# 27TH ANNUAL REPORT
# 2019-20

# F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

## (CIN: L65100DL1993PLC053936)

**Regd Office:**
**13-B, II Floor, Netaji Subhash Marg, Central Bank Building,**
**Daryaganj, Delhi-110002**
**Email: fmecinternational@gmail.com**
**Website: www.fmecinternational.com**
**Tel: 011-43680407**

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## CHAIRMAN'S DIRECTIVE

***Dear Shareholders***

*As I sit down to pen my message for the Annual Report FY 2019-20 at a desk in my home I am reminded of a quote by one of India's most revered poets Rabindranath Tagore "You can't cross the sea merely by standing and staring at the water." Staying resilient and agile in difficult situations is the only way we can respond efficaciously and adapt to changing times swiftly.*

*We are amidst unprecedented times. The COVID-19 pandemic has spread across the world — leading to well above 46.84 million confirmed infections, over 12.04 million of deaths, enormous human suffering and a full stop on virtually all commercial and economic activities Nobody really knows how long the pandemic will last; whether it will increase in the winter of 2020-21 and if so how, and what will be its final toll on lives and livelihood.*

*In India too, which implemented a lockdown since 25 March 2020, the pandemic has created shocks ripping through society and the world of business. The picture of millions of unemployed daily wage workers and their families trying to trudge back to their villages hundreds of kilometres away; shut factories and stores; empty construction sites; and a nation being deprived of its natural economic vigour are vignettes of this scourge. After a nationwide lockdown involving 1.35 billion people over a long continuous period, the economy is gradually opening without seriously risking a major spike in infections.*

*GDP growth was 5.7% in January-March 2019; fell to 5.2% in April-June 2019; then yet again to 4.4% in July-September 2019; followed by 4.1% growth in October-December 2019 and 3.1% growth in January-March 2020.*

*GDP growth for FY2020 was 4.2% — worst in the last 11 years*

*At F mec International Financial Services Limited, we focus on delivering sustainable value to our customers and the wider fraternity of stakeholders, despite challenges such as industry volatilities or economic hardships. Our first priority is building long-term sustainable relationships with our customers by providing highest quality customer service in a prompt and efficient manner.*

*Despite operating in a challenging macro environment and worldwide pandemic, FY 2019-20 was a satisfactory year for the Company. Though total Revenue of the Company has decreased considerably by INR 37.15 Lakhs as compared to previous year. In commensuration of the said decrease, the Company has decrease distribution of loans resulting due to drastic fall in overall world economy owing to pandemic reasons and hence consequent decrease in Loan Books of the Company by INR 1102.27 Lakhs. The large share of the revenue decrease could be compensated on earning level and thanks to the Company's initial success in substantially reducing ongoing costs. It may take an extremely long time but hassles that the Company is facing due to pandemic situation will hopefully gradually reduce and disappear.*

*In the upcoming Financial Year 2020-2021, we tend to focus on "Reinforcing growth to technology" by digitizing our internal processes and service offerings. We envision to create digital platform for providing value added services to our customers and at the same time ensuring more transparency in loan disbursal processes.*

*On behalf of the Board of Directors I would like to take this opportunity to thank our customers, shareholders, unions, employees and the Board for their constant support, faith and trust in us, with the belief that it will continue for the times to come.*

*I also thank the lenders, government executives and officers for their guidance and support to our various ventures.*

*Sd/-*

**Mr. Apoorve Bansal**
**Managing Director**

# COMPANY AT A GLANCE



**F mec International Financial Services Limited** is one of the emerging Non-Deposit taking Non-Banking Finance Company (NBFC) registered with Reserve Bank of India, New Delhi, bearing Registration No. **B-14.01129.** In addition of this, the Company is a listed entity and trading its equity shares at Bombay Stock Exchange (BSE Limited). The BSE Scrip Code of the Company is **539552** and the **ISIN** of Securities of the Company is **INE108T01013.**

The Company is carrying on the Business of assisting the financial accommodation by way of loans/advances to industrial concerns and undertaking the business of leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire or all kinds of plant and machinery. Over the years, we have followed few Core Values which have helped us to navigate through all the thick and thin over the journey of more than two decades.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Apoorve Bansal (Managing Director)

Mr. Awanish Srivastava
(Non -Executive, Independent Director)

Mrs. Richa Choudhary (Non-Executive, Independent Director)

Mr. Sachin Jain (Non-Executive, Independent Director)

## CHIEF FINANCIAL OFFICER

Mr. Manoj Kumar

## COMPANY SECRETARY CUM COMPLIANCE OFFICER

Mr. Bhuwan Singh Taragi

## EQUITY SHARE INFORMATION

Bombay Stock Exchange (BSE)
Scrip Code: 539552

## REGISTERED OFFICE ADDRESS

II$^{nd}$ Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, New Delhi-110002

## REGISTRAR AND TRANSFER AGENT

Skyline Financial Services Private Limited
D 153/A, I$^{st}$ Floor, Okhla Industrial Area,
Phase I, New Delhi - 110020

## STATUTORY AUDITORS

Sanjay Singhal & Co.
(Chartered Accountants)
Office: B 415, G.F., Nirman Vihar
Delhi-110092

## SECRETARIAL AUDITORS

A.K. Verma & Co.
(Practising Company Secretaries)
13 –B, Netaji Subhash Marg,
II$^{nd}$ Floor, Above Central Bank Building,
Daryaganj, New Delhi - 110002

## BANKERS

ICICI Bank, Noida Branch
Yes Bank, Daryaganj Branch
Union Bank of India, Connaught Place Branch

## CONTACT DETAILS

**Website-** www.fmecinternational.com
**Email:** fmecinternational@gmail.com
**Tel:** 011-43680407

# COMMITTEES OF THE BOARD

## AUDIT COMMITTEE

- Mr. Awanish Srivastava - Chairperson (Non-Executive Independent Director)
- Mr. Apoorve Bansal - Member (Executive Director)
- Mr. Sachin Jain - Member (Non-Executive Independent Director)

