,536 |
| Amortisation for the period | 2,26,040 |
| Deletions | - |
| Accumulated amortisation as at 31 March 2019 (E) | 6,07,576 |
| Amortisation for the period | 2,19,287 |
| Deletions | - |
| Accumulated amortisation as at 31 March 2020 (F) | 8,26,863 |
| Net carrying amount as at 1 April 2018 (A) - (D) | 7,60,764 |
| Net carrying amount as at 31 March 2019 (B) - (E) | 5,34,724 |
| Net carrying amount as at 31 March 2020 (C) - (F) | 3,15,437 |

MONARCH NETWORTH CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Note: 4 | | |
| Non-current Investments | | |
| Investments in subsidiaries and joint ventures | | |
| Investment in equity of subsidiaries - unquoted | | |
| - Monarch Networth Finserve Private Limited (81,66,666 (Previous year: 8000000) Equity Shares of Rs 10 each fully paid up) | 14,29,22,185 | 9,29,22,205 |
| - Network Networth Capital IFSC Private Limited (49999 (Previous year:49999) Equity Shares of Rs 10 each fully paid up) | 4,99,990 | 4,99,990 |
| - Monarch Networth Money Changer Private Limited (500000 (Previous year:NIL) Equity Shares of Rs 10 each fully paid up) | 50,00,000 | - |
| - Monarch Networth Investment Advisory Private Limited (599900 (Previous year: 599900) Equity Shares of Rs 10 each fully paid up) | 59,99,000 | 59,99,000 |
| | 15,44,21,175 | 9,94,21,195 |
| Less: Provision for Diminution in Value of Investment | - | - |
| Investment in equity of subsidiaries - unquoted | 15,44,21,175 | 9,94,21,195 |
| Investment in Associate Company | | |
| Investment in Networth Financial Service Limited (9,49,400 (Previous year: 9,49,400) equity shares of Rs. 10 each, fully paid up) | 94,94,000 | 94,94,000 |
| | 16,39,15,175 | 10,89,15,195 |
| Investment in equity - quoted (FVTOCI) | | |
| - Sadbhav Engineering Limited (1310 (Previous year: 1310)) equity shares of Rs. 10 each, fully paid up) | 35,239 | 3,27,959 |
| - Unistar Multimedia Limited (774262 (Previous Year: 774262)) equity shares of Rs. 10 each, fully paid up) | 17,73,060 | 22,06,647 |
| -Bombay Stock Exchange Limited- (4443 (Previous year: 5700)) equity shares of Rs. 2 each, fully paid up) | 13,14,684 | 34,90,680 |
| - Rattanpower India Limited (229000 (Previous year: 229000)) equity shares of Rs. 10 each, fully paid up) | 3,20,600 | 6,22,880 |
| | 34,43,583 | 66,48,166 |
| Less : Provision for diminution in value of investments | - | - |
| | 34,43,583 | 66,48,166 |
| Investment in Government or Trust Securities | | |
| National savings certificates | 38,000 | 38,000 |
| Life Insurance Policies | 59,680 | 59,680 |
| | 97,680 | 97,680 |
| | 16,74,56,438 | 11,56,61,041 |
| Aggregate amount of quoted investments and market value thereof | 34,43,583 | 66,48,166 |
| Aggregate amount of unquoted investments | 16,40,12,855 | 10,90,12,875 |
| Aggregate amount of impairment in the value of investments | | |
| | 16,74,56,438 | 11,56,61,041 |

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 5 | | |
| Other Financial Assets | | |
| Unsecured considered good unless stated otherwise : | | |
| a. Security Deposits | | |
| Deposit with Stock Exchange & Financial Institutions | 41,04,52,698 | 6,03,10,164 |
| Additional Base capital with Clearing Member | 96,79,58,253 | 17,60,12,136 |
| b. Balance with Revenue Authorities | | |
| Advance to Government Authorities | 1,45,61,964 | 1,32,93,360 |
| c. Other Deposits | | |
| Deposits for Arbitration Order | 1,35,07,830 | 1,32,19,464 |
| Deposits for Office Premises | 9,77,28,592 | 9,69,96,127 |
| Deposits for Telephone, VSAT, Electricity etc. | 11,21,422 | 16,54,054 |
| Total | 1,50,53,30,759 | 36,14,85,305 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Note: 6 | | |
| DEFERRED TAX ASSETS (NET) | | |
| The movement on the deferred tax account is as follows: | | |
| At the start of the year | 1,54,54,053 | 1,72,79,873 |
| Charge/(credit) to statement of Profit and Loss | (9,21,716) | (18,25,820) |
| At the end of the year | 1,45,32,337 | 1,54,54,053 |
| MAT Receivable | 4,15,19,268 | 4,33,48,252 |
| Total | 5,60,51,605 | 5,88,02,305 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------|------------------------|------------------------|
| Note: 7 | | |
| Inventories | | |
| Stock in Trade* | 2,76,26,201 | 3,29,15,582 |
| Total | 2,76,26,201 | 3,29,15,582 |

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

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 8 | | |
| Trade Receivables | | |
| Trade Receivables from Stock Broking Activities | | |
| - considered good, outstanding for more then six month | 8,06,50,094 | 7,11,98,886 |
| - considered good, outstanding for less then six month | 19,13,66,731 | 33,59,48,859 |
| Total Trade Receivables | 27,20,16,825 | 40,71,47,745 |
| Others Trade Receivables: considered good | | |
| MTF Funding Debtors | 3,64,77,868 | 4,52,64,124 |
| Other Receivables | 1,54,00,349 | 1,89,12,722 |
| Total | 32,38,95,042 | 47,13,24,591 |

Note :

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

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

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 9 | | |
| Cash and cash equivalents | | |
| Cash on Hand | 2,40,618 | 3,43,481 |
| Balance with Bank | 1,50,22,20,394 | 30,21,35,913 |
| Fixed deposits held as margin deposits | 53,92,63,949 | 42,39,74,759 |
| Other Fixed Deposits | 20,56,98,878 | 20,58,35,408 |
| Total | 2,24,74,23,837 | 93,22,89,561 |

Notes:

- Fixed deposits includes Rs. 53,92,63,949 and Rs. 42,39,74,759 for the year ended 31st March 2020 and 31st March 2019, respectively, under lien with banks towards bank guarantee, or kept as security with Exchanges as margin money.
- Cash and Bank balances as on 31st March 2020 and as on 31st March 2019 include cheques on hands, which were cleared subsequent to the year end on periodic basis.

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Note: 10 | | |
| Loans and Advances | | |
| Advances to Staff | 24,75,559 | 27,73,333 |
| Advances to Suppliers | 7,97,669 | 9,41,183 |
| Prepaid Expenses | 52,73,468 | 89,40,120 |
| Advances to Subsidiary | 1,23,687 | 8,42,12,068 |
| Receivables from Related Party | 44,67,757 | 3,16,80,657 |
| Advance against capital goods | 1,00,00,000 | 75,00,000 |
| Receivables from Income Tax Authorities | 48,94,455 | 25,48,250 |
| Loan - others Advances | 12,42,376 | 38,31,833 |
| Total | 2,92,74,970 | 14,24,27,443 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 11 | | |
| Share Capital | | |
| a Authorised : | | |
| Equity Shares of Re. 1/- each | | |
| 540,00,000 (Previous year 540,00,000) Equity shares | 54,00,00,000 | 54,00,00,000 |
| 60,00,000 (Previous Year 60,00,000) Redeemable Preference Shares of Rs.10 each | 6,00,00,000 | 6,00,00,000 |
| 5,00,000-6% Cumulative Redeemable preference Share of Rs. 100/- each | 5,00,00,000 | 5,00,00,000 |
| TOTAL | 65,00,00,000 | 65,00,00,000 |
| b Issued and Subscribed and Paid up: | | |
| 3,10,49,518 (Previous year 3,10,49,518) Equity shares fully paid up | 31,04,95,180 | 31,04,95,180 |
| TOTAL | 31,04,95,180 | 31,04,95,180 |
| c Reconciliation of number of shares outstanding at the beginning and end of the year : | | |
| Equity share : | | |
| Outstanding at the beginning of the year | 3,10,49,518 | 3,10,49,518 |
| Add/(Less) : Adjustments during the year | - | - |
| Equity shares allotted as fully paid bonus shares by capitalisation of reserves | - | - |
| Equity Shares bought back during the year | - | - |
| Outstanding at the end of the year | 3,10,49,518 | 3,10,49,518 |

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 31st March 2020, the amount of dividend per equity share recognised as distributions to equity shareholders is NIL (previous year NIL).

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

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

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

| Equity share | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---------------------|--------|---------------------|--------|
| | No. of Shares | % | No. of Shares | % |
| VAIBHAV JAYANTILAL SHAH | 31,08,815 | 10.01% | 31,08,815 | 10.01% |
| SURESH P JAIN | 22,96,873 | 7.40% | 24,42,165 | 7.87% |
| SURESH BABULAL BAFNA | 25,12,500 | 8.09% | 25,12,500 | 8.09% |
| BELA HIMANSHU SHAH | 24,06,000 | 7.75% | 24,06,000 | 7.75% |
| BANKIM JAYANTILAL SHAH | 22,06,000 | 7.10% | 22,06,000 | 7.10% |
| METAPHOR REALTY INVESTMENTS PRIVATE LIMITED | 24,12,000 | 7.77% | 24,12,000 | 7.77% |

f The company had not issued any bonus share for consideration other than cash and no share had bought back during the period of five years immediately preceding the reporting date.

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

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 12 | | |
| Other Equity | | |
| Reserves & Surplus | | |
| Capital reserve - at the beginning of the year | 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 |
| Securities premium reserve - at the beginning of the year | 34,75,69,238 | 34,75,69,238 |
| Add: Addition during the year | - | - |
| At the end of the year | 34,75,69,238 | 34,75,69,238 |
| Retained earnings - at the beginning of the year | 16,21,29,676 | 3,48,33,252 |
| Add: Addition during the year | 1,22,96,662 | 13,72,96,424 |
| Less: Merger Reserve Fund for other companies | - | (1,00,00,000) |
| At the end of the year | 17,44,26,338 | 16,21,29,676 |
| Total Reserves & Surplus | 53,71,59,136 | 52,48,62,474 |
| Other comprehensive income | | |
| Remeasurements of the net defined benefit Plans | (7,78,100) | 2,78,427 |
| Add: Addition during the year | (2,15,310) | (10,56,527) |
| At the end of the year | (9,93,410) | (7,78,100) |
| Fair valuation of investments in equity shares | (56,06,252) | (41,25,327) |
| Add: Addition during the year | (32,04,583) | (14,80,925) |
| At the end of the year | (88,10,835) | (56,06,252) |
| Total Other comprehensive income | (98,04,245) | (63,84,352) |
| Total Other Equity | 52,73,54,891 | 51,84,78,122 |

Notes to financial statements for the year ended 31st March 20

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

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

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 13 | | |
| Non Current Borrowing | | |
| Loan from ICICI Bank Ltd | 4,44,750 | 11,71,129 |
| Loan from Daimler Financial Services India Ltd (Secured against hypothecation of Car) | 48,70,260 | - |
| Total | 53,15,010 | 11,71,129 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Note: 14 | | |
| Non Current Provisions | | |
| Provision for Gratuity | 1,53,56,558 | 1,47,31,039 |
| Total | 1,53,56,558 | 1,47,31,039 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Note: 15 | | |
| Current Borrowings | | |
| Secured Borrowings | | |
| Overdraft from HDFC Bank (Secured against hypothecation of Office premises & Securities, and Personal guarantee of Key Management) | 5,50,523 | 15,02,32,030 |
| Short Term Loan from Banks (Secured against Pledge of Fixed Deposits) | 8,50,00,000 | 8,97,50,000 |
| Current Maturities | | |
| Loan from ICICI Bank Ltd | 7,26,379 | 6,60,748 |
| Loan from Daimler Financial Services India Ltd | 10,28,140 | - |
| Unsecured Borrowings | | |
| - Other than promoter group | 30,00,000 | 30,00,000 |
| - Associate Companies | - | 1,93,47,615 |
| - Directors | 10,00,000 | - |
| Total | 9,13,05,042 | 26,29,90,393 |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------|------------------------|------------------------|
| Note: 16 | | |
| Trade Payable | | |
| Trade Payable | 2,40,29,24,460 | 18,49,17,142 |
| Margin Payable to Clearing Member | 85,95,83,676 | 67,02,47,333 |
| Payable to MTF Clients | 1,09,06,913 | 75,66,592 |
| Other Payable | 857 | 56,986 |
| Total | 3,27,34,15,907 | 86,27,88,052 |

Notes:

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

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 17 | | |
| Other Current financial liabilities | | |
| Creditors for Expenses | 64,77,249 | 40,56,741 |
| Salary & Reimbursements | 26,22,296 | 35,46,421 |
| Total | 90,99,545 | 76,03,162 |

Notes:

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

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------|------------------------|------------------------|
| Note: 18 | | |
| Current Provisions | | |
| Provision for Expenses | 11,49,393 | 60,61,856 |
| Provision for Gratuity (Current) | 26,86,344 | 26,68,622 |
| Provision for CSR | 50,62,545 | 27,09,870 |
| Total | 88,98,282 | 1,14,40,348 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------|------------------------|------------------------|
| Note: 19 | | |
| Other Current Liabilities | | |
| Statutory Remittances | 5,68,37,669 | 1,02,12,110 |
| Deposits from Clients | 6,73,01,952 | 11,64,13,416 |
| Deposits from Business Associates | 2,40,02,495 | 2,28,68,451 |
| Advance Brokerage from Client | 7,76,578 | 17,28,021 |
| Other Current Liabilities | 48,82,407 | 22,43,661 |
| Total | 15,38,01,101 | 15,34,65,659 |

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Note: 20 : Revenue from operations | | |
| (a) Stock broking services | | |
| Brokerage | 43,56,48,617 | 50,33,16,665 |
| Demat | 2,02,16,336 | 2,53,59,460 |
| Merchant Banking | 58,60,000 | 2,56,95,228 |
| Financial Products Distribution | 49,93,998 | 68,16,615 |
| Advisory | 1,01,73,620 | 13,38,961 |
| Interest Income from Margin Funding | 87,56,388 | 57,59,607 |
| (b) Other operating revenues | | |
| Late Payment Charges income | 5,82,80,893 | 6,48,41,172 |
| Miscellaneous income | 21,69,860 | 26,96,249 |
| Total | 54,60,99,711 | 63,58,23,956 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--------------------------------|--------------------------------|--------------------------------|
| Note: 21 : Other income | | |
| (a) Dividend Income | 1,43,810 | 2,05,200 |
| (b) Interest Income | | |
| From banks on fixed deposits | 4,40,21,612 | 3,49,04,450 |
| From a subsidiary company | 2,11,34,340 | 1,42,59,453 |
| Other interest income | 65,61,224 | 2,51,09,104 |
| (c) Other non-operating income | | |
| Miscellaneous income | 38,61,154 | 1,79,74,379 |
| Total | 7,57,22,140 | 9,24,52,586 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Note: 22 | | |
| Employee Benefit Expenses | | |
| Salary & Other Allowances | | |
| Employee Salary | 22,97,29,031 | 22,22,93,125 |
| Director Remuneration | 47,63,340 | 43,71,060 |
| Performance Incentive | 56,24,358 | 51,73,453 |
| Contribution to Provident & Other fund | 1,34,33,143 | 1,53,06,710 |
| Staff Welfare Expenses | 51,66,237 | 44,81,549 |
| Less: Common Infrastructure Charges ** | (53,72,660) | (52,49,217) |
| Total | 25,33,43,450 | 24,63,76,680 |

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

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--------------------------------------|--------------------------------|--------------------------------|
| Note: 23 : Operating Expenses | | |
| Sub Brokerage & Commission Expenses | 12,88,89,338 | 15,43,11,325 |
| Depository charges | 53,63,060 | 1,03,95,082 |
| Exchange Expenses | 23,84,689 | 10,48,420 |
| Connectivity Charges | 37,01,349 | 67,88,558 |
| Membership Fees & Subscription | 35,77,977 | 28,81,225 |
| Software Charges | 1,12,18,612 | 84,08,008 |
| Merchant Banking Expenses | 17,33,955 | 36,65,766 |
| Loss on sale of stock-in-error | 2,45,590 | 1,75,036 |
| Other operating charges | 4,44,413 | 5,44,032 |
| Total | 15,75,58,982 | 18,82,17,453 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Note: 24 : Finance Cost | | |
| Interest expense on: | | |
| On Temporary overdrafts availed from banks | 2,49,50,267 | 1,18,88,797 |
| On Car Loans | 2,26,829 | 1,99,237 |
| Other Interest | 39,54,257 | 39,04,207 |
| Other borrowing costs: | | |
| Bank Guarantee Charges | 87,06,748 | 64,70,181 |
| Other Charges | 8,89,688 | 4,84,759 |
| Total | 3,87,27,789 | 2,29,47,182 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|----------------------------------|--------------------------------|--------------------------------|
| Note: 25 : Other Expenses | | |
| Administration expenses | | |
| Legal and professional charges | 1,56,33,264 | 1,70,51,091 |
| Rent Rates & Taxes | 3,93,36,683 | 3,84,18,791 |
| Electricity Charges | 87,29,423 | 1,00,43,267 |
| Telephone Charges | 55,83,584 | 62,51,966 |
| Repairs & Maintenance | 67,63,357 | 73,39,852 |
| Manpower supply charges | 11,95,322 | 10,17,049 |
| Postage & Courier Charges | 14,99,948 | 31,15,199 |
| Conveyance & Travelling | 60,86,719 | 73,27,169 |
| Printing and stationery | 15,26,290 | 23,10,681 |
| Office expenses | 47,00,280 | 40,29,675 |
| Insurance | 2,33,223 | 1,43,020 |
| Auditors Remuneration | 19,05,000 | 17,84,000 |
| Corporate Social Responsibility | 24,01,262 | 33,59,553 |

