

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
MONARCH NETWORTH CAPITAL LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone financial statements of **Monarch Network Capital Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, 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, 2019, 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.	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:
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.	<ul style="list-style-type: none"> • Obtained an understanding of the Company's IT environment and conducted risk assessment and identified IT applications, databases and operating systems, for the areas which are relevant to our audit. Also, obtained an understanding of key controls operating over the such identified systems;

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<p>We have focused on user access management, change management, segregation of duties, developer access to the production environment and changed to IT environment.</p>	<ul style="list-style-type: none"> • Tested the design and operating effectiveness of the Company's IT controls over IT applications as identified above on test check basis;
<p>Further, we also focussed on key automated controls relevant for financial reporting.</p>	<ul style="list-style-type: none"> • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for Brokerage income, Trade receivable ageing for evaluating completeness and accuracy.
<p>Accordingly, our audit strategy has focused on key IT systems and controls due to pervasive impact and performing an extensive testing of automated controls and ITGCs; we have determined the same as a key audit matter for current year audit.</p>	<ul style="list-style-type: none"> • Where deficiencies were identified, tested compensating controls or performed alternative procedures. • 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>Revenue Recognition</p>	
<p>The principal services offered by the company include stock broking, merchant banking and depository services amongst others. Brokerage revenue is recognised on trade date upon exchange confirmations and income from depository services and merchant banking are recognised based on agreements with clients and when the right to receive income is established.</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>
<p>We identified revenue recognition as a key audit matter because there is a risk of revenue considering the judgements involved in the revenue recognition for services including merchant banking and depository services.</p>	<ul style="list-style-type: none"> • Assessed the appropriateness of the revenue recognition accounting policies, by comparing with applicable accounting standards. • Evaluated the design of controls and operating effectiveness of the relevant controls with respect to revenue recognition and accounting for sales incentive arrangements on selected transactions. • Performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents. • Carried out analytical procedures on revenue recognized during the year to identify unusual variances. • Performed confirmation procedures on trade receivable balances at the balance sheet date on a sample basis. • Tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period. • Reconciled the revenue recognised as per the financial statements with the statutory reporting made by the company to different regulators, revenue authorities, etc. • Reliance is also placed on the independent internal audit carried out by the external agencies, as per the mandate of the regulators, which contained a detailed testing of the matter.

Impairment of Financial Assets	
Recognition and measurement of impairment of financial assets involve significant management judgement.	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:
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.	<ul style="list-style-type: none"> Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.
The most significant areas are:	<ul style="list-style-type: none"> Understood management's new / revised processes, systems and controls implemented in relation to impairment allowance process.
- Loan staging criteria	<ul style="list-style-type: none"> Assessed the design and implementation of key internal financial controls over assets impairment process used to calculate the impairment charge.
- Calculation of probability of default / Loss given default	<ul style="list-style-type: none"> Tested management review controls over measurement of impairment allowances and disclosures in financial statements.
- Consideration of probability weighted scenarios and forward looking macroeconomic factors	<ul style="list-style-type: none"> Test of details over of calculation of impairment allowance, on test check basis, for assessing the completeness, accuracy and relevance of data.
As per management opinion, there is no expected credit loss in several financial assets including the 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.	<ul style="list-style-type: none"> Model calculations were tested through re-performance where possible on selected samples.
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.	<ul style="list-style-type: none"> The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral.
Deferred Tax Assets	
Recognition and measurement of deferred tax assets The Company has deferred tax assets in respect of temporary differences and MAT credit entitlements.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain reasonable audit assurance:
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.	<ul style="list-style-type: none"> Through discussions with management, we understood the Company's process for recording deferred tax assets;
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.	<ul style="list-style-type: none"> Performed study and inquired into 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 Tested the underlying data for the key deferred tax and tax provision calculations.
Investment and Loans to group companies	

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<p>The Company has investments in group company which are considered to be associated with significant risk in respect of valuation of such investments. These investments are carried at cost. Management has given us confirmation that the investments are reviewed for impairment at each reporting date. This assessment is based on the presumed future financial performance of these underlying entities, which involve significant estimates and judgment, due to the inherent uncertainty involved in forecasting future cash flows. There is significant judgment in estimating the timing of the cash flows and the appropriate discount rate.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain reasonable audit assurance:</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>	<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;
<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 our knowledge of the Company and the markets in which the group entities operate; and • Review of the controls in place for issuing new loans and evidenced the board approval obtained. We obtained management's assessment of the recoverability of the loans • Obtained independent confirmations to ensure completeness and existence of loans and advances held by related parties as on reporting date.

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.

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Other Matter

We did not audit the financial statements/ information of Network Insurance Broking Private Limited, Network Softtech Limited, Network Wealth Solutions Limited and Monarch Network Comtrade Limited (all referred to as "Transferor Companies"), included in the financial statements of the company, pursuant to the scheme of Amalgamation between the above transferor companies with Monarch Network Capital Limited, as approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), on May 09, 2019, with appoint date of 1 April 2017. The financial statements/financial information of these transferor companies reflect 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 that date (before giving the effect of merger), as considered in the standalone financial statements/information of these Transferor Companies 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 branches, is based solely on the report of such branch auditors.

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, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 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 35 to 37 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

Ashutosh Dwivedi
(Partner)
M. No. : 410227

Place: Mumbai
Date: 30th May, 2019

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;
 - 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.

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

Ashutosh Dwivedi
(Partner)
M. No. : 410227

Place: Mumbai
Date: 30th May, 2019

ANNEXURE B TO AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of MONARCH NETWORTH CAPITAL LIMITED ("the Company") as of March 31, 2019 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.

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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, 2019, 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**

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

**Place: Mumbai
Date: 30th May, 2019**