## STAKEHOLDERS RELATIONSHIP COMMITTEE

- Mr. Awanish Srivastava - Chairperson (Non-Executive Independent Director)
- Mr. Apoorve Bansal - Member (Executive Director)
- Mr. Sachin Jain - Member (Non-Executive Independent Director)

## NOMINATION AND REMUNREATION COMMITTEE

- Mr. Sachin Jain - Chairperson (Non-Executive Independent Director)
- Mr. Awanish Srivastava - Member (Non-Executive Independent Director)
- Mrs. Richa Choudhary - Member (Non-Executive Independent Director)

## EXECUTIVE COMMITTEE

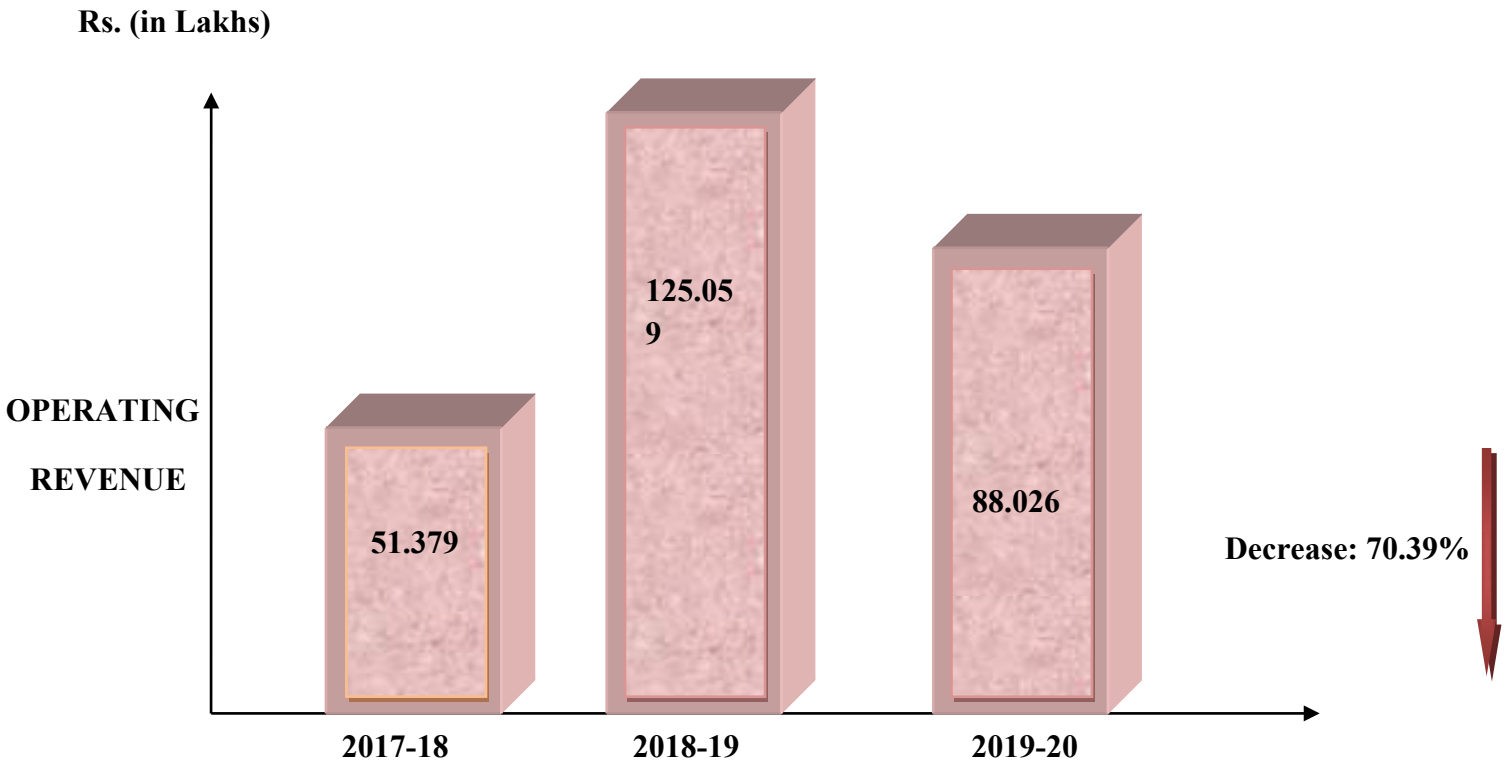
- Mr. Apoorve Bansal - Chairperson (Executive Director)
- Mr. Awanish Srivastava - Member (Non-Executive Independent Director)
- Mr. Sachin Jain - Member (Non-Executive Independent Director)