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Charity & Donations | 12,15,700 | 9,31,800 |
| Bad debt written off | 5,61,956 | (34,48,780) |
| Loss on Assets sold / discarded | 99,403 | 49,779 |
| Loss on sale of stock-in-pro trading | 3,84,82,563 | 1,64,22,097 |
| Other Expenses | 41,90,954 | 28,06,385 |
| Recovery of Expenses ** | (28,03,337) | (28,45,018) |
| Business Promotion Expenses | 38,41,904 | 21,69,362 |
| Total of Administrative, selling and Distribution | 14,11,83,499 | 11,82,76,939 |

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

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Note: 27 : Statement of other comprehensive income | | |
| (i) Items that will not be reclassified to profit or loss | | |
| Remeasurements of the defined benefit plans | (3,03,766) | (14,90,585) |
| Equity Instruments through Other Comprehensive Income | (32,04,583) | (14,80,925) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 88,456 | 4,34,058 |
| Total | (34,19,893) | (25,37,452) |

Note: 27**Earnings per share (EPS)**

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

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

i. Profit attributable to Equity holders

| | 31-Mar-20 INR | 31-Mar-19 INR |
|--|------------------|---------------------|
| Profit attributable to equity holders : | | |
| Continuing operations | 88,76,769 | 13,47,58,972 |
| Discontinued operations | - | - |
| Profit attributable to equity holders for basic earnings | 88,76,769 | 13,47,58,972 |
| Adjustments: | | |
| Others | - | - |
| Profit attributable to equity holders adjusted for the effect of dilution | 88,76,769 | 13,47,58,972 |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

ii. Weighted average number of ordinary shares

(Currency: Indian Rupees)

| | 31-Mar-20 INR | 31-Mar-19 INR |
|--|--------------------|--------------------|
| Issued ordinary shares at April 1 | 3,10,49,518 | 3,10,49,518 |
| Effect of shares issued as Bonus shares | - | - |
| Effect of shares bought back during the year | - | - |
| Weighted average number of shares at March 31 for EPS | 3,10,49,518 | 3,10,49,518 |
| Effect of dilution: | | |
| Share options | - | - |
| Convertible preference shares | - | - |
| | 3,10,49,518 | 3,10,49,518 |

iii. Basic and Diluted earnings per share

| | 31-Mar-20 INR | 31-Mar-19 INR |
|-----------------------------------|------------------|------------------|
| Basic earnings per share | 0.29 | 4.34 |
| Diluted earnings per share | 0.29 | 4.34 |

Note: 28: Tax expense

(a) Amounts recognised in profit and loss

| | For the year ended | |
|---|--------------------|--------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Current income tax | 63,14,447 | 4,16,22,700 |
| Changes in tax estimates of prior years | 3,89,749 | 14,57,386 |
| Deferred income tax liability / (asset), net | | |
| Origination and reversal of temporary differences | 10,10,173 | 22,59,878 |
| Deferred tax expense | 10,10,173 | 22,59,878 |
| Tax expense for the year | 77,14,369 | 4,53,39,964 |

(b) Amounts recognised in other comprehensive income

| | For the year ended 31 March 2020 | | | For the year ended 31 March 2019 | | |
|---|----------------------------------|-----------------------------|--------------------|----------------------------------|-----------------------------|--------------------|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to profit or loss | | | | | | |
| Changes in revaluation surplus | | | | | | |
| Remeasurements of the defined benefit plans | (3,03,766) | 88,456 | (2,15,310) | (14,90,585) | 4,34,058 | (10,56,527) |
| Equity Instruments through Other Comprehensive Income | (32,04,583) | - | (32,04,583) | (14,80,925) | - | (14,80,925) |
| Items that will be reclassified to profit or loss | | | | | | |
| | (35,08,349) | 88,456 | (34,19,893) | (29,71,510) | 4,34,058 | (25,37,452) |

Notes to financial statements for the year ended 31st March 20

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

(Currency: Indian Rupees)

| | For the year ended | |
|---|--------------------|---------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Profit before tax | 2,16,75,156 | 15,33,66,281 |
| Statutory income tax rate | 27.820% | 29.120% |
| Tax using the Company's domestic tax rate | 60,30,028 | 4,46,60,261 |
| Tax effect of: | | |
| Non-deductible tax expenses | 21,35,321 | 20,00,414 |
| Tax-exempt income | - | (12,57,035) |
| Provision for assets | (1,61,495) | (2,40,677) |
| Deductions Under Income Tax Act | (16,89,407) | (36,30,719) |
| Temporary Adjustments | - | 90,456 |
| | 63,14,447 | 4,16,22,700 |

(d) Movement in deferred tax balances

| Particular | 31-Mar-20 | | | | |
|---|---------------------------|------------------------------|-------------------|--------------------|---|
| | Net balance April 1, 2019 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset/(Deferred tax liability) |
| Deferred tax asset/(Liabilities) | | | | | |
| Property, plant and equipment | 1,03,71,869 | (10,93,627) | | 92,78,242 | 92,78,242 |
| Compensated absences and gratuity | 50,57,845 | 1,07,794 | 88,456 | 52,54,095 | 52,54,095 |
| Provision for Doubtful Debt | 24,339 | (24,339) | | - | - |
| Investments in unquoted equity shares | - | - | | - | - |
| Tax assets (Liabilities) | 1,54,54,053 | (10,10,172) | 88,456 | 1,45,32,337 | 1,45,32,337 |
| Set off tax | | | | | |
| Net tax assets | 1,54,54,053 | (10,10,172) | 88,456 | 1,45,32,337 | 1,45,32,337 |

(e) Movement in deferred tax balances

| Particular | 31-Mar-19 | | | | |
|---|--------------------------|------------------------------|-------------------|--------------------|---|
| | Net balance 1 April 2018 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset/(Deferred tax liability) |
| Deferred tax asset/(liabilities) | | | | | |
| Property, plant and equipment | 1,06,06,765 | (2,34,896) | | 1,03,71,869 | 1,03,71,869 |
| Compensated absences and gratuity | 45,88,769 | 35,018 | 4,34,058 | 50,57,845 | 50,57,845 |
| Provision for Doubtful Debt | 24,339 | - | | 24,339 | 24,339 |
| Investments in unquoted equity shares | 20,60,000 | (20,60,000) | - | - | - |
| Tax assets (Liabilities) | 1,72,79,873 | (22,59,878) | 4,34,058 | 1,54,54,053 | 1,54,54,053 |
| Set off tax | | | | | |
| Net tax assets | 1,72,79,873 | (22,59,878) | 4,34,058 | 1,54,54,053 | 1,54,54,053 |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

Note: 29: Employee benefit expense

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised following amounts for provident fund and ESIC contributions in the Statement of Profit and Loss.

(Currency: Indian Rupees)

| | Year ended 31-Mar-20 | Year ended 31-Mar-19 |
|--------------------------------|-------------------------|-------------------------|
| Contribution to Provident Fund | 82,28,163 | 74,70,299 |
| Contribution to ESIC | 11,18,053 | 23,10,008 |
| | 93,46,216 | 97,80,307 |

(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:

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| | 31-Mar-20 | 31-Mar-19 |
|---|--------------------|--------------------|
| Net defined benefit asset | - | - |
| Total employee benefit asset | - | - |
| Net defined benefit liability | | |
| Liability for Gratuity | 1,80,42,902 | 1,73,99,661 |
| Total employee benefit liabilities | 1,80,42,902 | 1,73,99,661 |
| Non-current | 1,53,56,558 | 1,47,31,039 |
| Current | 26,86,344 | 26,68,622 |

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-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| Opening balance | 1,78,65,956 | 1,58,28,214 | 6,46,850 | 11,19,063 | 1,72,19,106 | 1,47,09,151 |
| Included in profit or loss | | | | | | |
| Current service cost | 26,25,125 | 23,24,588 | | - | 26,25,125 | 23,24,588 |
| Past service cost | | - | | - | | - |
| Interest cost (income) | 10,32,254 | 9,41,194 | | 62,105 | 10,32,254 | 8,79,089 |
| Others | (1,80,555) | 1,80,555 | | | (1,80,555) | 1,80,555 |
| | 2,15,23,335 | 1,90,93,996 | 6,46,850 | 11,81,168 | 2,08,76,485 | 1,79,12,828 |
| Included in OCI | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Actuarial loss (gain) arising from: | | | | | | |
| Demographic assumptions | (1,012) | - | - | - | (1,012) | |
| Financial assumptions | 6,29,262 | 1,65,896 | | - | 6,29,262 | 1,65,896 |
| Experience adjustment | (3,84,707) | 12,79,070 | | - | (3,84,707) | 12,79,070 |
| Return on plan assets excluding interest income | | - | (60,223) | (45,619) | 60,223 | 45,619 |
| | 2,43,543 | 14,44,966 | (60,223) | (45,619) | 3,03,766 | 16,71,140 |
| Other | | | | | | |
| Contributions paid by the employer | - | - | 15,00,000 | 9,00,000 | (15,00,000) | (9,00,000) |
| Benefits paid | (30,57,050) | (26,73,006) | (14,19,701) | (13,88,699) | (16,37,349) | (12,84,307) |
| Closing balance | 1,87,09,828 | 1,78,65,956 | 6,66,926 | 6,46,850 | 1,80,42,902 | 1,73,99,661 |

Represented by:

| | | |
|-------------------------------|--------------------|--------------------|
| Net defined benefit asset | 6,66,926 | 6,46,850 |
| Net defined benefit liability | 1,80,42,902 | 1,73,99,661 |
| | 1,87,09,828 | 1,80,46,511 |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

Maturity Analysis of Projected Benefit Obligation from the reporting year:

(Currency: Indian Rupees)

| | 1st Following Year | 2nd Following Year | 3rd Following Year | 4th Following Year | 5th Following Year | Sum of Years 6 To 10 |
|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| March 31, 2020 | 54,81,851 | 43,59,985 | 32,11,306 | 23,03,739 | 17,32,157 | 39,05,495 |
| March 31, 2019 | 51,46,600 | 40,37,875 | 33,97,033 | 25,84,011 | 18,84,479 | 39,14,115 |

C. Plan assets

Plan assets comprise the following:

| | 31-Mar-20 | 31-Mar-19 |
|---------------------|-------------|-------------|
| Policy of insurance | 100% | 100% |
| Bank Balance | 0% | 0% |
| | 100% | 100% |

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31-Mar-20 | 31-Mar-19 |
|------------------------|--|--|
| Discount rate | 5.45% | 6.75% |
| 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.

| | 31-Mar-20 | | 31-Mar-19 | |
|--|-------------|-------------|-------------|-------------|
| | Increase | Decrease | Increase | Decrease |
| Rate of discounting (0.50% movement) | 1,84,62,032 | 1,89,65,203 | 1,76,29,989 | 1,81,08,967 |
| Rate of salary increase (0.50% movement) | 1,89,62,295 | 1,84,62,614 | 1,81,10,889 | 1,76,25,502 |
| Rate of employee turnover (10% movement) | 1,85,58,323 | 1,88,68,872 | 1,77,33,537 | 1,79,94,901 |

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.

Notes to financial statements for the year ended 31st March 20

Note: 30: Leases- Operating leases

Leases as lessee

- a) The Company has entered into cancellable operating leasing arrangements for residential and office premises. Following Lease rentals has been included under the head "Other Expenses" under Note No 25 in the notes to the financial statements.

(Currency: Indian Rupees)

| | Year ended 31-Mar-20 | Year ended 31-Mar-19 |
|-----------------------|-------------------------|-------------------------|
| Lease Rental Payments | 3,93,36,683 | 3,84,18,791 |
| | 3,93,36,683 | 3,84,18,791 |

b) Future minimum lease payments

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

| | 31-Mar-20 INR | 31-Mar-19 INR |
|----------------------------|--------------------|--------------------|
| Less than one year | 45,59,229 | 55,20,262 |
| Between one and five years | 3,15,74,334 | 3,24,46,680 |
| | 3,61,33,563 | 3,79,66,942 |

Note: 31

Fair value disclosures

1. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| 31-Mar-20 | Carrying amount | | | | Fair value | | | |
|---|-----------------|---------------------|-----------------------|-----------------------|------------------|---------|---------|------------------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current investments | - | 16,74,56,438 | - | 16,74,56,438 | 34,43,583 | - | - | 34,43,583 |
| Non-current loans | - | - | 1,50,53,30,759 | 1,50,53,30,759 | - | - | - | - |
| Trade receivables | - | - | 32,38,95,042 | 32,38,95,042 | - | - | - | - |
| Cash and cash equivalents | - | - | 2,24,74,23,837 | 2,24,74,23,837 | - | - | - | - |
| Current Loans and advances | - | - | 2,92,74,970 | 2,92,74,970 | - | - | - | - |
| | - | 16,74,56,438 | 4,10,59,24,607 | 4,27,33,81,045 | 34,43,583 | - | - | 34,43,583 |
| Financial liabilities | | | | | | | | |
| Non-current borrowings | - | - | 53,15,010 | 53,15,010 | - | - | - | - |
| Current borrowings | - | - | 9,13,05,042 | 9,13,05,042 | - | - | - | - |
| Trade payables | - | - | 3,27,34,15,907 | 3,27,34,15,907 | - | - | - | - |
| Other Non-Current financial liabilities | - | - | 90,99,545 | 90,99,545 | - | - | - | - |
| | - | - | 3,37,91,35,504 | 3,37,91,35,504 | - | - | - | - |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| 31-Mar-19 | Carrying amount | | | | Fair value | | | |
|---|-----------------|---------------------|-----------------------|-----------------------|------------------|---------|---------|------------------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current investments | - | 11,56,61,041 | - | 11,56,61,041 | 66,48,166 | - | - | 66,48,166 |
| Non-current loans | - | - | 36,14,85,305 | 36,14,85,305 | - | - | - | - |
| Trade receivables | - | - | 46,42,63,712 | 47,13,24,591 | - | - | - | - |
| Cash and cash equivalents | - | - | 93,22,89,561 | 93,22,89,561 | - | - | - | - |
| Current Loans and advances | - | - | 14,69,40,071 | 14,24,27,443 | - | - | - | - |
| | - | 11,56,61,041 | 1,90,49,78,649 | 2,02,31,87,940 | 66,48,166 | - | - | 66,48,166 |
| Financial liabilities | | | | | | | | |
| Non-current borrowings | - | - | 2,40,39,580 | 11,71,129 | - | - | - | - |
| Current borrowings | - | - | 26,29,90,393 | 26,29,90,393 | - | - | - | - |
| Trade payables | - | - | 86,48,04,008 | 86,27,88,052 | - | - | - | - |
| Other Non-Current financial liabilities | - | - | 76,03,162 | 76,03,162 | - | - | - | - |
| | - | - | 1,15,94,37,142 | 1,13,45,52,736 | - | - | - | - |

- (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.

Notes to financial statements for the year ended 31st March 20

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

Total Trade receivables as on 31 March 2020 are as follows:

| | |
|---------------|--------------|
| 31 March 2020 | 32,38,95,042 |
| 31 March 2019 | 47,13,24,591 |

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 2020, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

| | Carrying amount (in INR) | |
|-------|--------------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| India | 32,38,95,042 | 47,13,24,591 |
| | 32,38,95,042 | 47,13,24,591 |

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.

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Opening balance | - | - |
| Provision for receivables impairment | - | - |
| Receivables written off during the year as uncollectible | - | - |
| Provision released during the year | - | - |
| Closing balance | - | - |

With the applicability of Ind AS 109, the recognition and measurement of impairment of financial assets is based on credit loss assessment by expected credit loss (ECL) model. The ECL assessment involve significant management judgement. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are loan staging criteria, calculation of probability of default / loss and consideration of probability weighted scenarios and forward looking macroeconomic factors. The board acknowledges and understands that these factors, since there is a large increase in the data inputs required by the ECL model, which increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Based on the internal management analysis, as per Board Opinion, there is no requirement of provision for expected credit loss in several financial assets including the trade receivables and other receivables of the Company and all are on fair value, based on the assessment and judgement made by the board of the company.