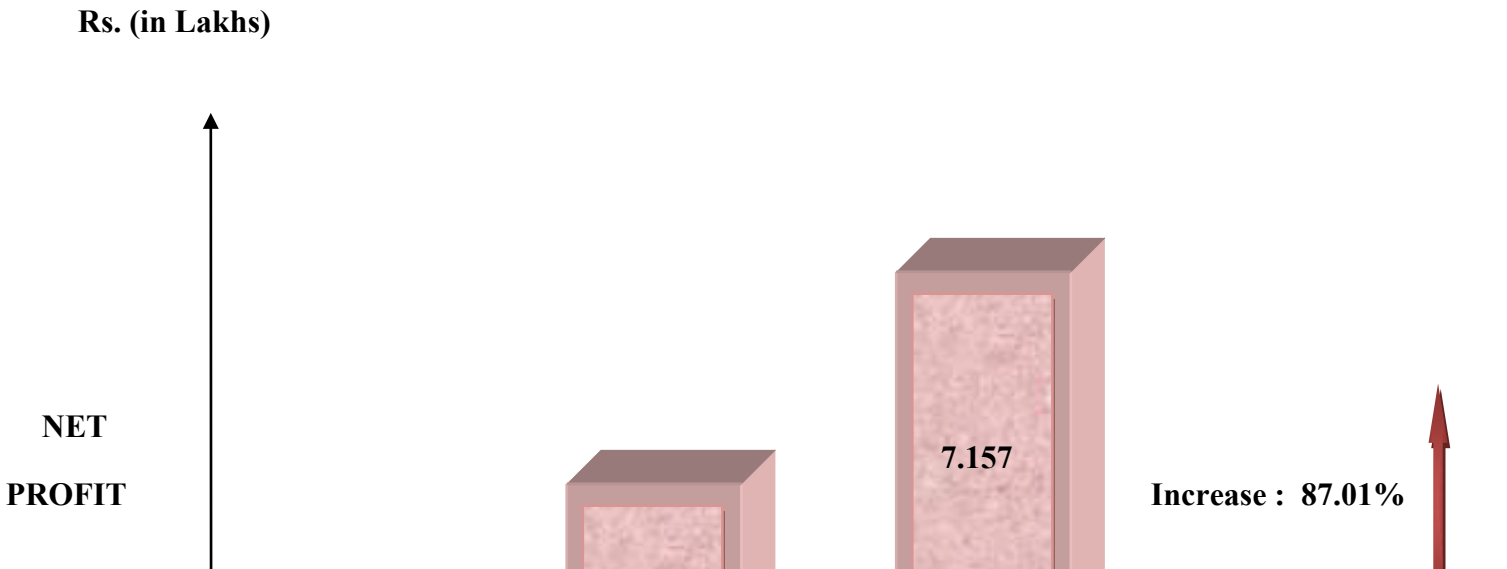
REGULATORY




Our customers are at the heart of our organisation

# FINANCIAL INIDCATORS

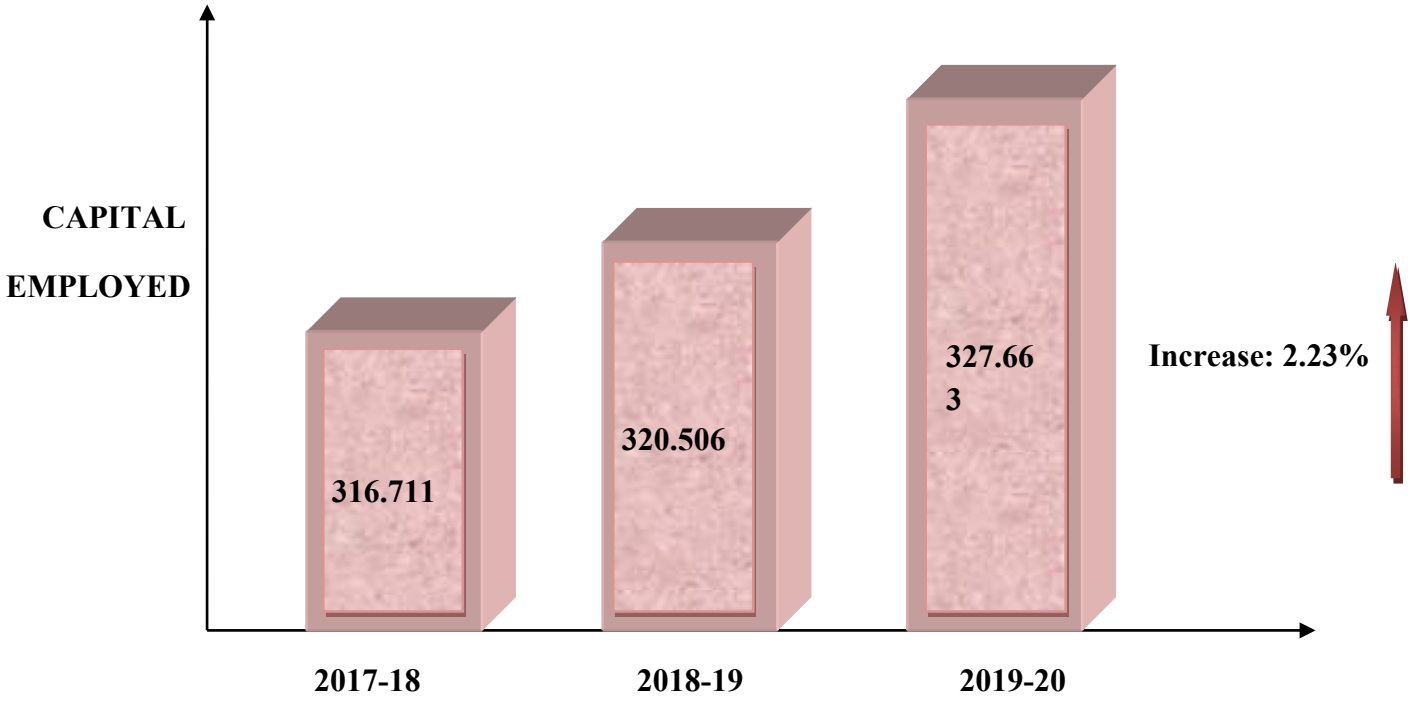


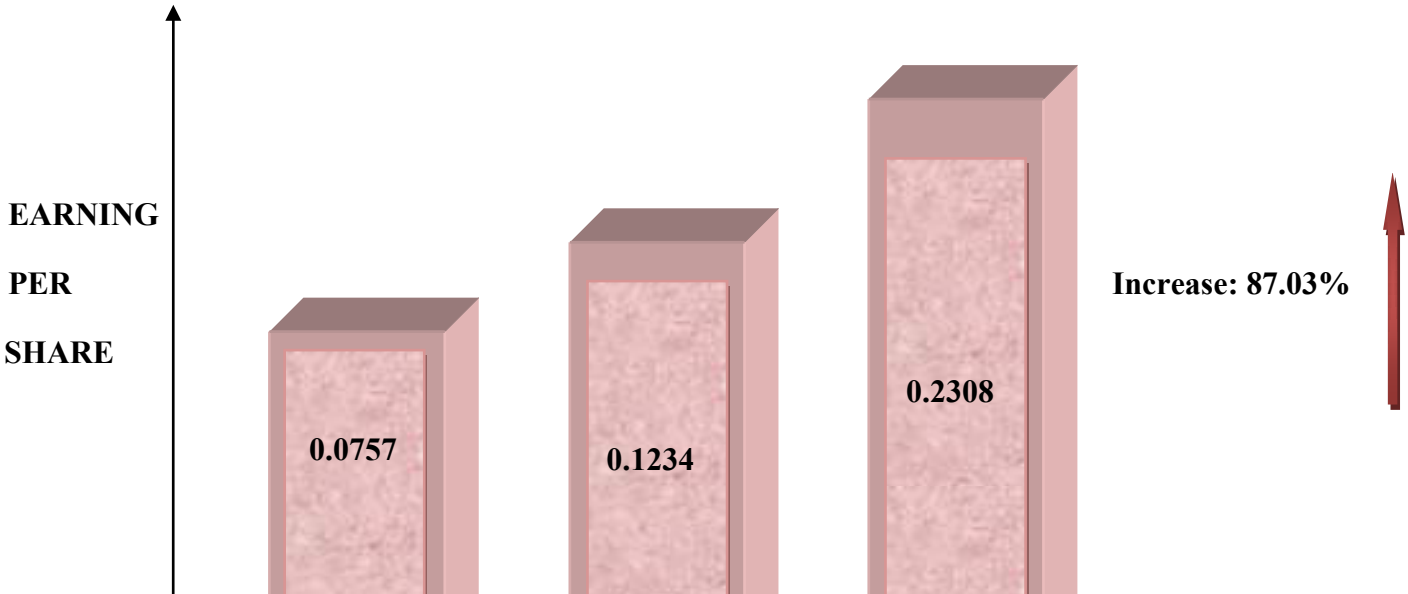


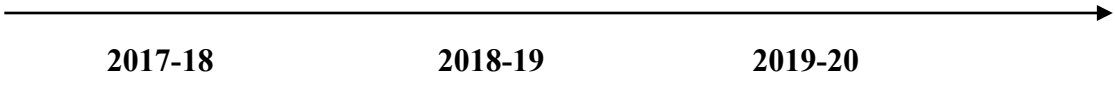

## FINANCIAL INIDCATORS

**Rs. (in Lakhs)**

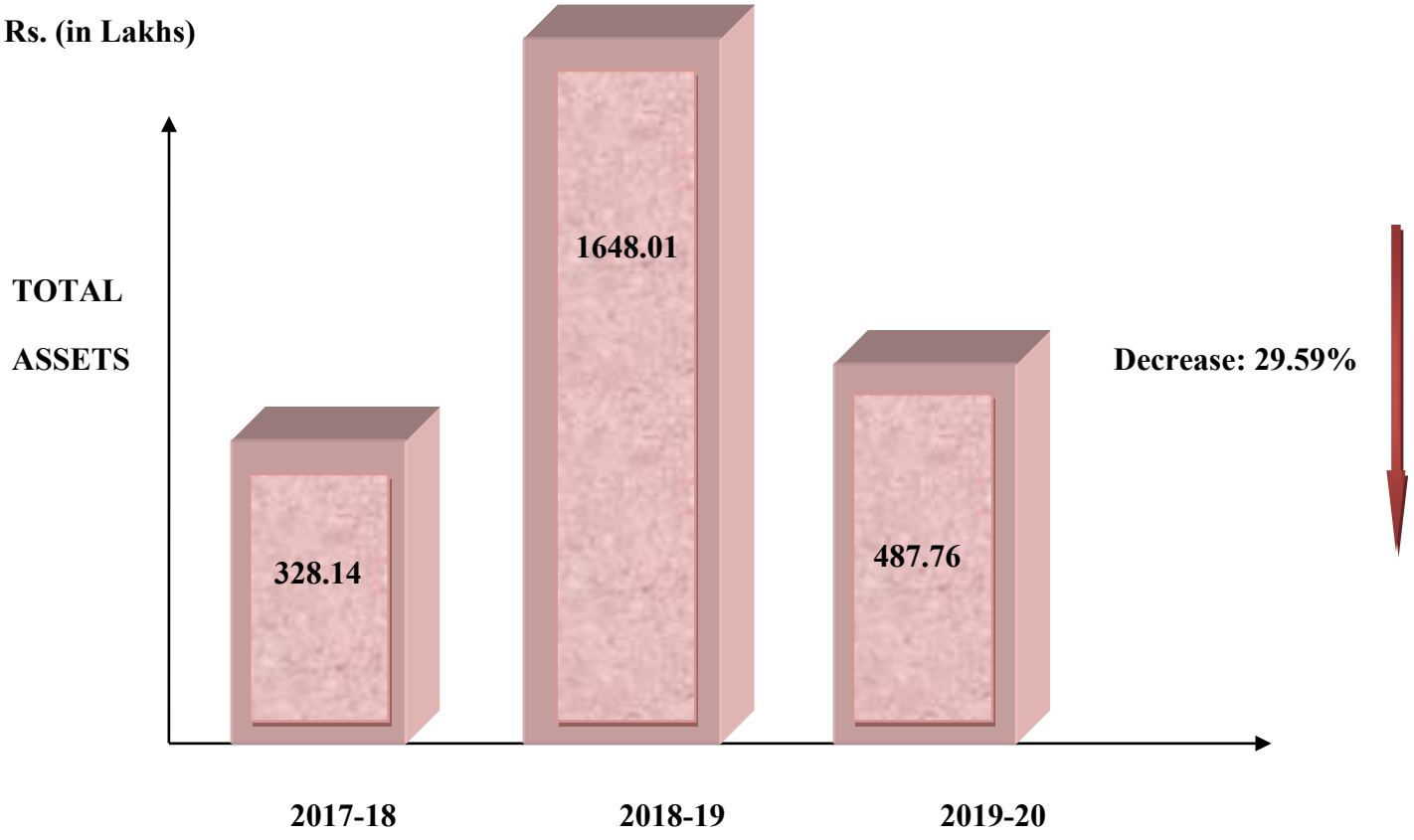



**In Rs. (Actual Figures)**

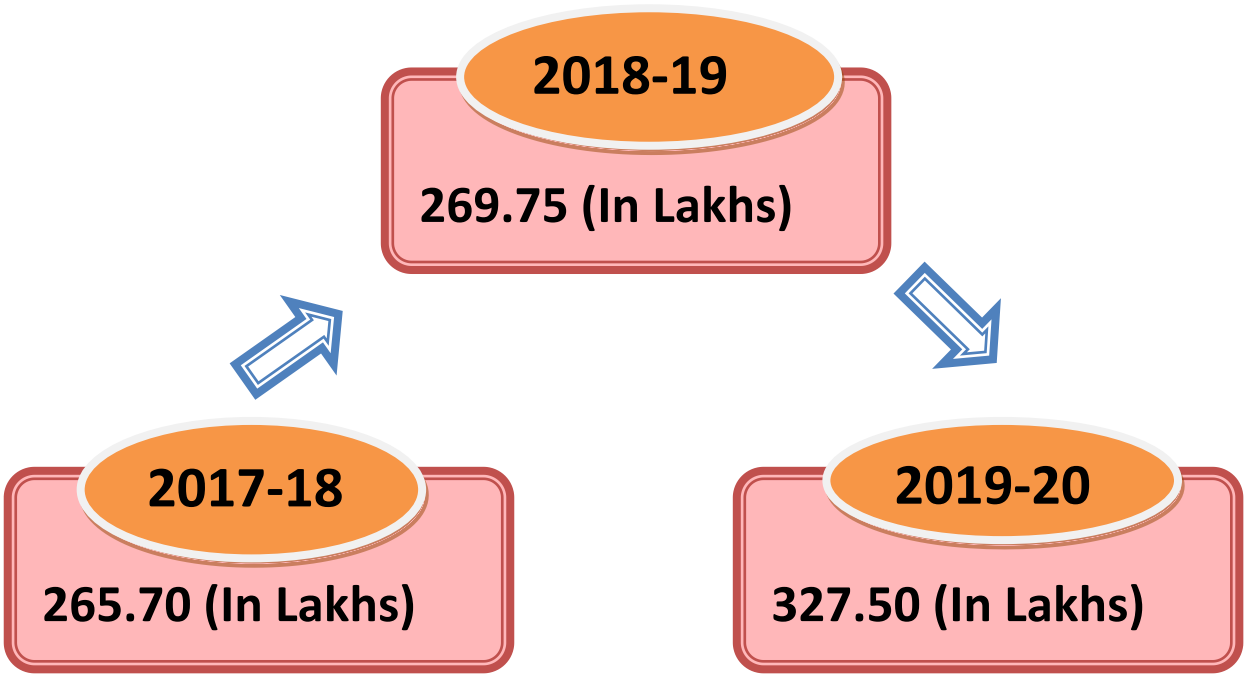





## FINANCIAL INIDCATORS




## TREND OF NET OWNED FUND FOR THE PURPOSE OF RESERVE BANK OF INDIA


2018-19
269.75 (In Lakhs)
2017-18
265.70 (In Lakhs)
2019-20
327.50 (In Lakhs)

# INVITATION

**Date: 10/11/20209**

**Dear Members/Directors/Auditor**

**You are cordially invited to attend the 27th Annual General Meeting (the 'AGM') of the members of F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED to be held on Wednesday, 23rd December, 2020 at 03:30 P.M. IST through Video Conferencing (VC)/ Other Audio Visual Means (OAVM).**

**The Notice of the Meeting, containing the business to be transacted thereat, is enclosed.**

**Thanking You**

**For and on behalf of the Board**
**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**

**Apoorve Bansal**
**Managing Director**
**Din: 08052540**
**R/o: A-708, Unesco Apartment, 55**
**I.P. Extension, Patparganj**
**Delhi 110092**

***Enclosures:***
***1. Notice of the AGM***
***2. Attendance slip***
***3. Proxy form (MGT-11)***
***4. Route Map (at the back cover)***

# NOTICE

**NOTICE** is hereby given that the **27th** Annual General Meeting of the members of **F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED** will be held on Wednesday, 23rd day of December, 2020 at 3.30 p.m. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

**ORDINARY BUSINESS:**

1. **To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements as at 31st March, 2020 and Report of the Board of Directors' and Auditors' thereon :**

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

   **"RESOLVED THAT** the Audited Balance Sheet & Statement of Profit and Loss Account and Cash Flow Statement (both Standalone and Consolidated) for the Financial Year ended March 31, 2020 along with the Auditor's Report and the Directors' Report as circulated to the shareholders and laid before the meeting, be received, considered and adopted."

2. **To appoint a Director in place of Mr. Apoorve Bansal (DIN: 08052540) who retires by rotation and, being eligible, offers himself for re-appointment:**

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

   **"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013 read with applicable Companies (Qualification and Appointment of Directors) Rules, 2014, Mr. Apoorve Bansal **(DIN: 08052540**), who retires by rotation, and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

3. **To appoint Auditor of the Company and fix their remuneration:**

   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 provision of section 139, and other application provisions, if any, of Companies Act 2013 and the rules framed there under as mentioned from time to time **M/s. Sanjay K Singhal & Co, Chartered Accountants, New Delhi** be and is hereby appointed as the Statutory Auditors of the Company, to the office from the conclusion of this Annual General meeting till the Conclusion of Annual General Meeting to be held for the Financial Year 2025 at a remuneration to be decided by the Board with mutual consent with the Auditors."

**SPECIAL BUSINESS:**

**4. TO APPOINT MR. SACHIN JAIN (DIN 02932194 AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") and the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force)**Mr. Sachin Jain (DIN 02932194)** who was appointed as an Additional Director in the meeting of the Board of Directors held on 26/06/2020 and whose term expires at the ensuing Annual General Meeting of the Company, and has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and is eligible for re-appointment, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for appointment as a Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby re-appointed as an Independent Director for a term of five years to hold office from June,26,2020 to June 25, 2025.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby severally authorized to sign, file all forms, documents, papers etc with the Registrar of Companies, NCT of Delhi and Haryana, Ministry of Corporate Affairs and to do all such acts, deeds, and things which may be necessary in this behalf."