Cash and cash equivalents

The company maintains its Cash and cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

iii. Liquidity risk

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

The Company uses product-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| 31-Mar-20 | Contractual cash flows | | | | |
|---|------------------------|----------------|-------------------|-----------|-------------------|
| | Carrying amount | Total | 12 months or less | 1-5 years | More than 5 years |
| INR | | | | | |
| Non-derivative financial liabilities | | | | | |
| Non-current borrowings | 53,15,010 | 53,15,010 | - | 53,15,010 | - |
| Current borrowings | 9,13,05,042 | 9,13,05,042 | 9,13,05,042 | - | - |
| Trade payables | 3,27,34,15,907 | 3,27,34,15,907 | 3,27,34,15,907 | - | - |
| Other financial liabilities | 90,99,545 | 90,99,545 | 90,99,545 | - | - |
| Derivative financial liabilities | | | | | |
| Forward exchange contracts | | | | | |

Notes to financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| 31-Mar-19 | Contractual cash flows | | | | |
|---|------------------------|--------------|-------------------|-----------|-------------------|
| | Carrying amount | Total | 12 months or less | 1-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Non-current borrowings | 11,71,129 | 11,71,129 | - | 11,71,129 | - |
| Current borrowings | 26,29,90,393 | 26,29,90,393 | 26,29,90,393 | - | - |
| Trade payables | 86,27,88,052 | 86,27,88,052 | 86,27,88,052 | - | - |
| Other financial liabilities | 76,03,162 | 76,03,162 | 76,03,162 | - | - |
| Derivative financial liabilities | | | | | |
| 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-20 | 31-Mar-19 |
| Fixed-rate instruments | | |
| Financial assets | 1,71,29,21,080 | 80,58,22,303 |
| Financial liabilities | 70,69,529 | 18,31,876 |
| | 1,70,58,51,551 | 80,39,90,427 |
| Variable-rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 8,55,50,523 | 23,99,82,030 |
| | (8,55,50,523) | (23,99,82,030) |
| Total | 1,62,03,01,028 | 56,40,08,397 |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Note: 32 : Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

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

| Particular | INR | |
|--|-------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Total Borrowings | 9,66,20,052 | 26,41,61,521 |
| Less : Cash and cash equivalent | 2,24,74,23,837 | 93,22,89,561 |
| Adjusted net debt | (2,15,08,03,786) | (66,81,28,039) |
| Total equity | 83,78,50,071 | 82,89,73,303 |
| Less : Hedging reserve | - | - |
| Adjusted equity | 83,78,50,071 | 82,89,73,303 |
| Adjusted net debt to adjusted equity ratio | (2.57) | (0.81) |

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: 33: Related party relationships, transactions and balances

A Nature of relationship

I Subsidiary Companies

- a Monarch Network Finserve Private Limited
- b Monarch Network Investment Advisors Private Limited
- c Monarch Network Capital IFSC Pvt Ltd
- d Monarch Network Money Changers Private Limited

II Associate Companies

- a Network Financial Services Ltd

III Enterprises over which Directors and their relatives exercise significant influence

- a Monarch Network Capital IFSC Private Limited
- b Premjayanti Properties

Notes to financial statements for the year ended 31st March 20

- 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
- l GSEC Monarch & Deccan Aviation 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
- i Mrs Bela Shah
- j Mr. Ashok Bafna
- k Mr. Shailen Shah

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 | |
|------------------------|----------------------|--------------------|---|--------------------|--|--------------------|--------------------|--------------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Revenue | | | | | | | | |
| Common Infra Income | 81,75,997 | 80,94,235 | - | - | - | - | 81,75,997 | 80,94,235 |
| Rent Income | 9,00,000 | 9,00,000 | - | - | - | - | 9,00,000 | 9,00,000 |
| Interest Income | 2,11,34,340 | 1,42,59,453 | 59,60,914 | 26,04,147 | - | - | 2,70,95,254 | 1,68,63,600 |
| Demat Charges Income | 45,827 | 50,000 | - | - | - | - | 45,827 | 50,000 |
| Brokerage Income | - | - | 14,42,412 | 20,52,306 | 12,429 | 3,757 | 14,54,841 | 20,56,063 |
| Total | 3,02,56,164 | 2,33,03,688 | 74,03,326 | 46,56,453 | 12,429 | 3,757 | 3,76,71,919 | 2,79,63,898 |
| Expenses | | | | | | | | |
| Professional Fees Paid | - | - | - | - | 27,00,000 | 1,75,000 | 27,00,000 | 1,75,000 |
| Salaries | - | - | - | - | 91,07,340 | 89,35,511 | 91,07,340 | 89,35,511 |
| 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 |
| Total | - | - | 1,08,00,000 | 1,08,00,000 | 1,54,07,340 | 1,27,10,511 | 2,62,07,340 | 2,35,10,511 |

MONARCH NETWORTH CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

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-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| Outstanding Balances | | | | | | | | |
| Investments as on | | | | | | | | |
| Monarch Networth Finserve Private Limited | 14,29,22,185 | 9,29,22,205 | - | - | - | - | 14,29,22,185 | 9,29,22,205 |
| Monarch Networth Investment Advisory Private Limited | 59,99,000 | 59,99,000 | - | - | - | - | 59,99,000 | 59,99,000 |
| Monarch Networth Capital IFSC Private Ltd | 4,99,990 | 4,99,990 | - | - | - | - | 4,99,990 | 4,99,990 |
| Monarch Networth Money Changer Private Limited | 50,00,000 | - | - | - | - | - | 50,00,000 | - |
| Networth Financial Service Limited | - | - | 94,94,000 | 94,94,000 | - | - | 94,94,000 | 94,94,000 |
| Total | 15,44,21,175 | 9,94,21,195 | 94,94,000 | 94,94,000 | - | - | 16,39,15,175 | 10,89,15,195 |

| Nature of Transactions | Subsidiary Companies | | Enterprises over which Directors and their relatives exercise significant influence | | Key Management Personnel and their relatives | | Total | |
|--|----------------------|--------------------|---|--------------------|--|-----------|------------------|---------------------|
| | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| Receivables / Advances | | | | | | | | |
| Monarch Networth Capital IFSC Private Limited | 1,23,687 | 13,640 | - | - | - | - | 1,23,687 | 13,640 |
| Monarch Networth Finserve Private Limited | - | 8,41,98,427 | - | - | - | - | - | 8,41,98,427 |
| Monarch Comtrade Pvt Ltd | - | - | 44,67,757 | - | - | - | 44,67,757 | - |
| Premjayanti Enterprise Private Limited | - | - | - | 16,80,657 | - | - | - | 16,80,657 |
| GSEC Monarch and Deccan Aviation Private Limited | - | - | - | 3,00,00,000 | - | - | - | 3,00,00,000 |
| Total | 1,23,687 | 8,42,12,067 | 44,67,757 | 3,16,80,657 | - | - | 45,91,444 | 11,58,92,724 |
| Payables | | | | | | | | |
| Monarch Infra Venture | - | - | 1,74,106 | 1,88,21,862 | - | - | 1,74,106 | 1,88,21,862 |
| Monarch Comtrade Private Limited | - | - | - | 18,163 | - | - | - | 18,163 |
| Networth Financial Services Limited | - | - | - | 1,93,47,615 | - | - | - | 1,93,47,615 |
| Vaibhav J shah | - | - | - | - | 10,00,000 | - | 10,00,000 | - |
| Total | - | - | 1,74,106 | 3,81,87,640 | 10,00,000 | - | 11,74,106 | 3,81,87,640 |

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 to financial statements for the year ended 31st March 20

Note 34: Contingent liabilities (to the extent not provided for)

| Contingent liabilities | Rs in Lacs | |
|--|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Bank Guarantee (Monarch Network Capital Ltd) | 6,600 | 5,700 |
| Bank Guarantee (Monarch Network Comtrade Ltd, since merged) | 1,100 | 300 |
| Income Tax matters pending with various authorities | 95.48 | 91.10 |
| Service Tax matters pending with various authorities | 64.72 | 64.72 |
| (Merged Entity -Monarch Project & Finmarkets Limited and Monarch Research Brokerges Pvt Ltd) | | |
| Client Litigation matter | 105.78 | 205.31 |

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, 2020.
- (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 35

The company has taken suitable legal action for recovering deposits of Rs. 40 lacs (previous year Rs. 40 lacs) for premises at Bangalore and Rs. 300 lacs (previous year Rs. 300 lacs) for premises at Nariman Point- Mumbai . The management expects favorable order for the same, hence no provisions have been made thereof.

Note 36

The company has taken suitable legal action for recovering debts of Rs. 239 lacs (previous year Rs. 239 lacs) for fraudulent transaction done by client in the year 2008-09. SEBI has passed the interim order withholding the payout which is kept with Bombay Stock Exchange till completion of investigation. The management expects favorable order for the same, hence no provisions have been made thereof.

Note 37: Commitments

| | Rs in Lacs | |
|--|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | Nil | Nil |

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

Note 38

| Dues to micro, small and medium enterprises | Rs in Lacs | |
|--|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| Principal | 8,96,400 | Nil |
| Interest | Nil | Nil |
| | - | - |
| The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) | - | - |
| | - | - |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | - | - |
| | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | - | - |

Note 39

| Earnings and expenditure in Foreign Currency during the year: | Rs in Lacs | |
|---|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| 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 31.03.2020 - Nil (PY- 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

| | Rs in Lacs | |
|---|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Forward exchange contracts outstanding on the balance sheet date which is entered to hedge foreign exchange exposures of the Company. | Nil | Nil |

Notes to financial statements for the year ended 31st March 20**Note 43**

The Company has carried out Impairment test on its Fixed Assets as on the date of Balance Sheet and the management is of the opinion that there is no asset for which provision of impairment is required to be made as per applicable Indian Accounting Standard.

Note 44

Balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable. As per the opinion of the Board, there will be no substantial impact on their reconciliation with their balance confirmations as on the reporting date.

Note 45

In the opinion of the board, the current assets, loans and advances are approximately of the value state, if realized in ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

Note 46**Events Occurring After the Balance Sheet Date**

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company.

Note 47

| Directors Remuneration | Rs in Lacs | |
|------------------------|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Director Remuneration | 47,63,340 | 43,71,060 |

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 48

| Auditors Remuneration | Rs in Lacs | |
|---|-----------------|-----------------|
| | 31-Mar-20 | 31-Mar-19 |
| Towards Statutory & Tax Audit (Exclusive of GST) | 6,00,000 | 6,00,000 |
| | 6,00,000 | 6,00,000 |

Note 49

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.

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

Note 50

Effective April 1, 2018, the company has applied Ind AS 115 "Revenue from Contracts with Customers". The standard is applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to opening equity at the date of initial application. The adoption of Ind AS 115 did not have any significant impact on the overall results of the Company.

Note 51

Corporate social responsibility

Pursuant to the application of Section 135 of the Act and the Rules framed thereunder, the Company has constituted the CSR committee during the year. The company is required to spend at least two per cent of the average net profits of the company made during the three immediately preceding financial years as per the activities which are specified in Schedule VII of the Act and the Company has decided to spend the amount by way of contribution to a Trust. The disclosure as required by the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by the Institute of Chartered Accounts of India are as follows:

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Unspent Balance at the beginning | 27,09,870 | 27,50,000 |
| Provision made by the Company during the year | 23,52,675 | 33,59,553 |
| Amount Spent during the year | - | 33,99,683 |
| Amount remaining to be Spent at the end of the year | 50,62,545 | 27,09,870 |

Note: The company has not spent any sum towards Corporate social responsibility during the year 2019-20

Note 52

Uncertainty relating to the global health pandemic on COVID-19

COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The Indian Government on March 24, 2020, announced a 21-day complete lockdown across the country, to contain the spread of the virus. The lockdown has since been extended with gradual relaxations.

Stock Broking services, being part of Capital Market operations have been declared as essential services and accordingly, the Company faced no business interruption on account of the lockdown.

There has been no material change in the controls or processes followed in the closing of the financial statements of the Company. However fair valuation of the financial assets of the company has been carried out by the company based on the judgements, estimates and assumptions which are also based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances.

Given the dynamic nature of the pandemic situation, the carrying valuation of the Company's financial assets as at March 31, 2020, may be affected by the severity and duration of the outbreak.; however the Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results resulting out of fair valuation of these financial assets. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions.

Note 53

Scheme of Amalgamation

The scheme of Amalgamation between Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited with Monarch Network Capital Limited was approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), on May 09, 2019.

Notes to financial statements for the year ended 31st March 20

Pursuant to the scheme of Amalgamation (the "Scheme") between Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited (all referred to as "Transferor Companies") with Monarch Network Capital Limited (referred to as Transferee Company), the assets and liabilities of the erstwhile transferor companies were transferred to and vested in the transferee company with effect from the 1st April, 2017 being the appointed date, as per accounting prescribed under the scheme which is in line with the accounting principles given under Ind AS 103 applicable to common control business combinations. Accordingly, opening balance sheet as at 1 April 2017, comparative financial information for the year ended 31 March 2018 and the accompanying standalone financial statements for the year ended 31 March 2019 have been adjusted to account for the aforesaid merger.

Disclosures in accordance with Indian Accounting Standard**a. Name and Nature of Business of Amalgamation Companies:**

| Name of the Company | Nature of Business | Present Shareholding of Transferee Company |
|---|--|--|
| Transferor Companies | | |
| Network Insurance Broking Pvt. Ltd. (NIBPL) | Insurance Broking | 100% |
| Network SoftTech Limited (NSL) | Business Software Development | 20.91% |
| Network Wealth Solutions Ltd (NWSL) | Distribution of third party Products | 100% |
| Monarch Network Comtrade Ltd (MNCTL) | Commodity Broking | 99.96% |
| Transferee Companies | | |
| Monarch Network Capital Limited (MNCL) | Stock Broking, Depository Participant Services and Merchant Banking Services | ---- |

b. The Scheme of amalgamation will benefit the Transferor Company and Transferee Company. The rationale and reasons for proposed Scheme of Arrangement, inter alia, are summarized below:

- (a) All the Companies in the proposed Scheme of Amalgamation are a part of the same group and the central management of the group believes that the restructuring of companies in form of amalgamation of all four transferor companies with MNCL would be beneficial for the companies and companies' stakeholders.
- (b) MNCL is a diversified conglomerate with presence in various segments such as stock broking, financial services, merchant banking activities etc. MNCL is a widely held listed company its shares are actively traded on BSE Limited. MNCL has a proven track record of creating value for its shareholders through performance and incubation of growth businesses.
- (c) All transferor companies regularly evaluate growth potential opportunities to create long-term value for its shareholders. The proposed restructuring shall enable transferor companies to gain exposure to fast growing sectors such as Stock Broking and financial services. With a well-capitalised base, and a large and diversified portfolio comprising of a steady cash flows generating businesses, transferor companies will be strongly positioned to incubate future growth opportunities and create long-term value for its shareholders.
- (d) The amalgamation of the companies shall lead to 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.
- (e) The amalgamation shall also add to the financial strength of the Transferee Company. The consolidation of Transferor Companies business with MNCL would at one hand strengthen the financials of the listed entity for the benefit of all its stakeholders and on the other hand help Transferee Company business in getting future contracts and raising funds for expansion due to the listed status.

MONARCH NETWORK CAPITAL LIMITED

Notes to financial statements for the year ended 31st March 20

- (f) Apart from above, this scheme of amalgamation shall 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.
- (g) It is believed that this Scheme will create enhanced value for shareholders and allow a focused growth strategy which would be in the best interests of Transferor Companies stakeholders.”

c. The scheme has envisaged an exchange ratio as under:

- Nil Equity of the Transferee Company to be issued to shareholders of NIBPL because the Transferor Company 1 is wholly owned by the Transferee Company and the Transferee Company along with its nominee shareholders holds all the shares issued by the NIBPL

- 13 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares of held in NSL pursuant to this Scheme of Amalgamation.

- Nil Equity of the Transferee Company to be issued to shareholders of NWSL because the Transferor Company 3 is wholly owned by the Transferee Company and the Transferee Company along with its nominee shareholders holds all the shares issued by the NWSL.

- 28 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares held in MNCTL pursuant to this Scheme of Amalgamation. Transferor Company is wholly owned by the Transferee Company and therefore there shall be no issue of shares by the Transferee Company in this regard.

d. Method of accounting used to reflect the amalgamation is Pooling of Interests Method

e. Accounting Treatment on Amalgamation

The accounting for Amalgamation has been done in accordance to the approved Scheme of Amalgamation. Accordingly, the Company has accounted for the Scheme in its book of Accounts as under:

1. All assets and liabilities appearing in the books of the transferor company have been recorded by the transferee company at their respective book values in opening balance sheet as at 01 April 2017.
2. The difference between net assets taken over & investment in the books of the Transferee Company have been debited first to Amalgamation Reserve (pre-existed at the time of amalgamation) and then to Retained Earnings.
3. As per the Scheme of Amalgamation the Company was required to issue 737,918 equity shares of face value of Rs 10/- per share along with Security Premium of Rs 69/- per share, aggregating Rs 582,95,522/- to the shareholders of the erstwhile Transferor Companies NSL and MNCTL.

Notes to financial statements for the year ended 31st March 20

4. Pursuant to the sanction of the Scheme, with effect from the Appointed Date, the Transferor Companies are, pursuant to the provisions contained in Sections 230 to 232 of the Companies Act, 2013, and all other applicable provisions, if any, without any further act, deed, matter or thing, merged with the Transferee Company, as a going concern so as to become the estate, assets, rights, title, interest and authorities of the Transferee Company.
5. Pursuant to the sanction of the Scheme, the authorised share capital of the Transferor Companies are added to the authorised share capital of the Transferee Company without any further act, instrument or deed or procedure or payment of any stamp duty and registration fees.
6. Pursuant to the order of NCLT towards scheme of arrangement for the Merger, as stated above, necessary adjustments have been made by the company in the standalone results as stated above, towards provision for taxation and Corporate Social Responsibility, etc giving the post merger effect on aggregate basis.
7. Since the order of NCLT was received on last moment, the Statutory Audit of the transferee companies (Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited) under the Companies Act 2013 and under other applicable laws, were carried out by the earlier statutory auditors of the respective companies for the year ended March 31, 2019. The statutory auditor of Monarch Network Capital Limited have verified only the merger implication on the above results.