**5. To re-appoint M/s A. K. Verma & Co., Company Secretaries (Registration No., Unique Code- S1997DE019500) as Secretarial Auditor for the Financial Year 2020-2021**

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

**"RESOLVED THAT** pursuant to the provisions of Section 204 of the Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions of the Act and pursuant to relevant provisions of Articles of Association of the Company, consent of the members be and is hereby accorded to re-appoint "**M/s A.K. Verma & Co.", Company Secretaries** (**Registration No. , Unique Code- S1997DE019500)**, New Delhi as Secretarial Auditor for Financial Year 2020-2021 at the remuneration as decided by the Board of Directors of the Company".

By the order of the Board
**F Mec International Financial Services Limited**

**Apoorve Bansal**
**Managing Director**
**DIN:08052540**
**Add: A-708**
**Unesco Apartment, 55**
**I.P. Extension, Patparganj**
**Delhi -110092**

Place: New Delhi
Date: 10.11.2020

**NOTES:**

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.**

2. Proxy form in MGT-11/ Instrument appointing the proxy duly filled up and executed must be received at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.

3. A person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share Capital of Company carrying voting rights. A member holding more than 10% of the total share capital of the Company and carrying voting rights may appoint a single person as Proxy, who shall not act as a Proxy for any other Member.

4. The Statement as required under Section 102 of the Companies Act, 2013 in respect of all items of Special Business as set out in the notice is annexed hereto.

5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or Depository Participant(s). Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.

6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address are registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip at the Registration Counter at the AGM.

7. The Auditors of the Company **M/s. Sanjay K Singhal & Co, Chartered Accountants, New Delhi** were appointed as Statutory Auditors of the Company in the Annual General Meeting held on 27$^{th}$ September 2015 for a term of five years. Their term of office expires on the conclusion of ensuing Annual General Meeting. Therefore, their appointment is proposed for the members approval in the ensuing Annual General meeting.

8. Mr. Apoorve Bansal was appointed as Non- Independent Additional Director of the Company on 15th January, 2018 and later his appointment was regularized in the Annual General Meeting held on 22nd September, 2018 in which he was further appointed as Managing Director of the Company. Accordingly, he is liable to retire by rotation in this Annual General Meeting in terms of provisions of Section 152(6) of the Companies Act, 2013 read with the applicable Companies (Appointment and Qualification of Directors) Rules, 2014 and being eligible offers himself for re-appointment, and the said resolution will be duly placed before the members, for their approval in this Annual General Meeting.

9. **Securities and Exchange Board of India ("SEBI") has mandated that securities of Listed Companies can be transferred only in dematerialized from w.e.f. April 1, 2019. Accordingly, the Company/ Skyline Financial Services Private Limited (RTA) has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialization.**

11. The Register of Members and Share Transfer Books shall remain closed from 16th **December, 2020 to 22nd December, 2020 (both days inclusive).**

12. Members desiring any further information on the business to be transacted at the meeting should write to the Company at least 15 days before the date of the meeting so as to enable the management to keep the information, as far as possible, ready at the meeting.

13. Members are requested to notify the Company about the change of address, if any, to the Registered Office of the Company.

14. Members are requested to bring their Attendance Slip and copy of the Annual Report with them at the Annual General Meeting.

15. All correspondence relating to shares may be addressed to the Registered Office of the Company.

16. The business set out in the Notice can be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No 19.

17. Members desiring any information/clarification on the Accounts are requested to write to the Company in advance at least seven (7) days before the meeting so as to keep the information ready at the time of Annual General Meeting.

18. As per provisions of the Companies Act, 2013 facility for making nominations is available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office of the Company.

19. **Voting Through Electronic Means**

a) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting as stated in the Notice by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

b) The facility for voting through Ballot Paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through Ballot Paper.

c) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

d) The Company is providing facility for voting by electronic means to its members to enable them to cast their votes through such voting. The Company has engaged the services of Central Depository Service Limited ("CDSL") as the Authorized Agency to provide remote e-voting facility (i.e. the facility of casting votes by a member by using an electronic voting system from a place other than the venue of a general meeting).

e) The Board of Directors of the Company has appointed Mr**. Ashok Kumar Verma, Partner of A.K. Verma & Co, Company Secretaries, New Delhi** as Scrutinizer to scrutinize the voting through Ballot Paper and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.

f) Remote e-voting facility will be available during the following period:

| | |
|---|---|
| **Commencement of remote e-voting** | **9.00 A.M. 16th December, 2020** |
| **End of remote e-voting** | **5.00 P.M. 22nd December, 2020** |

Please note that remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of aforesaid period.

g) The cut-off date for the purpose of voting (including remote e-voting) is **15th December, 2020.**

h) The Scrutinizer, after scrutinizing the votes cast at the meeting (through Ballot Paper) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.fmecinternational.com. The results shall simultaneously be communicated to the Stock Exchanges.

**Information and other instructions relating to e-voting are as under:**

(i) The voting period begins on **Sunday, 20th December 2020 from 09:00 A.M** and ends on **Tuesday, 22nd December, 2020 till 05:00 P.M.** During this period shareholders' of the

Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 15th December 2020 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website **www.evotingindia.com**

(iv) Click on Shareholders.

(v) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any Company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

| | **For Members holding shares in Demat Form and Physical Form** |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.<br>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.<br>• If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-

voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

(xxi) The Results shall be declared within three days from the date of AGM of the Company i.e. 27th December, 2020. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.fmecinternational.com and on the website of CDSL and communicated to the Bombay Stock Exchange.

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

### Item No. 4:

**Mr. Sachin Jain (DIN 02932194)** ), is eligible for -appointment as Independent Director for term of five consecutive years, subject to meeting criteria of independence and passing of a special resolution by the shareholders of the Company to that effect as required under the Act.

Considering the performance evaluation which was found satisfactory by the Board, **Mr. Sachin Jain** i provided his consents and necessary disclosures to continue as an Independent Director of the Company. Further, he also met the criteria of Independence and based on the recommendations of Nomination and Remuneration Committee, subject to approval of the member, the Board of Directors, on June, 26 2020, had approved his appointment as Independent Director of the Company for a term of five years to hold office from June 26, 2020 to June25 2025, During his tenure of appointment, he shall not be liable to retire by rotation as provided under Section 152 (6) of the Act.