Note 54**Disclosure as per Clause 32 of the listing Agreement with the Stock Exchanges**

(Figures in INR)

| Particulars | Relationship | | Amount outstanding as at March 31, 2020 | Maximum balance outstanding during the year |
|---|-------------------------|----|---|---|
| Monarch Network Finserve Private Limited | Wholly-owned Subsidiary | CY | - | 30,00,01,724 |
| | | PY | 8,41,98,427 | 21,29,32,385 |
| Monarch Network Investment Advisors Pvt Ltd | Subsidiary | CY | - | - |
| | | PY | - | 11,000 |
| Monarch Network Money Changers Pvt Ltd | Subsidiary | CY | - | 1,97,251 |
| | | PY | - | - |
| Monarch Network Capital IFSC Pvt Ltd | Subsidiary | CY | 1,23,687 | 1,23,687 |
| | | PY | 13,640 | 13,640 |

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

Note: 55

Previous year's figures have been regrouped or reclassified wherever necessary

As per our Report of even date**For PAREKH SHAH & LODHA**Chartered Accountants
(Firm Reg. No. 107487W)**Amit Saklecha**(Partner)
M.No. 401133
UDIN: 20401133AAAAAF6711Place : Mumbai
Date : 29th June 2020**For and on behalf of the Board****Vaibhav Shah**
(Managing Director)
DIN 00572666**Tarak Shah**
(Chief Financial Officer)Place : Mumbai
Date : 29th June 2020**Manju Bafna**
(Whole-Time Director)
DIN 01459885**Rupali Verma**
(Company Secretary)
ICSI Member. No: A42923Place : Mumbai
Date : 29th June 2020

MONARCH NETWORTH CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT

To

The Members of
MONARCH NETWORTH CAPITAL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Monarch Networth Capital Limited ((hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entities, which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, an associate and jointly controlled entities as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entities as at 31 March 2020, of its consolidated profit and consolidated cash flows for the year ended on that date.

Basis for opinion

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

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

Key audit matters

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

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

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

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

MONARCH NETWORK CAPITAL LIMITED

| Key audit matters | How the matter was addressed in our Audit |
|--|--|
| <p>In addition, considering the materiality of the investments in group companies, vis-à-vis the total assets of the Company, this is considered to be significant to our overall audit strategy and planning.</p> <p>The Company has also extended loans to group entities and related parties that are assessed for recoverability at each period end.</p> | <ul style="list-style-type: none"> For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the profitability estimation by the management of these group entities; Understanding the return prospects from the group entities, based on discussion with the management; and Obtained independent confirmations to ensure completeness and existence of loans and advances held by related parties as on reporting date. |
| Balances of Various Financial Assets and Liabilities | |
| <p>Refer Note No. 45 to the financial statements which describes that the balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable.</p> | <p>We evaluated the management procedure and tested key controls employed by the management to review over the reconciliation and recoverability of the long outstanding assets and payability of long outstanding liabilities. Based on the explanations and representations provided by the management, it was explained to us that the Board is carrying out a regular review of balances of all outstanding assets and liabilities, based on the formal/ informal arrangements with the respective parties involved. As per their opinion, there will be no substantial impact on their reconciliation with their balance confirmations. Based on the same we have place reliance on these key controls for the purposes of our audit.</p> |

Information other than the financial statements and auditors' report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated financial statements

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

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matter

The consolidated financial statements include the audited financial statements of four subsidiaries whose financial statements reflect total assets (before consolidation adjustments) of Rs. 4,146.59 lakhs as at 31st March 2020, total revenue (before

MONARCH NETWORTH CAPITAL LIMITED

consolidation adjustments) of Rs. 1,037.49 lakhs and total net profit after tax (before consolidation adjustments) of Rs. 102.07 lakhs and net cash inflows of Rs.103.27 lakhs for the year ended on that date, as considered in the consolidated financial statements, which have been audited by their respective independent auditors. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

The Consolidated statements also includes the Company's share of Net Profit of Rs -0.11 lacs for the year ended 31st March 2020 as considered in the consolidated financial statements, in respect of one associate company. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate company, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate company, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

An scheme of Amalgamation was approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), on May 09, 2019, with appoint date of 1 April 2017, between the four transferor companies (i.e. Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited) with Monarch Network Capital Limited. The standalone financial statements/financial information of these transferor companies (reflecting total assets of Rs. 27,89,74,905/- as at 31st March 2019 and the total revenue of Rs. 704,27,502/- for the year ended on 31st March 2019 (before giving the effect of merger) were consolidated in the standalone financial statements of Monarch Network Capital Limited during the financial year ended 31st March 2019. We did not audited the financial statements/ information of these transferor companies, included in the standalone financial statements of the company, which have been audited by the earlier statutory auditors of the respective companies, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these transferor companies, is based solely on the report of such other auditors for the year ended 31st March 2019.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- (a) The Company does not have any pending litigations which would impact its consolidated financial position, other than those mentioned in Note 34 to 36 to the consolidated Financial Statements;
 - (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

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

Amit Saklecha
(Partner)
M. No.: 401133
UDIN: 20401133AAAAAG4378

Place: Mumbai
Date: 29th June 2020

ANNEXURE A TO AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of **MONARCH NETWORK CAPITAL LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

Amit Saklecha
(Partner)
M. No.: 401133
UDIN: 20401133AAAAAG4378

Place: Mumbai
Date: 29th June 2020

MONARCH NETWORK CAPITAL LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(Currency: Indian Rupees)

| Particulars | Notes | Year Ended on March 31, 2020 | Year Ended on March 31, 2019 |
|---|---------|---------------------------------|---------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property Plant and Equipment | 2 | 3,96,80,765 | 2,97,36,069 |
| Capital work-in-progress | 2 | - | - |
| Intangible Assets | 3 | 3,15,437 | 5,34,724 |
| Financial assets | | | |
| - Investments | 4 | 1,23,60,140 | 1,55,75,682 |
| - Other Financial Assets | 5 | 1,52,13,54,273 | 37,75,07,830 |
| Deferred tax assets (Net) | 6 | 5,62,17,415 | 5,90,98,606 |
| Total Non Current Assets | | 1,62,99,28,029 | 48,24,52,910 |
| Current assets | | | |
| Inventories | 7 | 2,76,26,201 | 3,29,15,582 |
| Financial assets | | | |
| - Trade Receivables | 8 | 68,45,01,855 | 77,91,47,784 |
| - Cash and cash equivalents | 9 | 2,27,94,49,537 | 94,42,38,977 |
| - Loans and advances | 10 | 3,29,74,598 | 6,59,87,882 |
| Total Current Assets | | 3,02,45,52,192 | 1,82,22,90,226 |
| Total Assets | | 4,65,44,80,221 | 2,30,47,43,136 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 11 | 31,04,95,180 | 31,04,95,180 |
| Other equity | 12 | 51,05,41,497 | 49,14,68,464 |
| Total Equity | | 82,10,36,677 | 80,19,63,644 |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 13 | 2,46,55,010 | 11,71,129 |
| Provisions | 14 | 1,55,07,491 | 1,50,85,071 |
| Total Non Current Liabilities | | 4,01,62,501 | 1,62,56,200 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 9,13,05,042 | 26,29,90,393 |
| - Trade payables | 16 | 3,52,75,63,600 | 1,04,98,17,402 |
| - Other financial Liabilities | 17 | 93,92,840 | 76,55,096 |
| Provisions | 18 | 1,06,37,756 | 1,28,47,694 |
| Other current liabilities | 19 | 15,43,81,805 | 15,32,12,708 |
| Total Current Liabilities | | 3,79,32,81,043 | 1,48,65,23,293 |
| TOTAL Liabilities | | 4,65,44,80,221 | 2,30,47,43,136 |
| Significant Accounting Policies | 1 | | |
| See accompanying notes to the financial statements | 2 to 54 | | |

As per our Report of even date

For and on behalf of the Board

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAG4378

Place : Mumbai
Date: 29th June 2020

Vaibhav Shah
(Managing Director)
DIN 00572666

Tarak Shah
(Chief Financial Officer)

Place : Mumbai
Date :29th June 2020

Manju Bafna
(Whole-Time Director)
DIN 01459885

Rupali Verma
(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date :29th June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

| Particulars | Notes | Year Ended on March 31, 2020 | Year Ended on March 31, 2019 |
|--|----------------|---------------------------------|---------------------------------|
| INCOME | | | |
| Revenue From Operations | 20 | 64,88,89,234 | 70,36,53,241 |
| Other Income | 21 | 5,55,01,166 | 7,83,87,574 |
| Total Income | | 70,43,90,400 | 78,20,40,815 |
| EXPENSES | | | |
| Employee benefit expense | 22 | 26,43,34,118 | 25,97,82,719 |
| Operating Expenses | 23 | 15,77,77,898 | 18,85,75,253 |
| Finance Cost | 24 | 7,86,11,848 | 4,77,53,643 |
| Depreciation & Amortization Expenses | 2 | 88,22,655 | 93,23,353 |
| Other Expenses | 25 | 15,88,52,498 | 13,70,79,016 |
| Provision for Standard Assets | | 3,18,756 | 3,13,002 |
| Provision for Non Performing Assets | | (21,779) | 19,915 |
| Total Expenses | | 66,86,95,994 | 64,28,46,900 |
| PROFIT BEFORE EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND TAX | | 3,56,94,406 | 13,91,93,914 |
| Less: Extraordinary Items (prior period expenses) | | (5,10,320) | 1,02,31,345 |
| Profit Before Tax | | 3,51,84,086 | 14,94,25,260 |
| Tax Expenses | | | |
| Current Tax | | 94,58,182 | 4,24,77,911 |
| Deferred tax | | 11,40,665 | 24,02,399 |
| Short & Excess Tax Provision | | 4,17,229 | 32,72,179 |
| Mat Receivable | | 16,64,125 | (2,92,70,107) |
| Total Tax Expenses | | 1,26,80,201 | 1,88,82,382 |
| PROFIT FOR THE YEAR (AFTER TAX) | | 2,25,03,885 | 13,05,42,878 |
| Other Comprehensive Income | 26 | | |
| A(i) Items that will not be reclassified to profit or loss | | | |
| Remeasurements of the defined benefit plans | | (3,03,766) | (14,90,585) |
| Equity Instruments through Other Comprehensive Income | | (32,04,583) | (14,80,925) |
| (ii) Income tax related to items that will not be reclassified to profit or loss | | 88,456 | 4,34,058 |
| 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 | | 1,90,83,992 | 12,80,05,426 |
| Add : Share of Profit/(Loss) from Associates | | 10,959 | -19,927 |
| Add : Minority Interest | | - | - |
| Net Profit | | 1,90,94,951 | 12,79,85,499 |
| Earnings Per equity share of face value of Rs 10 each | | | |
| Basic(in Rs) | 27 | 0.61 | 4.12 |
| Diluted (in Rs) | 27 | 0.61 | 4.12 |
| Significant Accounting Policies | 1 | | |
| See accompanying Notes to the Financial Statements | 2 to 54 | | |

As per our Report of even date

For and on behalf of the Board

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAG4378Vaibhav Shah
(Managing Director)
DIN 00572666Tarak Shah
(Chief Financial Officer)Manju Bafna
(Whole-Time Director)
DIN 01459885Rupali Verma
(Company Secretary)
ICSI Member. No: A42923Place : Mumbai
Date: 29th June 2020Place : Mumbai
Date :29th June 2020Place : Mumbai
Date :29th June 2020

MONARCH NETWORK CAPITAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

| | For the year ended 31 March 2020 INRs | For the year ended 31 March 2019 INRs |
|---|--|--|
| Cash flow from operating activities | | |
| Profit before tax from continuing operations | 3,16,64,778 | 14,64,33,823 |
| Profit/(loss) before tax from discontinued operations | | - |
| Profit before tax | 3,16,64,778 | 14,64,33,823 |
| Adjustments to reconcile profit before tax to net cash used in operating activities | | |
| Depreciation and amortisation | 88,22,655 | 93,23,353 |
| Finance cost | 7,86,11,848 | 4,77,53,643 |
| Equity Instruments through OCI | 32,04,583 | 14,80,925 |
| Adjustments in Retained Earnings | | (1,00,00,000) |
| Share of Profit/(Loss) from Associates | (10,959) | 19,927 |
| Interest income | (5,12,52,552) | (5,70,28,944) |
| Dividend Income | (1,43,810) | (2,05,200) |
| Income Tax Refund | | (41,11,540) |
| (Profit) / loss on sale of fixed assets | 99,403 | 49,779 |
| Provision for Standard Assets | 3,18,756 | 3,13,002 |
| Provision for Non Performing Assets | (21,779) | 19,915 |
| Bad debts/Sundry Balance written off | 1,17,00,131 | 69,39,948 |
| | 8,29,93,054 | 14,09,88,630 |
| Working capital adjustments | | |
| Inventories | 52,89,381 | (18,65,845) |
| Trade receivables | 8,29,45,798 | (16,90,90,331) |
| Loans & Advances | 1,36,17,052 | 5,36,48,521 |
| Trade payables | 2,47,77,46,198 | 11,54,82,013 |
| Other financial liabilities | 17,37,744 | (1,74,95,251) |
| Other liabilities | 11,69,087 | (3,11,69,697) |
| Provisions | (20,84,495) | 51,47,834 |
| | 2,66,34,13,819 | 9,56,45,875 |
| Income Tax paid | (1,88,06,310) | (7,02,13,563) |
| Net cash flows from operating activities | 2,64,46,07,509 | 2,54,32,313 |
| Cash flow from investing activities | | |
| Payment for purchase and construction of property, plant and equipment (Net of proceeds from sales) | (1,86,47,467) | (1,64,41,768) |
| Fixed deposits held as margin deposits | | (24,25,69,810) |
| Other Fixed Deposits | (12,49,02,009) | (10,00,91,853) |
| Proceeds from sale of Investments | 21,918 | 0 |
| Interest received | 5,12,52,552 | 5,70,28,944 |
| Dividend Income | 1,43,810 | 2,05,200 |
| Proceeds /(Repayment) of Other Non Current Financial Assets | (1,14,25,67,350) | 14,53,02,917 |
| Proceeds /(Repayment) of loans and advances to related parties | 2,72,12,900 | (3,16,80,657) |
| Net cash flows from investing activities | (1,20,74,85,647) | (18,82,47,027) |

| | For the year ended 31 March 2020 INRs | For the year ended 31 March 2019 INRs |
|--|---|---|
| Cash flow from financing activities | | |
| Proceeds /(Repayment) of borrowings from banks/ FI | (14,91,93,855) | 23,37,14,481 |
| Proceeds /(Repayment) of borrowings from others | 9,92,385 | (10,70,50,926) |
| Finance charges paid | (7,86,11,848) | (4,77,53,643) |
| Net cash flows from financing activities | (22,68,13,318) | 7,89,09,913 |
| Net increase / (decrease) in cash and cash equivalents | 1,21,03,08,544 | (8,39,04,802) |
| Cash and cash equivalents at the beginning of the year | 30,94,28,816 | 30,94,28,810 |
| Effect of exchanges rate changes on cash and cash equivalents | | - |
| Cash and cash equivalents at the end of the year | 1,51,97,37,360 | 30,94,28,810 |
| Reconciliation of Cash and Cash equivalents with the Balance Sheet | | |
| Cash and Bank Balances as per Balance Sheet | 1,51,97,37,360 | 30,94,28,810 |
| 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 | | - |
| Cash and Cash equivalents as restated as at the year end | 1,51,97,37,360 | 30,94,28,810 |

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 and on behalf of the Board

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAG4378

Place : Mumbai
Date: 29th June 2020

Vaibhav Shah
(Managing Director)
DIN 00572666

Tarak Shah
(Chief Financial Officer)

Place : Mumbai
Date :29th June 2020

Manju Bafna
(Whole-Time Director)
DIN 01459885

Rupali Verma
(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date :29th June 2020

MONARCH NETWORK CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

(Currency: Indian Rupees)

| (a) Equity share capital | As at 31 March 2020 | | As at 31 March 2019 | |
|--|---------------------|--------------|---------------------|--------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the reporting period | 3,10,49,518 | 31,04,95,180 | 3,10,49,518 | 31,04,95,180 |
| Changes in equity share capital during the year | - | - | - | - |
| Balance at the end of the reporting period | 3,10,49,518 | 31,04,95,180 | 3,10,49,518 | 31,04,95,180 |

(b) Other equity

| Particulars | Reserves & Surplus | | | Other comprehensive income | | Total |
|--|--------------------|----------------------------|---------------------|---|--|---------------------|
| | Capital Reserve | Securities Premium Account | Retained earnings | Remeasurements of the net defined benefit Plans | Fair valuation of investments in equity shares | |
| Balance at 1 April 2018 | 1,51,63,560 | 34,75,69,238 | 1,45,97,067 | 2,78,427 | (41,25,327) | 37,34,82,965 |
| Profit for the year | - | - | 12,05,22,951 | - | - | 12,05,22,951 |
| Other comprehensive income for the year | - | - | - | (10,56,527) | (14,80,925) | (25,37,452) |
| Total comprehensive income for the year | - | - | 12,05,22,951 | (10,56,527) | (14,80,925) | 11,79,85,499 |
| Balance at 31 March 2019 | 1,51,63,560 | 34,75,69,238 | 13,51,20,018 | (7,78,100) | (56,06,252) | 49,14,68,464 |
| Profit for the year | - | - | 2,24,92,926 | - | - | 2,24,92,926 |
| Other comprehensive income for the year | - | - | - | (2,15,310) | (32,04,583) | (34,19,893) |
| Total comprehensive income for the year | - | - | 2,24,92,926 | (2,15,310) | (32,04,583) | 1,90,73,033 |
| Balance at 31 March 2020 | 1,51,63,560 | 34,75,69,238 | 15,76,12,944 | (9,93,410) | (88,10,835) | 51,05,41,497 |

As per our Report of even date

For PAREKH SHAH & LODHA

Chartered Accountants
(Firm Reg. No. 107487W)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAG4378

Place : Mumbai
Date: 29th June 2020

For and on behalf of the Board

Vaibhav Shah

(Managing Director)
DIN 00572666

Tarak Shah

(Chief Financial Officer)

Place : Mumbai
Date :29th June 2020

Manju Bafna

(Whole-Time Director)
DIN 01459885

Rupali Verma

(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date :29th June 2020

Notes to consolidated financial statements for the year ended 31st March 20**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.

The Company, its Subsidiaries (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, 2020 | As at 31st March, 2019 |
| Monarch Network Finserve Private Limited | NBFC Business | 100 | 100 |
| Monarch Network Investment Advisory Private Limited | Insurance Business | 100 | 100 |
| Monarch Network Capital IFSC Private Limited | IFSC Activities | 100 | 100 |
| Monarch Network Money Changers Private Limited | Currency Changing | 100 | 100 |

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 (IndAS) 28 on Investments in Associates defines Associate Group as an entity over which the investor has significant influence. It mentions that if an entity holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

The Group holds investments in the below entities which by share ownership are deemed to be an associate company:

- i) Network Financial Services Limited where the Group has 45.32% equity holding. 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.

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.

- b) 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 :

MONARCH NETWORTH CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

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

c) Functional and presentation currency:

These Consolidated Financial Statements are presented in INR, which is the Company's functional currency.

d) 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.

e) Basis of consolidation

Accounting for subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

Notes to consolidated financial statements for the year ended 31st March 20**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.

f) Business Combination

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.

g) 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.

h) 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.

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

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

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

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

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

Depreciation methods, estimated useful lives and residual value

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

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

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

i) Intangible Assets

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

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

Amortisation methods, estimated useful lives and residual value

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

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

j) 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

Notes to consolidated financial statements for the year ended 31st March 20

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.

k) Leases- Company as a lessee**Policy applicable with effect from 1 April 2019**

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

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

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

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

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

Notes to consolidated financial statements for the year ended 31st March 20

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

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

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

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

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

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

Company as a lessee

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

On transition, the Company has applied following practical expedients:

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

Notes to consolidated financial statements for the year ended 31st March 20

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

l) 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.

m) 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

Notes to consolidated financial statements for the year ended 31st March 20

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.

Notes to consolidated financial statements for the year ended 31st March 20**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.

Notes to consolidated financial statements for the year ended 31st March 20

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.

Notes to consolidated financial statements for the year ended 31st March 20**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.

n) 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.

Notes to consolidated financial statements for the year ended 31st March 20

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.

o) 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.

p) 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.

Notes to consolidated financial statements for the year ended 31st March 20

q) 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.

r) 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".

s) 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.

t) 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.

Notes to consolidated financial statements for the year ended 31st March 20

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.

u) 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.

Notes to consolidated financial statements for the year ended 31st March 20**v) 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.

w) 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.

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

Note 2: Property, Plant and Equipment (PPE)

| Description | Air Conditioners | Computer | Furniture & Fixtures | Vehicles | Office Equipment | Total | Capital Work in Progress |
|--|------------------|--------------------|----------------------|--------------------|------------------|--------------------|--------------------------|
| Cost as at 31 March 2018 (A) | 15,68,787 | 2,92,72,763 | 85,85,854 | 55,47,738 | 67,64,142 | 5,17,39,283 | 11,16,445 |
| Additions | 1,95,703 | 39,40,382 | 29,43,611 | 25,00,000 | 6,93,869 | 1,02,73,565 | - |
| Deletions | 1,22,800 | 3,29,152 | 3,88,191 | - | 1,15,754 | 9,55,897 | 11,16,445 |
| Cost as at 31 March 2019 (B) | 16,41,690 | 3,28,83,993 | 1,11,41,274 | 80,47,738 | 73,42,257 | 6,10,56,951 | - |
| Additions | 65,35,036 | 20,78,658 | 27,35,176 | 68,05,776 | 9,05,135 | 1,90,59,781 | - |
| Deletions | 4,06,900 | 18,07,398 | 18,51,955 | - | 5,86,669 | 46,52,922 | - |
| Cost as at 31 March 2020 (C) | 77,69,826 | 3,31,55,253 | 1,20,24,495 | 1,48,53,514 | 76,60,723 | 7,54,63,810 | - |
| Accumulated depreciation as at 31 March 2018 (D) | 4,29,941 | 1,34,69,520 | 49,19,230 | 15,63,875 | 25,31,771 | 2,29,14,337 | - |
| Depreciation for the period | 3,01,932 | 57,23,300 | 12,20,213 | 5,50,536 | 13,01,261 | 90,97,242 | - |
| Deletions | 63,125 | 1,76,633 | 3,68,657 | - | 82,181 | 6,90,596 | - |
| Accumulated depreciation as at 31 MARCH 2019 (E) | 6,68,748 | 1,90,16,187 | 57,70,786 | 21,14,411 | 37,50,851 | 3,13,20,983 | - |
| Depreciation for the period | 9,38,195 | 49,21,248 | 7,38,350 | 7,83,902 | 12,21,673 | 86,03,368 | - |
| Deletions | 3,35,206 | 16,31,094 | 17,15,422 | - | 4,59,652 | 41,41,374 | - |
| Accumulated depreciation as at 31 March 2020 (F) | 12,71,737 | 2,23,06,341 | 47,93,714 | 28,98,313 | 45,12,872 | 3,57,82,977 | - |
| Net carrying amount as at 31 March 2019 (B) - (E) | 9,72,942 | 1,38,67,806 | 53,70,488 | 59,33,327 | 35,91,507 | 2,97,36,069 | - |
| Net carrying amount as at 31 March 2020 (C) - (F) | 64,98,064 | 1,08,48,869 | 72,30,781 | 1,19,55,201 | 31,47,851 | 3,96,80,765 | - |

Note: 3 Intangible assets

| Description | Computer Software |
|--|-------------------|
| Cost as at 31 March 2018 (A) | 11,42,300 |
| Additions | - |
| Deletions | - |
| Cost as at 31 March 2019 (B) | 11,42,300 |
| Additions | - |
| Deletions | - |
| Cost as at 31 March 2020 (C) | 11,42,300 |
| Accumulated amortisation as at 31 March 2018 (D) | 3,81,536 |
| Amortisation for the period | 2,26,040 |
| Deletions | - |
| Accumulated amortisation as at 31 MARCH 2019 (E) | 6,07,576 |
| Amortisation for the period | 2,19,287 |
| Deletions | - |
| Accumulated depreciation as at 31 March 2020 (F) | 8,26,863 |
| | |
| Net carrying amount as at 31 March 2019 (B) - (E) | 5,34,724 |
| | |
| Net carrying amount as at 31 March 2020 (C) - (F) | 3,15,437 |

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Note: 4 | | |
| Non-current Investments | | |
| Investment in Associate Company | | |
| Investment in Networth Financial Service Limited (9,49,400 (Previous year: 9,49,400) equity shares of Rs. 10 each, fully paid up) | 88,18,877 | 88,29,836 |
| | 88,18,877 | 88,29,836 |
| Investment in equity - quoted (FVTOCI) | | |
| - Sadbhav Engineering Limited (1310 (Previous year: 1310)) equity shares of Rs. 10 each, fully paid up) | 35,239 | 3,27,959 |
| - Unistar Multimedia Limited (774262 (Previous Year: 774262)) equity shares of Rs. 10 each, fully paid up) | 17,73,060 | 22,06,647 |
| -Bombay Stock Exchange Limited- (4443 (Previous year: 5700)) equity shares of Rs. 2 each, fully paid up) | 13,14,684 | 34,90,680 |
| - Rattanpower India Limited (229000 (Previous year: 229000)) equity shares of Rs. 10 each, fully paid up) | 3,20,600 | 6,22,880 |
| | 34,43,583 | 66,48,166 |
| Less : Provision for diminution in value of investments | - | - |
| | 34,43,583 | 66,48,166 |
| Investment in Government or Trust Securities | | |
| National savings certificates | 38,000 | 38,000 |
| Life Insurance Policies | 59,680 | 59,680 |
| | 97,680 | 97,680 |
| | 1,23,60,140 | 1,55,75,682 |
| Aggregate amount of quoted investments and market value thereof | 34,43,583 | 66,48,166 |
| Aggregate amount of unquoted investments | 89,16,557 | 89,27,516 |
| | 1,23,60,140 | 1,55,75,682 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 5 | | |
| Other Financial Assets | | |
| Unsecured considered good unless stated otherwise : | | |
| a. Security Deposits | | |
| Deposit with Stock Exchange & Financial Institutions | 41,04,58,198 | 6,03,25,164 |
| Additional Base capital with Clearing Member | 96,79,58,253 | 17,60,12,136 |
| b. Balance with Revenue Authorities | | |
| Advance to Government Authorities | 3,05,79,978 | 2,93,00,885 |
| c. Other Deposits | | |
| Deposits for Arbitration Order | 1,35,07,830 | 1,32,19,464 |
| Deposits for Office Premises | 9,77,28,592 | 9,69,96,127 |
| Deposits for Telephone, VSAT, Electricity etc. | 11,21,422 | 16,54,054 |
| Total | 1,52,13,54,273 | 37,75,07,830 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Note: 6 | | |
| DEFERRED TAX ASSETS (NET) | | |
| The movement on the deferred tax account is as follows: | | |
| At the start of the year | 1,57,50,354 | 1,77,18,696 |
| Charge/(credit) to statement of Profit and Loss | (10,52,207) | (19,68,342) |
| At the end of the year | 1,46,98,147 | 1,57,50,354 |
| MAT Receivable | 4,15,19,268 | 4,33,48,252 |
| Total | 5,62,17,415 | 5,90,98,606 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------|------------------------|------------------------|
| Note: 7 | | |
| Inventories | | |
| Stock in Trade* | 2,76,26,201 | 3,29,15,582 |
| Total | 2,76,26,201 | 3,29,15,582 |

* 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.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 8 | | |
| Trade Receivables | | |
| Trade Receivables from Stock Broking Activities | | |
| -considered good, outstanding for more then six month | 26,04,82,170 | 7,11,98,886 |
| -considered good, outstanding for less then six month | 37,17,03,698 | 64,82,55,797 |
| Total Trade Receivables | 63,21,85,868 | 71,94,54,683 |
| Others Trade Receivables: considered good | | - |
| MTF Funding Debtors | 3,64,77,868 | 4,52,64,124 |
| Other Receivables | 1,58,38,119 | 1,44,28,978 |
| Total | 68,45,01,855 | 77,91,47,784 |

Note:

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

Notes to consolidated financial statements for the year ended 31st March 20

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

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 9 | | |
| Cash and cash equivalents | | |
| Cash on Hand | 2,62,778 | 3,60,255 |
| Balance with Bank | 1,51,94,74,583 | 30,90,68,555 |
| Fixed deposits held as margin deposits | 53,92,63,949 | 42,89,74,759 |
| Other Fixed Deposits | 22,04,48,228 | 20,58,35,408 |
| Total | 2,27,94,49,537 | 94,42,38,977 |

Notes:

- Fixed deposits includes Rs. 53,92,63,949 and Rs. 42,89,74,759 for the year ended 31 March 2020 and 31 March 2019, respectively, under lien with banks towards bank guarantee, or kept as security with Exchanges as margin money.
- Cash and Bank balances as on 31 March 2020 and as on 31 March 2019 include cheques on hands, which were cleared subsequent to the year end on periodic basis.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 10 | | |
| Loans and Advances | | |
| Advances to Staff | 24,82,559 | 27,73,333 |
| Advances to Suppliers | 7,97,669 | 9,41,183 |
| Prepaid Expenses | 52,73,468 | 89,40,120 |
| Receivables from Related Party | 44,67,757 | 3,16,80,657 |
| Advance against capital goods | 1,00,00,000 | 75,00,000 |
| Receivable from Income Tax Authorities | 77,79,332 | 24,62,666 |
| Loan - others Advances | 21,73,814 | 1,16,89,923 |
| Total | 3,29,74,598 | 6,59,87,882 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 11 | | |
| Share Capital | | |
| a Authorised : | | |
| Equity Shares of Re. 1/- each | | |
| 540,00,000 (Previous year 540,00,000) Equity shares | 54,00,00,000 | 54,00,00,000 |
| 60,00,000 (Previous Year 60,00,000) Redeemable Preference Shares of Rs.10 each | 6,00,00,000 | 6,00,00,000 |
| 5,00,000-6% Cumulative Redeemable preference Share of Rs. 100/- each | 5,00,00,000 | 5,00,00,000 |
| TOTAL | 65,00,00,000 | 65,00,00,000 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| b Issued and Subscribed and Paid up: | | |
| 3,10,49,518 (Previous year 3,10,49,518) Equity shares fully paid up | 31,04,95,180 | 31,04,95,180 |
| TOTAL | 31,04,95,180 | 31,04,95,180 |
| c Reconciliation of number of shares outstanding at the beginning and end of the year : | | |
| Equity share : | | |
| Outstanding at the beginning of the year | 3,10,49,518 | 3,10,49,518 |
| Add/(Less) : Adjustments during the year | | |
| Equity shares allotted as fully paid bonus shares by capitalisation of reserves | - | - |
| Equity Shares bought back during the year | | |
| Outstanding at the end of the year | 3,10,49,518 | 3,10,49,518 |

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 31st March 2020, 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 31 March 2020 | | As at 31 March 2019 | |
|---|---------------------|--------|---------------------|--------|
| | No. of Shares | % | No. of Shares | % |
| VAIBHAV JAYANTILAL SHAH | 31,08,815 | 10.01% | 31,08,815 | 10.01% |
| SURESH P JAIN | 22,96,873 | 7.40% | 24,42,165 | 7.87% |
| SURESH BABULAL BAFNA | 25,12,500 | 8.09% | 25,12,500 | 8.09% |
| BELA HIMANSHU SHAH | 24,06,000 | 7.75% | 24,06,000 | 7.75% |
| BANKIM JAYANTILAL SHAH | 22,06,000 | 7.10% | 22,06,000 | 7.10% |
| METAPHOR REALTY INVESTMENTS PRIVATE LIMITED | 24,12,000 | 7.77% | 24,12,000 | 7.77% |

f The company had not issued any bonus share for consideration other than cash and no share had bought back during the period of five years immediately preceding the reporting date.