### BRIEF PROFILE OF MR. SACHIN JAIN:

Mr. Sachin Jain, was enrolled as a member of the Institute of Chartered Accountants of India and has twenty years of consultancy experience with expertise in financial growth management. His forte lies in direct as well as indirect taxation, valuations, corporate law, financial modeling, business consultancy, Arbitratioin, Company Law Matter, Legal matter etc. He has hands on experience in providing total management solutions to non-profit organizations including representative office.

In the opinion of the Board, the above named person proposed to be -appointed as Independent Director fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder and that the proposed Director is independent of the Management.
The details of Mr Sachin Jain are given in **Annexure "A"**.
The Board recommends the Resolution for approval of the members as a **Special Resolution**.
The Board considers that their association would be of immense benefit to the Company and it is desirable to avail their services as Directors.
None of the directors, Key Managerial Personnel and their relatives is concerned or interested in the passing of the aforesaid resolution, except to the extent of their shareholding, if any.

The copies of the following documents are open for inspection at the Registered Office of the Company between 11:00 A.M. to 01:00 P.M. on any working day except Sundays and Company Holidays and Declared Holidays:

1. Copy of the Board/ Shareholder's Resolution.
2. Notice of the AGM with Explanatory Statement.
3. Memorandum and Articles of Association of the Company
4. Balance Sheet as on 31st March, 2020 along with Profit & Loss Account and Auditors' Report thereon of the Company.

**The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.**

**Item No. 5**

As per the provisions of Section 204 of the Companies Act 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company being a Listed Company shall be subject to Secretarial Audit from Practicing Company Secretary.

The Board hereby recommends re-appointing **M/s A.K. Verma & Co., Company Secretaries, (Registration No. , Unique Code- S1997DE019500)** having experience of more than 20 years of Corporate Services in field of Corporate Laws as Secretarial Auditor of Company for the Financial Year 2019- 20.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

The copies of the following documents are open for inspection at the Registered Office of the Company between 11:00 A.M. to 01:00 P.M. on any working day except Sundays and Company Holidays and Declared Holidays:

1. Copy of the Board/ Shareholder's Resolution.

2. Notice of the AGM with Explanatory Statement.

3. Balance Sheet as on 31st March, 2019 along with Profit & Loss Account and Auditors' Report thereon of the Company.

**The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.**

**Annexure "A"**

**DETAILS OF INDEPENDENT DIRECTOR SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING**

| S. No | Particulars | Shri Sachin Jain |
|---|---|---|
| **1.** | DIN | 02932194 |
| **2.** | Date of Birth | 18/03/1976 |
| **3.** | Date of appointment on the Board | 10/11/2020 |
| **4.** | Qualifications | **CHARTERED ACCOUNTANT** |
| **5.** | Experience | **MORE THAN 10 YEARS** |
| **6.** | Terms and Conditions of reappointment along with details of remuneration and last drawn remuneration, if applicable. | **NA** |
| **7.** | Shareholding in the Company. | **NIL** |
| **8.** | Relationships with the Other Directors, Manager and other KMP(s). | **NO RELATION** |
| **9.** | No. of Board Meetings attended during the financial year 2019-20 and other Directorships. | **AS HE WAS APPOINTED ON 10-11-2020 , NO BOARD MEETING WAS ATTENDED BY HIM DURING 2019-2020** |

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**Registered office:** IInd Floor, Central Bank Building 13-B,
Netaji Subhash Marg, Daryaganj Delhi-110002
CIN: L65100DL1993PLC053936

## ADMISSION SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company/Depositories.

DP ID……..... Client ……

Regd. Folio No.* No. of Shares …….…….

Name(s) in Full Father's/Husband's Name Address as Regd. with the Company

1.
2.
3.

I/WE HEREBY RECORD MY/OUR PRESENCE AT THE 27th ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON WEDNESDAY, 23RD DAY OF DECEMBER, 2020 AT 03:30 P.M. AT REGISTERED OFFICE OF THE COMPANY SITUATED AT IIND FLOOR, CENTRAL BANK BUILDING, 13-B, NETAJI SUBHASH MARG, DARYAGANJ, DELHI- 110002.

Member Proxy

_____ Member's/Proxy's Signature**

* *Applicable for investors holding shares in physical form.*

** *Please strike out whichever is not Applicable*

**Form No. MGT-11**

**PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**IInd Floor, Central Bank Building 13-B, Netaji Subhash Marg, Daryaganj Delhi-110002**
**CIN : L65100DL1993PLC053936**

| | |
|---|---|
| Name of the member(s) | : |
| Registered address | : |
| E-mail Id | : |
| Folio No/ Client Id | : |
| DP ID | : |

I/We, being the member (s) of …… shares of the above named Company, hereby appoint

1. Name : ……
Address : …….
E-mail Id : ……..
Signature :……., or failing him

2. Name : ……
Address: …….
E-mail Id : ……...
Signature:……., or failing him

3. Name : ……
Address: …….
E-mail Id: …….
Signature:…….

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on the Wednesday, 23rd day of December, 2020 at 03:30 P.M and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolutions | For (Approved) | Against (Rejected) |
|---|---|---|
| 1. To consider and adopt the Audited Financial Statements (Standalone and Consolidated) for the year 31st March, 2020 together with the Board Report and Auditors' Report thereon. | | |
| 2. To appoint a Director in place of **Mr. Apoorve Bansal (DIN: 08052540)** who retires by rotation and, being eligible, offers himself for re-appointment. | | |
| 3. To re-appoint **M/s. Sanjay K Singhal & Co, Chartered Accountants, New Delhi** the retiring auditors of the Company for a period 5 years i.e. from the conclusion of this Annual General meeting till the Annual General Meeing to be held in the year 2025. | | |
| 4 Appointment of Mr. Sachin Jain (DIN 02932194) as independent director | | |
| . 5. To re-appoint **M/s A. K. Verma & Co., Company Secretaries (Registration No., Unique Code-S1997DE019500**) as Secretarial Auditor for the Financial Year 2020-2021. | | |

Signed this …… day of …… 2020

| Affix Revenue Stamp | Re.1 |
|---|---|

Signature of shareholder

Signature of Proxy holder(s)

**Notes:**

*** Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**

*** A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.**

*** This form of Proxy, to be effective, should be deposited at the Registered Office of the Company IInd Floor, Central Bank Building 13-B, Netaji Subhash Marg, Daryaganj Delhi-110002 at not later than FORTY-EIGHT HOURS before the commencement of the aforesaid Meeting.**

***In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.**

# DIRECTORS' REPORT

**Dear Stakeholder(s)**

Your Directors have pleasure in presenting the 27th Annual Report of the Company together with the Audited Statement of Accounts and Auditor's Report for the year ending 31st March, 2020.