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

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 12 | | |
| Other Equity | | |
| Reserves & Surplus | | |
| Capital reserve - at the beginning of the year | 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 |
| Securities premium reserve - at the beginning of the year | 34,75,69,238 | 34,75,69,238 |
| Add: Addition during the year | | - |
| At the end of the year | 34,75,69,238 | 34,75,69,238 |
| Retained earnings - at the beginning of the year | 13,51,20,018 | 1,45,97,067 |
| Add: Addition during the year | 2,24,92,926 | 13,05,22,951 |
| Less: Merger Reserve Fund for other companies | | (1,00,00,000) |
| At the end of the year | 15,76,12,944 | 13,51,20,018 |
| Total Reserves & Surplus | 52,03,45,742 | 49,78,52,816 |
| Other comprehensive income | | |
| Remeasurements of the net defined benefit Plans | (7,78,100) | 2,78,427 |
| Add: Addition during the year | (2,15,310) | (10,56,527) |
| At the end of the year | (9,93,410) | (7,78,100) |
| Fair valuation of investments in equity shares | (56,06,252) | (41,25,327) |
| Add: Addition during the year | (32,04,583) | (14,80,925) |
| At the end of the year | (88,10,835) | (56,06,252) |
| Total Other comprehensive income | (98,04,245) | (63,84,352) |
| Total Other Equity | 51,05,41,497 | 49,14,68,464 |

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

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

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 13 | | |
| Non Current Borrowing | | |
| Loan from ICICI Bank Ltd | 4,44,750 | 11,71,129 |
| Loan from Daimler Financial Services India Ltd (Secured against hypothecation of Car) | 48,70,260 | - |
| Unsecured | | |
| Loan from related parties and others | 1,93,40,000 | - |
| Total | 2,46,55,010 | 11,71,129 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Note: 14 | | |
| Non Current Provisions | | |
| Provision for Gratuity | 1,55,07,491 | 1,50,85,071 |
| Total | 1,55,07,491 | 1,50,85,071 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 15 | | |
| Current Borrowings | | |
| Secured Borrowings | | |
| Overdraft from HDFC Bank (Secured against hypothecation of Office premises & Securities, and Personal guarantee of Key Management) | 5,50,523 | 15,02,32,030 |
| Loan from Banks (Secured against Pledge of Fixed Deposits) | 8,50,00,000 | 8,97,50,000 |
| Current Maturities | | |
| Loan from ICICI Bank Ltd | 7,26,379 | 6,60,748 |
| Loan from Daimler Financial Services India Ltd | 10,28,140 | |
| Unsecured Borrowings | | |
| Loans from shareholders | | |
| - Other than promoter group | 30,00,000 | 30,00,000 |
| - Associate Companies | - | 1,93,47,615 |
| - Directors | 10,00,000 | - |
| Total | 9,13,05,042 | 26,29,90,393 |

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------|------------------------|------------------------|
| Note: 16 | | |
| Trade Payable | | |
| Trade Payable | 2,65,55,24,235 | 36,89,20,887 |
| Margin Payable to Clearing Member | 85,95,83,676 | 67,02,47,333 |
| Payable to MTF Clients | 1,09,06,913 | 75,66,592 |
| Other Payable | 15,48,776 | 30,82,590 |
| Total | 3,52,75,63,600 | 1,04,98,17,402 |

Notes:

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

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note: 17 | | |
| Other Current financial liabilities | | |
| Creditors for Expenses | 65,56,566 | 40,81,969 |
| Salary & Reimbursements | 28,36,274 | 35,73,127 |
| Total | 93,92,840 | 76,55,096 |

Notes:

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

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------|------------------------|------------------------|
| Note: 18 | | |
| Current Provisions | | |
| Provision for Expenses | 11,94,393 | 61,44,741 |
| Provision for Gratuity (Current) | 27,60,057 | 26,69,299 |
| Provision for CRS | 50,62,545 | 27,09,870 |
| Provisions for Standard Assets | 16,20,761 | 13,02,005 |
| Provision for NPA | - | 21,779 |
| Total | 1,06,37,756 | 1,28,47,694 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------|------------------------|------------------------|
| Note: 19 | | |
| Other Current Liabilities | | |
| Statutory Remittances | 5,74,18,362 | 1,18,49,747 |
| Deposits from Clients | 6,73,01,952 | 11,64,13,416 |
| Deposits from Business Associates | 2,40,02,495 | 2,28,68,451 |
| Advance Brokerage from Client | 7,76,578 | 17,28,021 |
| Other Current Liabilities | 48,82,418 | 3,53,073 |
| Total | 15,43,81,805 | 15,32,12,708 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Note: 20 : Revenue from operations | | |
| (a) Stock broking services | | |
| Brokerage | 43,56,48,617 | 50,33,16,665 |
| Demat | 2,01,70,509 | 2,68,52,081 |
| Merchant Banking | 58,60,000 | 2,56,95,228 |
| Financial Products Distribution | 49,93,998 | 68,16,615 |
| Advisory | 1,01,73,620 | 13,38,961 |
| Interest Income from Margin Funding | 87,56,388 | 57,59,607 |
| (b) Other operating revenues | | |
| Late Payment Charges Income | 5,82,80,893 | 6,48,41,172 |
| Insurance | 96,31,608 | 94,81,306 |
| NBFC Interest Income | 9,30,41,741 | 5,83,97,979 |
| Miscellaneous income | 23,31,860 | 11,53,627 |
| Total | 64,88,89,234 | 70,36,53,241 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---------------------------------------|--------------------------------|--------------------------------|
| Note: 21 : Other income | | |
| (a) Dividend Income | 1,43,810 | 2,05,200 |
| (b) Interest Income | | |
| From banks on fixed deposits | 4,45,64,007 | 3,49,04,450 |
| Other interest income | 66,88,545 | 2,52,16,861 |
| (c) Other non-operating income | | |
| Miscellaneous income | 41,04,804 | 1,80,61,063 |
| Total | 5,55,01,166 | 7,83,87,574 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Note: 22 | | |
| Employee Benefit Expenses | | |
| Salary & Other Allowances | | |
| Employee Salary | 23,48,74,733 | 23,02,21,837 |
| Director Remuneration | 47,63,340 | 43,71,060 |
| Performance Incentive | 59,99,887 | 51,73,453 |
| Contribution to Provident & Other fund | 1,35,29,920 | 1,55,34,820 |
| Staff Welfare Charges | 51,66,237 | 44,81,549 |
| Total | 26,43,34,118 | 25,97,82,719 |

Notes to consolidated financial statements for the year ended 31st March 20

(Currency: Indian Rupees)

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|-------------------------------------|--------------------------------|--------------------------------|
| Note: 23 | | |
| Operating Expenses | | |
| Sub Brokerage & Commission Expenses | 12,88,89,338 | 15,43,11,325 |
| Depository charges | 53,63,060 | 1,03,95,082 |
| Exchange Expenses | 23,84,689 | 12,19,494 |
| Connectivity Charges | 37,01,349 | 67,88,558 |
| Membership Fees & Subscription | 37,93,393 | 30,61,451 |
| Software Charges | 1,12,18,612 | 84,08,008 |
| Merchant Banking Expenses | 17,33,955 | 36,65,766 |
| Loss on sale of stock-in-error | 2,45,590 | 1,75,036 |
| Other operating charges | 4,47,913 | 5,50,532 |
| Total | 15,77,77,898 | 18,85,75,253 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Note: 24 : Finance Cost | | |
| Interest expense on: | | |
| On Temporary overdrafts availed from banks | 2,49,50,267 | 1,18,88,797 |
| On Car Loans | 2,26,829 | 1,99,237 |
| Other Interest | 4,36,11,129 | 2,87,03,323 |
| Other borrowing costs: | | |
| Bank Guarantee Charges | 87,06,748 | 64,70,181 |
| Other Charges | 11,16,875 | 4,92,104 |
| Total | 7,86,11,848 | 4,77,53,643 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|-------------------------------------|--------------------------------|--------------------------------|
| Note: 25 | | |
| Other Expenses | | |
| Administration expenses | | |
| Legal & Professional Charges | 1,79,26,863 | 2,07,92,335 |
| Telephone/Communication Charges | 55,86,075 | 62,54,384 |
| Electricity Charges | 87,29,423 | 1,00,43,267 |
| Rent Rates & Taxes | 4,02,36,683 | 3,93,18,791 |
| Repairs & Maintenance | 67,63,357 | 73,39,852 |
| Manpower supply charges | 11,95,322 | 10,17,049 |
| Insurance Charges | 2,58,223 | 1,43,020 |
| Postage & Courier Charges | 15,01,248 | 31,15,199 |
| Conveyance & Travelling | 61,43,348 | 73,96,395 |
| Printing Stationery & Xerox Charges | 15,33,290 | 23,46,213 |
| Office expenses | 47,88,913 | 40,64,267 |
| Corporate Social Responsibility | 24,01,262 | 33,59,553 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Auditors' Remuneration | 19,65,000 | 18,39,000 |
| Bad debts/Sundry Balance written off | 1,17,00,131 | 69,39,948 |
| Loss on Assets sold / discarded | 99,403 | 49,779 |
| Loss on sale of stock-in-pro trading | 3,84,82,563 | 1,64,22,097 |
| Other Expenses | 42,83,789 | 28,06,384 |
| Charity & Donations | 14,15,700 | 9,31,800 |
| Business Promotion Expenses | 38,41,904 | 28,99,682 |
| Total of Administrative, selling and Distribution | 15,88,52,498 | 13,70,79,016 |

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Note: 26 | | |
| 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 | (3,03,766) | (14,90,585) |
| Equity Instruments through Other Comprehensive Income | (32,04,583) | (14,80,925) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 88,456 | 4,34,058 |
| Total | (34,19,893) | (25,37,452) |

Note: 27: Earnings per share (EPS)

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

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

i. Profit attributable to Equity holders

| | 31-Mar-20 INR | 31-Mar-19 INR |
|--|--------------------|---------------------|
| Profit attributable to equity holders : | | |
| Continuing operations | 1,90,94,951 | 12,79,85,499 |
| Discontinued operations | - | - |
| Profit attributable to equity holders for basic earnings | 1,90,94,951 | 12,79,85,499 |
| Adjustments: | | |
| Interest on Convertible preference shares | - | - |
| Others | - | - |
| Profit attributable to equity holders adjusted for the effect of dilution | 1,90,94,951 | 12,79,85,499 |

Notes to consolidated financial statements for the year ended 31st March 20

ii. Weighted average number of ordinary shares

| | 31-Mar-20 INR | 31-Mar-19 INR |
|--|--------------------|--------------------|
| Issued ordinary shares at April 1 | 3,10,49,518 | 3,10,49,518 |
| Effect of shares issued as Bonus shares | - | - |
| Effect of shares bought back during the year | - | - |
| Weighted average number of shares at March 31 for EPS | 3,10,49,518 | 3,10,49,518 |
| Effect of dilution: | | |
| Share options | - | - |
| Convertible preference shares | - | - |
| | 3,10,49,518 | 3,10,49,518 |

iii. Basic and Diluted earnings per share

| | 31-Mar-20 INR | 31-Mar-19 INR |
|----------------------------|------------------|------------------|
| Basic earnings per share | 0.61 | 4.12 |
| Diluted earnings per share | 0.61 | 4.12 |

Note: 28: Tax expense

(a) Amounts recognised in profit and loss

| | For the year ended | |
|---|--------------------|--------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Current income tax | 94,58,182 | 4,24,77,911 |
| Changes in tax estimates of prior years | 4,17,229 | 32,72,179 |
| Deferred income tax liability / (asset), net | | |
| Origination and reversal of temporary differences | 11,40,665 | 24,02,399 |
| Deferred tax expense | 11,40,665 | 24,02,399 |
| Tax expense for the year | 1,10,16,076 | 4,81,52,489 |

(b) Amounts recognised in other comprehensive income

| | For the year ended 31 March 2020 | | | For the year ended 31 March 2019 | | |
|--|----------------------------------|-----------------------------|--------------------|----------------------------------|-----------------------------|--------------------|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to profit or loss | | | | | | |
| Changes in revaluation surplus | - | - | - | - | - | - |
| Remeasurements of the defined benefit plans | (3,03,766) | 88,456 | (2,15,310) | (14,90,585) | 4,34,058 | (10,56,527) |
| Equity Instruments through Other Comprehensive Income | (32,04,583) | - | (32,04,583) | (14,80,925) | - | (14,80,925) |
| Items that will be reclassified to profit or loss | - | - | - | - | - | - |
| | (35,08,349) | 88,456 | (34,19,893) | (29,71,510) | - | (25,37,452) |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

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

| | For the year ended | |
|--|--------------------|--------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Profit before tax | 3,51,84,086 | 14,94,25,260 |
| Statutory income tax rate | 27.820% | 29.120% |
| Tax using the Company's domestic tax rate | 97,88,213 | 4,35,12,636 |
| Tax effect of: | | |
| Non-deductible tax expenses | 21,35,321 | 20,00,414 |
| Tax-exempt income | | (12,57,035) |
| Deductions Under Income Tax Act | (1,61,495) | (2,40,677) |
| Temporary Adjustments | (16,89,407) | (36,30,719) |
| Brought Forward Losses/ MAT Credit Entitlement/Other Adjustments | (6,14,450) | 20,93,292 |
| | 94,58,182 | 4,24,77,911 |

(d) Movement in deferred tax balances

| Particular | 31-Mar-20 | | | | |
|-----------------------------------|---------------------------|------------------------------|-------------------|--------------------|--|
| | Net balance April 1, 2019 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset/ (Deferred tax liability) |
| Deferred tax asset/(Liabilities) | | | | | |
| Property, plant and equipment | 1,05,78,215 | (12,01,742) | | 93,76,473 | 93,76,473 |
| Compensated absences and gratuity | 51,47,799 | 85,419 | 88,456 | 53,21,674 | 53,21,674 |
| Provision for Doubtful Debt | 24,339 | (24,339) | | - | - |
| Tax assets (Liabilities) | 1,57,50,354 | (11,40,662) | 88,456 | 1,46,98,147 | 1,46,98,147 |
| Set off tax | | | | | |
| Net tax assets | 1,57,50,354 | (11,40,662) | 88,456 | 1,46,98,147 | 1,46,98,147 |

(e) Movement in deferred tax balances

| Particular | 31-Mar-19 | | | | |
|---|--------------------------|------------------------------|-------------------|--------------------|--|
| | Net balance 1 April 2018 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset/ (Deferred tax liability) |
| Deferred tax asset/(liabilities) | | | | | |
| Property, plant and equipment | 1,10,05,373 | (4,27,158) | | 1,05,78,215 | 1,05,78,215 |
| Compensated absences and gratuity | 45,86,255 | 1,27,486 | 4,34,058 | 51,47,799 | 51,47,799 |
| Investments in unquoted equity shares | 20,60,000 | (20,60,000) | | - | - |
| Provision for Doubtful Debt | 67,068 | (42,729) | - | 24,339 | 24,339 |
| Tax assets (Liabilities) | 1,77,18,696 | (24,02,401) | 4,34,058 | 1,57,50,354 | 1,57,50,354 |
| Set off tax | | | | | |
| Net tax assets | 1,77,18,696 | (24,02,401) | 4,34,058 | 1,57,50,354 | 1,57,50,354 |

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.

Notes to consolidated financial statements for the year ended 31st March 20

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

Note: 29: Employee benefit expense

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised following amounts for provident fund and ESIC contributions in the Statement of Profit and Loss.

| | Year ended 31-Mar-20 | Year ended 31-Mar-19 |
|--------------------------------|-------------------------|-------------------------|
| Contribution to Provident Fund | 82,28,163 | 74,70,299 |
| Contribution to ESIC | 11,18,053 | 23,10,008 |
| | 93,46,216 | 97,80,307 |

(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 2020. 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-20 | 31-Mar-19 |
|---|--------------------|--------------------|
| Net defined benefit asset | - | - |
| Total employee benefit asset | - | - |
| Net defined benefit liability | | |
| Liability for Gratuity | 1,82,67,548 | 1,77,54,370 |
| Total employee benefit liabilities | 1,82,67,548 | 1,77,54,370 |
| Non-current | 1,55,07,491 | 1,50,85,071 |
| Current | 27,60,057 | 26,69,299 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

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-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| Opening balance | 1,78,65,956 | 1,58,28,214 | 6,46,850 | 11,19,063 | 1,72,19,106 | 1,47,09,151 |
| Included in profit or loss | | | | | | |
| Current service cost | 26,25,125 | 23,24,588 | | - | 26,25,125 | 23,24,588 |
| Past service cost | | - | | - | - | - |
| Interest cost (income) | 10,32,254 | 9,41,194 | | 62,105 | 10,32,254 | 8,79,089 |
| Others | (3,10,618) | (5,35,264) | - | - | (3,10,618) | (5,35,264) |
| | 2,15,23,335 | 1,90,93,996 | 6,46,850 | 11,81,168 | 2,08,76,485 | 1,79,12,828 |
| Included in OCI | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Actuarial loss (gain) arising from: | | | | | | |
| Demographic assumptions | 2,23,634 | - | - | - | 2,23,634 | 3,54,709 |
| Financial assumptions | 6,29,262 | 1,65,896 | | - | 6,29,262 | 1,65,896 |
| Experience adjustment | (3,84,707) | 12,79,070 | | - | (3,84,707) | 12,79,070 |
| Return on plan assets excluding interest income | | - | (60,223) | (45,619) | 60,223 | 45,619 |
| | 4,68,189 | 14,44,966 | (60,223) | (45,619) | 5,28,412 | 20,25,849 |
| Other | | | | | | |
| Contributions paid by the employer | - | - | 15,00,000 | 9,00,000 | (15,00,000) | (9,00,000) |
| Benefits paid | (30,57,050) | (26,73,006) | (14,19,701) | (13,88,699) | (16,37,349) | (12,84,307) |
| Closing balance | 1,89,34,474 | 1,78,65,956 | 6,66,926 | 6,46,850 | 1,82,67,548 | 1,77,54,370 |

Represented by:

| | | |
|-------------------------------|-------------|-------------|
| Net defined benefit asset | 6,66,926 | 6,46,850 |
| Net defined benefit liability | 1,82,67,548 | 1,77,54,370 |
| | 1,89,34,474 | 1,84,01,220 |

Maturity Analysis of Projected Benefit Obligation from the reporting year:

| | 1st Following Year | 2nd Following Year | 3rd Following Year | 4th Following Year | 5th Following Year | Sum of Years 6 To 10 |
|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| March 31, 2020 | 54,81,851 | 43,59,985 | 32,11,306 | 23,03,739 | 17,32,157 | 39,05,495 |
| March 31, 2019 | 51,46,600 | 40,37,875 | 33,97,033 | 25,84,011 | 18,84,479 | 39,14,115 |

C. Plan assets

Plan assets comprise the following:

| | 31-Mar-20 | 31-Mar-19 |
|---------------------|-----------|-----------|
| Policy of insurance | 100% | 100% |
| Bank Balance | 0% | 0% |
| | 100% | 100% |

Notes to consolidated financial statements for the year ended 31st March 20

D. Defined benefit obligations**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31-Mar-20 | 31-Mar-19 |
|------------------------|--|--|
| Discount rate | 5.45% | 6.75% |
| 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.

| | 31-Mar-20 | | 31-Mar-19 | |
|--|-------------|-------------|-------------|-------------|
| | Increase | Decrease | Increase | Decrease |
| Rate of discounting (0.50% movement) | 1,84,62,032 | 1,89,65,203 | 1,76,29,989 | 1,81,08,967 |
| Rate of salary increase (0.50% movement) | 1,89,62,295 | 1,84,62,614 | 1,81,10,889 | 1,76,25,502 |
| Rate of employee turnover (10% movement) | 1,85,58,323 | 1,88,68,872 | 1,77,33,537 | 1,79,94,901 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Note: 30: Leases- Operating leases**Leases as lessee**

- a) The Company has entered into cancellable operating leasing arrangements for residential and office premises. Following Lease rentals has been included under the head "Other Expenses" under Note No 25 in the notes to the financial statements.

| | Year ended 31-Mar-20 | Year ended 31-Mar-19 |
|-----------------------|-------------------------|-------------------------|
| Lease Rental Payments | 4,02,36,683 | 3,93,18,791 |
| | 4,02,36,683 | 3,93,18,791 |

b) Future minimum lease payments

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

| | 31-Mar-20 INR | 31-Mar-19 INR |
|----------------------------|--------------------|--------------------|
| Less than one year | 45,59,229 | 55,20,262 |
| Between one and five years | 3,15,74,334 | 3,24,46,680 |
| | 3,61,33,563 | 3,79,66,942 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

Note: 31: Fair value disclosures

1. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| 31-Mar-20 | Carrying amount | | | | Fair value | | | |
|---|-----------------|--------------------|-----------------------|-----------------------|------------------|---------|---------|------------------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current investments | - | 1,23,60,140 | - | 1,23,60,140 | 34,43,583 | - | - | 34,43,583 |
| Non-current loans | - | - | 1,52,13,54,273 | 1,52,13,54,273 | - | - | - | - |
| Trade receivables | - | - | 68,45,01,855 | 68,45,01,855 | - | - | - | - |
| Cash and cash equivalents | - | - | 2,27,94,49,537 | 2,27,94,49,537 | - | - | - | - |
| Current Loans and advances | - | - | 3,29,74,598 | 3,29,74,598 | - | - | - | - |
| | - | 1,23,60,140 | 4,51,82,80,263 | 4,53,06,40,403 | 34,43,583 | - | - | 34,43,583 |
| Financial liabilities | | | | | | | | |
| Non-current borrowings | - | - | 2,46,55,010 | 2,46,55,010 | - | - | - | - |
| Current borrowings | - | - | 9,13,05,042 | 9,13,05,042 | - | - | - | - |
| Trade payables | - | - | 3,52,75,63,600 | 3,52,75,63,600 | - | - | - | - |
| Other Non-Current financial liabilities | - | - | 93,92,840 | 93,92,840 | - | - | - | - |
| | - | - | 3,65,29,16,492 | 3,65,29,16,492 | - | - | - | - |

| 31-Mar-19 | Carrying amount | | | | Fair value | | | |
|---|-----------------|--------------------|-----------------------|-----------------------|------------------|---------|---------|------------------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current investments | - | 1,55,75,682 | - | 1,55,75,682 | 66,48,166 | - | - | 66,48,166 |
| Non-current loans | - | - | 37,75,07,830 | 37,75,07,830 | - | - | - | - |
| Trade receivables | - | - | 77,91,47,784 | 77,91,47,784 | - | - | - | - |
| Cash and cash equivalents | - | - | 94,42,38,977 | 94,42,38,977 | - | - | - | - |
| Current Loans and advances | - | - | 6,59,87,882 | 6,59,87,882 | - | - | - | - |
| | - | 1,55,75,682 | 2,16,68,82,473 | 2,18,24,58,154 | 66,48,166 | - | - | 66,48,166 |
| Financial liabilities | | | | | | | | |
| Non-current borrowings | - | - | 11,71,129 | 11,71,129 | - | - | - | - |
| Current borrowings | - | - | 26,29,90,393 | 26,29,90,393 | - | - | - | - |
| Trade payables | - | - | 1,04,98,17,402 | 1,04,98,17,402 | - | - | - | - |
| Other Non-Current financial liabilities | - | - | 76,55,096 | 76,55,096 | - | - | - | - |
| | - | - | 1,32,16,34,019 | 1,32,16,34,019 | - | - | - | - |

- (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.

Notes to consolidated financial statements for the year ended 31st March 20**B. Measurement of fair values (Key inputs for valuation techniques):**

1. Listed Equity Investments (other than Subsidiaries, Joint Ventures and Associates): Quoted Bid Price on Stock Exchange (Level 1)
2. Forward contracts : Forward exchange rate is taken from Foreign Exchange Dealers Association of India (FEDAI) (Level 1)
3. Valuation techniques and significant unobservable inputs: Not applicable (Level 3)

Transfers between Levels 1 and 2

There were no transfer from Level 1 to Level 2 or vice versa in any of the reporting periods.

C. Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

Total Trade receivables as on 31 March 2020 are as follows:

| | |
|---------------|--------------|
| 31 March 2020 | 68,45,01,855 |
| 31 March 2019 | 77,91,47,784 |

The Company does not have higher concentration of credit risks to a single customer.

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

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 2020, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

| | Carrying amount (in INR) | |
|-------|--------------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| India | 68,45,01,855 | 77,91,47,784 |
| | 68,45,01,855 | 77,91,47,784 |

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 2020 | 31 March 2019 |
|--|---------------|---------------|
| Opening balance | - | - |
| Provision for receivables impairment | - | - |
| Receivables written off during the year as uncollectible | - | - |
| Provision released during the year | - | - |
| Closing balance | - | - |

With the applicability of Ind AS 109, the recognition and measurement of impairment of financial assets is based on credit loss assessment by expected credit loss (ECL) model. The ECL assessment involve significant management judgement. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are loan staging criteria, calculation of probability of default / loss and consideration of probability weighted scenarios and forward looking macroeconomic factors. The board acknowledges and understands that these factors, since there is a large increase in the data inputs required by the ECL model, which increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Based on the internal management analysis, as per Board Opinion, there is no requirement of provision for expected credit loss in several financial assets including the trade receivables and other receivables of the Company and all are on fair value, based on the assessment and judgement made by the board of the company.

Cash and cash equivalents

The company maintains its Cash and cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

Notes to consolidated financial statements for the year ended 31st March 20

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-20 | Contractual cash flows | | | | |
|---|------------------------|----------------|-------------------|-----------|-------------------|
| | Carrying amount | Total | 12 months or less | 1-5 years | More than 5 years |
| INR | | | | | |
| Non-derivative financial liabilities | | | | | |
| Non-current borrowings | 2,46,55,010 | 2,46,55,010 | - | 53,15,010 | 1,93,40,000 |
| Current borrowings | 9,13,05,042 | 9,13,05,042 | 9,13,05,042 | - | - |
| Trade payables | 3,52,75,63,600 | 3,52,75,63,600 | 3,52,75,63,600 | - | - |
| Other financial liabilities | 93,92,840 | 93,92,840 | 93,92,840 | - | - |
| Derivative financial liabilities | | | | | |
| Forward exchange contracts | - | - | - | - | - |

| 31-Mar-19 | Contractual cash flows | | | | |
|---|------------------------|----------------|-------------------|-----------|-------------------|
| | Carrying amount | Total | 12 months or less | 1-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Non-current borrowings | 11,71,129 | 11,71,129 | - | 11,71,129 | - |
| Current borrowings | 26,29,90,393 | 26,29,90,393 | 26,29,90,393 | - | - |
| Trade payables | 1,04,98,17,402 | 1,04,98,17,402 | 1,04,98,17,402 | - | - |
| Other financial liabilities | 76,55,096 | 76,55,096 | 76,55,096 | - | - |
| Derivative financial liabilities | | | | | |
| 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.

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

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-20 | 31-Mar-19 |
| Fixed-rate instruments | | |
| Financial assets | 1,72,76,70,430 | 81,08,22,303 |
| Financial liabilities | 70,69,529 | 18,31,876 |
| | 1,72,06,00,901 | 80,89,90,427 |
| Variable-rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 8,55,50,523 | 23,99,82,030 |
| | (8,55,50,523) | (23,99,82,030) |
| Total | 1,63,50,50,378 | 56,90,08,397 |

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Note 32 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

Notes to consolidated financial statements for the year ended 31st March 20

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

INR

| Particular | As at 31 March 2020 | As at 31 March 2019 |
|--|-------------------------|------------------------|
| Total Borrowings | 11,59,60,052 | 26,41,61,521 |
| Less : Cash and cash equivalent | 2,27,94,49,537 | 94,42,38,977 |
| Adjusted net debt | (2,16,34,89,485) | (68,00,77,456) |
| Total equity | 82,10,36,677 | 80,19,63,644 |
| Less : Hedging reserve | - | - |
| Adjusted equity | 82,10,36,677 | 80,19,63,644 |
| Adjusted net debt to adjusted equity ratio | (2.64) | (0.85) |

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 33 Related party relationships, transactions and balances**Nature of relationship****I Subsidiary Companies**

- a Monarch Network Finserve Private Limited
- b Monarch Network Investment Advisors Private Limited
- c Monarch Network Capital IFSC Pvt Ltd
- d Monarch Network Money Changers Private Limited

II Associate Companies

- a Network Financial Services Ltd

III Enterprises over which Directors and their relatives exercise significant influence

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

MONARCH NETWORTH CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

- i Mr Shailen Shah
- j Mr Ashok Bafna
- k Mr. Suresh Bafna

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 | |
|------------------------|---|--------------------|--|--------------------|--------------------|--------------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Revenue | | | | | | |
| Interest Income | 59,60,914 | 26,04,147 | | | 59,60,914 | 26,04,147 |
| Brokerage Income | 14,42,412 | 20,52,306 | 12,429 | 3,757 | 14,54,841 | 20,56,063 |
| Total | 74,03,326 | 46,56,453 | 12,429 | 3,757 | 74,15,755 | 46,60,210 |
| Expenses | | | | | | |
| Professional Fees Paid | - | - | 27,00,000 | 1,75,000 | 27,00,000 | 1,75,000 |
| Salaries | - | - | 91,07,340 | 89,35,511 | 91,07,340 | 89,35,511 |
| 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 |
| Total | 1,08,00,000 | 1,08,00,000 | 1,54,07,340 | 1,27,10,511 | 2,62,07,340 | 2,35,10,511 |

| Nature of Transactions | Enterprises over which Directors and their relatives exercise significant influence | | Key Management Personnel and their relatives | | Total | |
|--|---|--------------------|--|------------------|--------------------|--------------------|
| | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| Receivables / Advances | | | | | | |
| Premjayanti Enterprise Private Limited | | 16,98,820 | | 6,37,284 | - | 23,36,104 |
| GSEC Monarch and Deccan Aviation Private Limited | | 3,00,00,000 | | 75,48,628 | - | 3,75,48,628 |
| Monarch Comtrade Private Limited | 44,67,757 | | | | 44,67,757 | - |
| Total | 44,67,757 | 3,16,98,820 | - | 81,85,912 | 44,67,757 | 3,98,84,732 |
| Payables | | | | | | |
| Monarch Infra Venture | 1,74,106 | 1,88,21,862 | | - | 1,74,106 | 1,88,21,862 |
| Monarch Comtrade Private Limited | - | 18,163 | | - | - | 18,163 |
| Networth Financial Services Limited | 1,93,40,000 | 1,93,47,615 | | - | 1,93,40,000 | 1,93,47,615 |
| Vaibhav J shah | | | 10,00,000 | | 10,00,000 | - |
| Total | 1,95,14,106 | 3,81,87,640 | 10,00,000 | - | 2,05,14,106 | 3,81,87,640 |

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 to consolidated financial statements for the year ended 31st March 20

Note 34 Contingent liabilities (to the extent not provided for)

Rs in Lacs

| Contingent liabilities | 31-Mar-20 | 31-Mar-19 |
|--|-----------|-----------|
| Bank Guarantee (Monarch Network Capital Ltd) | 6,600 | 5,700 |
| Bank Guarantee (Monarch Network Comtrade Ltd, since merged) | 1,100 | 300 |
| Income Tax matters pending with various authorities | 95.48 | 91.10 |
| Service Tax matters pending with various authorities | 64.72 | 64.72 |
| (Merged Entity -Monarch Project & Finmarkets Limited and Monarch Research Brokege Pvt Ltd) | | |
| Client Litigation matter | 105.78 | 205.31 |

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, 2020
- (iii) Pending resolution of the respective proceedings, it is not practicable for the company to estimate the timing of the cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.
- (iv) In respect of NBFC Business, Monarch Network Finserve Private Limited has received order u/s 143(3) of the Income Tax Act, 1961 for A.Y 2011-12 and demand of Rs 1.33 Lakhs raised and also company has received u/s 271(1)(C) of Income Tax Act 1961 for same Assessment Year and demand of Rs 5.20 Lakhs raised. In Connection with the same company has filled an appeal against the same demand.
- (v) In respect of NBFC Business, Monarch Network Finserve Private Limited has received order u/s 143(3) of the Income Tax Act, 1961 for A.Y 2012-13 and demand of Rs 3.35 Lakhs raised. In Connection with the same company has filled an appeal against the same demand.
- (vi) In respect of NBFC Business, Monarch Network Finserve Private Limited has received order u/s 143(3) of the Income Tax Act, 1961 for A.Y 2014-15 and demand of Rs 4.13 Lakhs raised. In Connection with the same company has filled an appeal against the same demand.

Note 35

The company has taken suitable legal action for recovering deposits of Rs. 40 lacs (previous year Rs. 40 lacs) for premises at Bangalore and Rs. 300 lacs (previous year Rs. 300 lacs) for premises at Nariman Point- Mumbai . The management expects favorable order for the same, hence no provisions have been made there of.

Note 36

The company has taken suitable legal action for recovering debts of Rs. 239 lacs (previous year Rs. 239 lacs) for fraudulent transaction done by client in the year 2008-09. SEBI has passed the interim order withholding the payout which is kept with Bombay Stock Exchange till completion of investigation. The management expects favorable order for the same, hence no provisions have been made thereof.

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

Note 37 Commitments

| | Rs in Lacs | |
|--|------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | Nil | Nil |

Note 38 Dues to micro, small and medium enterprises

| | 31-Mar-20 | 31-Mar-19 |
|--|-----------|-----------|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| Principal | 8,96,400 | Nil |
| Interest | Nil | Nil |
| The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) | - | - |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | - | - |

Note 39 Earnings and expenditure in Foreign Currency during the year:

| | 31-Mar-20 | 31-Mar-19 |
|---------------------------------|-----------|-----------|
| 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 31.03.2020 - Nil (PY- Nil.)

Note 41

| | 31-Mar-20 | 31-Mar-19 |
|---|-----------|-----------|
| Forward exchange contracts outstanding on the balance sheet date which is entered to hedge foreign exchange exposures of the Company. | Nil | Nil |

Note 42

The Company has carried out Impairment test on its Fixed Assets as on the date of Balance Sheet and the management is of the opinion that there is no asset for which provision of impairment is required to be made as per applicable Indian Accounting Standard.

Notes to consolidated financial statements for the year ended 31st March 20**Note 43**

Balance of Receivables and Payables, including Trade Receivables, loans, deposits & advances given as well as taken, payable to vendors, etc, are subject to confirmation and consequent reconciliation and adjustments, if any. Hence, the effect thereof, on Profit/ Loss, Assets and Liabilities, if any, is not ascertainable. As per the opinion of the Board, there will be no substantial impact on their reconciliation with their balance confirmations as on the reporting date.

Note 44

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 45 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 46 Directors Remuneration

| | 31-Mar-20 | 31-Mar-19 |
|-----------------------|-----------|-----------|
| Director Remuneration | 47,63,340 | 43,71,060 |

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 47 Auditors Remuneration

| | 31-Mar-20 | 31-Mar-19 |
|---|-----------|-----------|
| Towards Statutory & Tax Audit (Exclusive of Service Tax/GST) | 6,60,000 | 6,58,000 |
| | 6,60,000 | 6,58,000 |

Note 48

The Company provides for the use by its associates 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 associates 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 49

Effective April 1, 2018, the company has applied Ind AS 115 "Revenue from Contracts with Customers". The standard is applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to opening equity at the date of initial application. The adoption of Ind AS 115 did not have any significant impact on the overall results of the Group.

Note 50 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

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

Company has decided to spend the amount by way of contribution to a Trust . The disclosure as required by the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by the Institute of Chartered Accounts of India are as follows:

| Particulars | Year Ended on 31 March 2020 | Year Ended on 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Unspent Balance at the beginning | 27,09,870 | 27,50,000 |
| Provision made by the Company during the year | 23,52,675 | 33,59,553 |
| Amount Spent during the year | - | 33,99,683 |
| Amount remaining to be Spent at the end of the year | 50,62,545 | 27,09,870 |

Note: The company has not spent any sum towards Corporate social responsibility during the year 2019-20

Note 51 Uncertainty relating to the global health pandemic on COVID-19

COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. The Indian Government on March 24, 2020, announced a 21-day complete lockdown across the country, to contain the spread of the virus. The lockdown has since been extended with gradual relaxations.

Stock Broking services, being part of Capital Market operations have been declared as essential services and accordingly, the Company faced no business interruption on account of the lockdown.

There has been no material change in the controls or processes followed in the closing of the financial statements of the Company. However fair valuation of the financial assets of the company has been carried out by the company based on the judgements, estimates and assumptions which are also based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances.

Given the dynamic nature of the pandemic situation, the carrying valuation of the Company's financial assets as at March 31, 2020, may be affected by the severity and duration of the outbreak.; however the Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results resulting out of fair valuation of these financial assets. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions.

Note 52 Scheme of Amalgamation

The scheme of Amalgamation between Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited with Monarch Network Capital Limited was approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), on May 09, 2019.

Pursuant to the scheme of Amalgamation (the "Scheme") between Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited (all referred to as "Transferor Companies") with Monarch Network Capital Limited (referred to as Transferee Company), the assets and liabilities of the erstwhile transferor companies were transferred to and vested in the transferee company with effect from the 1st April, 2017 being the appointed date, as per accounting prescribed under the scheme which is in line with the accounting principles given under Ind AS 103 applicable to common control business combinations. Accordingly, opening balance sheet as at 1 April 2017, comparative financial information for the year ended 31 March 2018 and the accompanying standalone financial statements for the year ended 31 March 2019 have been adjusted to account for the aforesaid merger.

Notes to consolidated financial statements for the year ended 31st March 20

Disclosures in accordance with Indian Accounting Standard

a. Name and Nature of Business of Amalgamation Companies:

| Name of the Company | Nature of Business | Present Shareholding of Transferee Company |
|--|--|--|
| Transferor Companies | | |
| Networth Insurance Broking Pvt. Ltd. (NIBPL) | Insurance Broking | 100% |
| Networth SoftTech Limited (NSL) | Business Software Development | 20.91% |
| Networth Wealth Solutions Ltd (NWSL) | Distribution of third party Products | 100% |
| Monarch Networth Comtrade Ltd (MNCTL) | Commodity Broking | 99.96% |
| Transferee Companies | | |
| Monarch Networth Capital Limited (MNCL) | Stock Broking, Depository Participant Services and Merchant Banking Services | ---- |

b. The Scheme of amalgamation will benefit the Transferor Company and Transferee Company. The rational and reasons for proposed Scheme of Arrangement, inter alia, are summarized below:

- (a) All the Companies in the proposed Scheme of Amalgamation are a part of the same group and the central management of the group believes that the restructuring of companies in form of amalgamation of all four transferor companies with MNCL would be beneficial for the companies and companies' stakeholders.
- (b) MNCL is a diversified conglomerate with presence in various segments such as stock broking, financial services, merchant banking activities etc. MNCL is a widely held listed company its shares are actively traded on BSE Limited. MNCL has a proven track record of creating value for its shareholders through performance and incubation of growth businesses.
- (c) All transferor companies regularly evaluate growth potential opportunities to create long-term value for its shareholders. The proposed restructuring shall enable transferor companies to gain exposure to fast growing sectors such as Stock Broking and financial services. With a well-capitalised base, and a large and diversified portfolio comprising of a steady cash flows generating businesses, transferor companies will be strongly positioned to incubate future growth opportunities and create long-term value for its shareholders.
- (d) The amalgamation of the companies shall lead to 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.
- (e) The amalgamation shall also add to the financial strength of the Transferee Company. The consolidation of Transferor Companies business with MNCL would at one hand strengthen the financials of the listed entity for the benefit of all its stakeholders and on the other hand help Transferee Company business in getting future contracts and raising funds for expansion due to the listed status.
- (f) Apart from above, this scheme of amalgamation shall 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.

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

- 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.
- (g) It is believed that this Scheme will create enhanced value for shareholders and allow a focused growth strategy which would be in the best interests of Transferor Companies stakeholders.”
- c. The scheme has envisaged an exchange ratio as under:
- Nil Equity of the Transferee Company to be issued to shareholders of NIBPL because the Transferor Company 1 is wholly owned by the Transferee Company and the Transferee Company along with its nominee shareholders holds all the shares issued by the NIBPL
 - 13 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares of held in NSL pursuant to this Scheme of Amalgamation.
 - Nil Equity of the Transferee Company to be issued to shareholders of NWSL because the Transferor Company 3 is wholly owned by the Transferee Company and the Transferee Company along with its nominee shareholders holds all the shares issued by the NWSL.
 - 28 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares held in MNCTL pursuant to this Scheme of Amalgamation. Transferor Company is wholly owned by the Transferee Company and therefore there shall be no issue of shares by the Transferee Company in this regard.
- d. Method of accounting used to reflect the amalgamation is Pooling of Interests Method
- e. Accounting Treatment on Amalgamation

The accounting for Amalgamation has been done in accordance to the approved Scheme of Amalgamation. Accordingly, the Company has accounted for the Scheme in its book of Accounts as under:

1. All assets and liabilities appearing in the books of the transferor company have been recorded by the transferee company at their respective book values in opening balance sheet as at 01 April 2017.
2. The difference between net assets taken over & investment in the books of the Transferee Company have been debited first to Amalgamation Reserve (pre-existed at the time of amalgamation) and then to Retained Earnings.
3. As per the Scheme of Amalgamation the Company was required to issue 737,918 equity shares of face value of Rs 10/- per share along with Security Premium of Rs 69/- per share, aggregating Rs 582,95,522/- to the shareholders of the erstwhile Transferor Companies NSL and MNCTL.
4. Pursuant to the sanction of the Scheme, with effect from the Appointed Date, the Transferor Companies are, pursuant to the provisions contained in Sections 230 to 232 of the Companies Act, 2013, and all other applicable provisions, if any, without any further act, deed, matter or thing, merged with the Transferee Company, as a going concern so as to become the estate, assets, rights, title, interest and authorities of the Transferee Company.
5. Pursuant to the sanction of the Scheme, the authorised share capital of the Transferor Companies are added to the authorised share capital of the Transferee Company without any further act, instrument or deed or procedure or payment of any stamp duty and registration fees.
6. Pursuant to the order of NCLT towards scheme of arrangement for the Merger, as stated above, necessary adjustments have been made by the company in the standalone results as stated above, towards provision for taxation and Corporate Social Responsibility, etc giving the post merger effect on aggregate basis.

Notes to consolidated financial statements for the year ended 31st March 20

7. Since the order of NCLT was received on last moment, the Statutory Audit of the transferee companies (Networth Insurance Broking Private Limited, Networth Softtech Limited, Networth Wealth Solutions Limited and Monarch Networth Comtrade Limited) under the Companies Act 2013 and under other applicable laws, were carried out by the earlier statutory auditors of the respective companies for the year ended March 31, 2019. The statutory auditor of Monarch Networth Capital Limited have verified only the merger implication on the above results.

Notes 53 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 four reportable segments, as follows:

- Segment-1: Broking & Others
- Segment-2: Non Banking financial business
- Segment-3: Insurance business

The Board evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The Board reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment."

(b) Following are reportable segments

Segment-1 Broking
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 | |
|--|----------------|----------------|
| | 31.03.2020 | 31.03.2019 |
| 1. Segment Revenue | | |
| a) Broking & Others | 5463.68 | 6,162.32 |
| 1) Broking | 49.93 | 68.17 |
| 2) Financial Products Distribution | 58.6 | 256.95 |
| 3) Merchant Banking Income | 101.74 | 13.39 |
| 4) Advisory Income | 555.01 | 783.88 |
| 5) Others (Un-allocated) | 930.42 | 583.98 |
| b) Non Banking financial business | 96.32 | 94.81 |
| c) Insurance business | 7255.70 | 7963.50 |
| Total | 211.80 | 143.09 |
| Less: Inter Segment Revenue | 7043.90 | 7820.41 |
| Net sales/Income From Operations | 7043.90 | 7820.41 |
| 2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment) | | |
| a) Broking & Others (1 to 4) | (108.59) | 947.94 |
| b) Non Banking financial business | 697.79 | 313.19 |
| c) Insurance business | 48.03 | 38.06 |
| Total | 637.23 | 1299.19 |

MONARCH NETWORK CAPITAL LIMITED

Notes to consolidated financial statements for the year ended 31st March 20

| Particulars | Year Ended | |
|---|----------------|----------------|
| | 31.03.2020 | 31.03.2019 |
| Less: (i) Interest | (786.12) | (477.53) |
| (ii) Other Un-allocable Expenditure net off | 0 | 0.00 |
| (iii) Un-allocable income | 0 | 0.00 |
| Add : Exceptional Item | (5.10) | 102.31 |
| Interest Income | 505.83 | 570.28 |
| Total Profit/(Loss) Before Tax | 351.84 | 1494.25 |
| 3. Capital Employed | | |
| (Segment assets – Segment Liabilities) | | |
| a) Broking & Others (1 To 4) | 6881.81 | 7293.83 |
| b) Non Banking financial business | 1202.73 | 635.26 |
| c) Insurance business | 125.83 | 90.55 |
| Total | 8210.37 | 8019.64 |

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: 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)

Amit Saklecha

(Partner)
M.No. 401133
UDIN: 20401133AAAAAG4378

Place : Mumbai
Date: 29th June 2020

For and on behalf of the Board

Vaibhav Shah

(Managing Director)
DIN 00572666

Tarak Shah

(Chief Financial Officer)

Place : Mumbai
Date :29th June 2020

Manju Bafna

(Whole-Time Director)
DIN 01459885

Rupali Verma

(Company Secretary)
ICSI Member. No: A42923

Place : Mumbai
Date :29th June 2020

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: cs@mncigroup.com, Website: www.mncigroup.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 by making request for the same.

**Thanking You,
For Monarch Network Capital Limited**

**Rupali Verma
Company Secretary & Compliance Officer**

MONARCH NETWORK CAPITAL LIMITED

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: cs@mnclgroup.com, Website: www.mnclgroup.com

ATTENDANCE SLIP 27TH ANNUAL GENERAL MEETING ON WEDNESDAY, 30TH SEPTEMBER, 2020 (To be completed and presented at the Entrance)

| | |
|----------------------|--|
| Name of Member | |
| Registered Address | |
| Regd. Folio No. | |
| Client ID/ D.P. ID* | |
| No. of Share(s) held | |
| Joint Holder 1 | |
| Joint Holder 2 | |

* Applicable for investors holding shares in Electronic form

I certify that I am the registered shareholder(s)/proxy for the registered shareholder of the Company.

I/we hereby record my/our presence at the **27th Annual General Meeting** of the Company held on Wednesday, 30th September, 2020 at 09.30 am. At Office No.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East), Mumbai-400063.

Member's/Proxy's name

Member's/Proxy's Signature

Note:

1. Please fill in the Folio/DP ID-Client ID No., name and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the **ENTRANCE OF THE MEETING HALL.**
2. Please read the instructions for e-voting given along with Annual Report. The voting period starts from Saturday, 26th September, 2020 (09.00 a.m.) and ends on Tuesday, 29th September, 2020 (5.00 p.m.). The voting module shall be disabled by NSDL for voting thereafter.

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: cs@mncgroup.com, Website: www.mncgroup.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)**27TH ANNUAL GENERAL MEETING ON WEDNESDAY, 30TH SEPTEMBER, 2020**

Name of the Member (s) : _____
 Name(s) of the Joint Holder, if any : _____
 Registered Address : _____
 Email Id : _____
 Folio No/Client Id/ DP ID : _____

I/We, being a Member (s) of _____ shares of the above named Company hereby appoint:

1. Name : _____
 Address : _____
 Email ID : _____
 Signature: _____, or failing him
2. Name : _____
 Address : _____
 Email ID : _____
 Signature: _____, or failing him
3. Name : _____
 Address : _____
 Email ID : _____
 Signature: _____, or failing him

as my/our proxy to attend and vote (on poll) for me/us on my /our behalf of at the 27th Annual General Meeting of the Company to be held on Wednesday, 30th September, 2020 at 09.30 am. At Office No.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhawan, Sonawala Road, Goregaon (East), Mumbai-400063 and at any adjournment thereof in respect of such resolution as are indicated below:

| Sr. No | Resolutions | Vote (Optional see note 2) (Please mention no. of Share) | | |
|---------------------------|--|---|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business: | | | | |
| 1. | Ordinary Resolution for adoption of Audited Financial Statements (including Consolidated Audited Financial Statements) for the year ended 31st March, 2020 and the Reports of the Directors' and the Auditors. | | | |
| 2. | Ordinary Resolution for Re-Appointment of Mr. Vaibhav Shah, Director retiring by rotation | | | |
| Special Business: | | | | |
| 3. | Special Resolution for Appointment of Mr. Ashok Bafna as Whole Time Director. | | | |
| 4. | Ordinary Resolution for Appointment of Mr. Sathish Kumar as Independent Director. | | | |
| 5. | Ordinary Resolution for Appointment of Ms. Avni Chouhan as Independent Director. | | | |

MONARCH NETWORKTH CAPITAL LIMITED

Signed this _____ day of _____ 2020

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. Udyog Bhawan,
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'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 : _____
 d) Address of guardian : _____

MONARCH NETWORTH CAPITAL LIMITED

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. Udyog Bhawan,
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 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'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 : _____
- d) Address of guardian : _____

Name of the Security Holder(s)

- 1. _____
- 2. _____

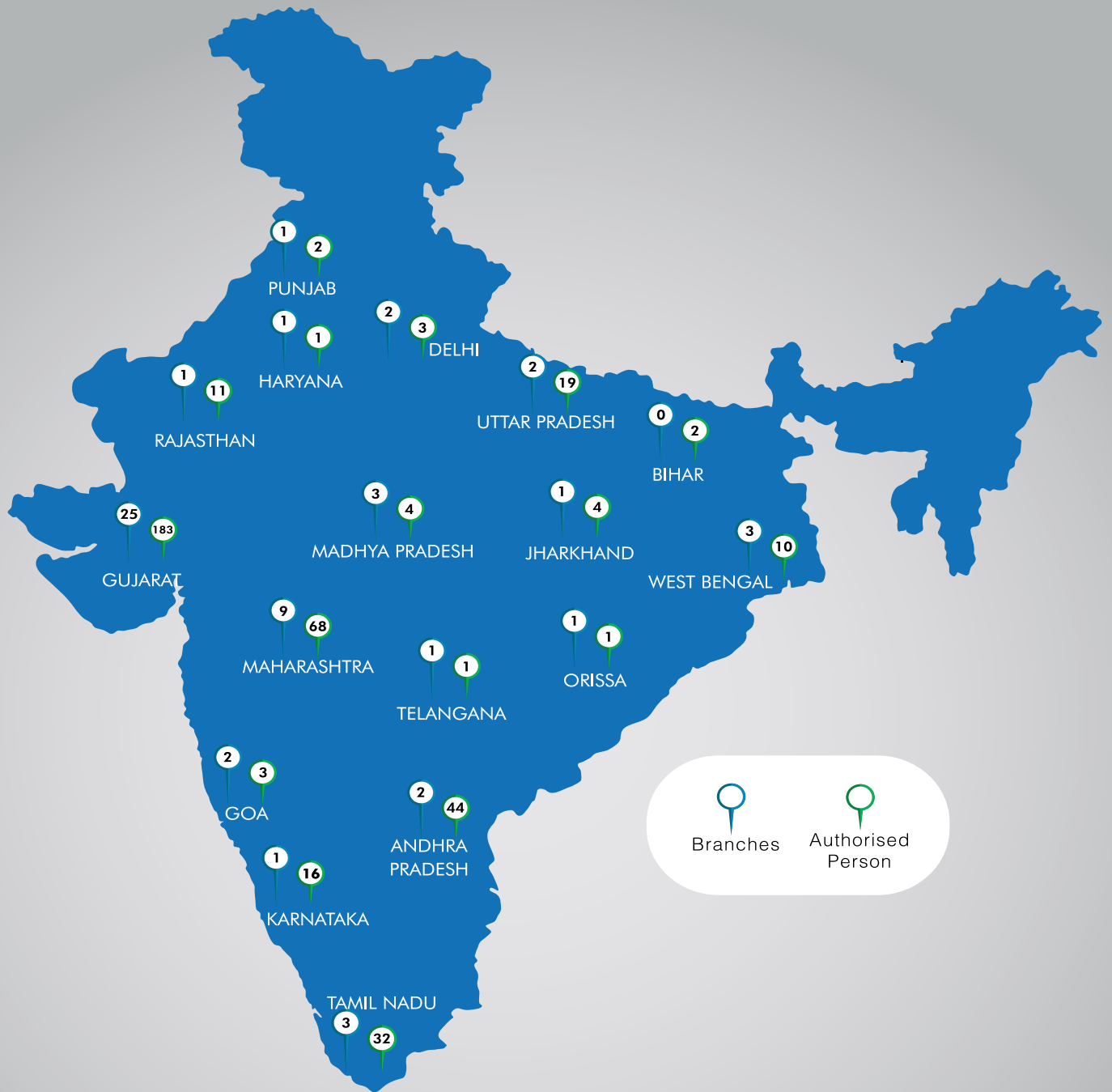
Signature



Name of witness: _____
Address of witness: _____

Signature of witness: _____
Date: _____

ROUTE MAP FOR AGM VENUE:





 Branches
  Authorised Person

MONARCH NETWORK CAPITAL LIMITED

Corporate Office: Monarch House, Opp. Ishwar Bhuvan, 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