## COMPANY OVERVIEW

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED (CIN : L65100DL1993PLC053936)** is a BSE Listed Company **(Scrip Code : 539552)** having Registered Office at **IInd Floor, Central Bank Building 13-B, Netaji Subhash Marg Daryaganj, New Delhi- 110002** working as a Non Banking Finance Company after registration with Reserve Bank of India.

The Company has obtained registration as a Non- Banking Financial Company ("NBFC") from Reserve Bank of India bearing Registration Number- **B-14.01129 dated 11th September, 1998.**

The performance highlights and summarized financial results of the Company are given below:

## PERFORMANCE HIGHLIGHTS

- Income for the FY 2019-2020 decreased to Rs. 87.90 Lakhs as compared to Rs. 125..06 Lakhs in FY 2018-2019.

- Profit before Tax for the FY 2019-2020 increased to Rs. 10.00 Lakhs as compared to Rs. 5.15 Lakhs in FY 2018-2019.

- Profit after Tax for the FY 2019-2020 increased to Rs. 7.16 Lakhs as compared to Rs. 3.83 Lakhs in FY 2018-2019.

- The Earning Per Share (EPS) of the Company for the FY 2019-2020 also witnessed a hike of 87.03% raising to Rs. 0.2308 per share as compared to Rs. 0.1234 per share in FY 2018-2019.

## FINANCIAL RESULTS

Financial Year 2019-20 was a mixed year for the overall financial services sector in India. Despite operating in a challenging macro environment and pandemic Covid 19, and despite of decrease in revenue, profit increased in Financial Year 2019-20 due to cutting down of cost. Profit for the year raised to **Rs. 7,15,742 (Rupees Seven Lakhs Fifteen Thousand Seven Hundred Forty Two) as compared to the Previous Year Profit i.e. Rs. 3,82,684 (Rupees Three Lakhs Eight-Two Thousand Six Hundred Six Hundred and Eighty Four).**

The Financial Results of the Company for the year ended 31st March, 2020 are as follows:-

| | (Rs.) | (Rs.) |
|---|---|---|
| **Particulars** | **2019- 2020** | **2018- 2019** |
| **Gross Income** | 88,02,644 | 1,25,06,055 |
| **Profit before Interest and Depreciation** | 12,03,055 | 6,20,215 |
| **Less: Finance Charges** | (1,614) | (5,537) |
| **Gross Profit** | 12,01,441 | 6,14,678 |
| **Less: Provision for Depreciation** | (201,130) | (99,942) |
| **Net Profit Before Tax** | 10,00,311 | 5,14,736 |
| **Less: Current Tax** | (2,86,463) | (1,49,318) |
| **Less: Deferred Tax** | 1,894 | 17,266 |
| **Net Profit After Tax** | 7,15,742 | 3,82,684 |
| **Appropriations:** **Transfer to/roll back from Special Reserves and Reserves for Bad and Doubtful Debts (As per RBI Act, 1934 – applicable for NBFC)** | (1,32,419) | 2,46,446 |
| **Proposed Dividend on Equity Shares** | - | - |
| **Tax on proposed Dividend** | - | - |
| **Earning per Equity Share (EPS)** | 0.2308 | 0.1234 |

## CONSOLIDATED REVENUE

After adjusting the Revenue/ losses of the Subsidiary Company, the Company has attained the Net profit of Rs. 30,35,417 during the year. The detailed consolidated financials are as follows:

**(Rs.)**

| **Particulars** | **2019-2020** | **2018-2019** |
|---|---|---|
| Gross Income | 1,11,22,318 | 1,25,06,055 |
| Profit before Tax | 33,19,986 | 4,89,618 |
| Tax Expenses | 2,84,569 | 1,32,051 |
| Profit after Tax | 30,35,417 | 3,57,567 |

The Consolidated Financial Statement have been prepared by the Company in accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS)-21 on Consolidated Financial Statements and other applicable accounting standards. The audited Consolidated Financial Statements together with Auditor's Report form part of this Annual Report.

## SHARE CAPITAL

The Authorised Share Capital of the Company as on 31st March 2020 was **Rs. 3,50,00,000 (Rupees Three Crore Fifty Lacs Only)** and Paid-up Equity Share Capital of the Company as on March 31st, 2020, was **Rs. 3,10,07,000 (Rupees Three Crore Ten Lacs and Seven Thousand Only**). There was no change in the Authorized or the Paid-up Capital/Subscribed Capital during the Financial Year 2019-20.

**a. Buy Back Of Securities**

The Company has not bought back any of its securities during the year under review as per the provisions of Section 68 of the Companies Act, 2013 read with the Rule 17 of the Companies (Share Capital and Debenture) Rules, 2014.

**b. Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review as per the provisions of Section 54 of the Companies Act, 2013 read with Rule 8 of the Companies (Share Capital and Debenture) Rules, 2014.

**c. Bonus Shares**

No Bonus Shares were issued during the year under review as per the provisions of Section 63 of the Companies Act, 2013 read with Rule 14 of the Companies (Share Capital and Debenture) Rules, 2014.

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**d. Employees Stock Option Plan**

The Company has not provided any Stock Option Scheme to the employees pursuant to Section 62 (1) (b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014.

**e. Shares With Differential Rights**

The Company has not issue any Equity shares with Differential Rights pursuant to the provisions of Rule 4 of the Companies (Share Capital and Debenture) Rules, 2014**.**

## RESERVES AND SURPLUS

**As per Section 45- IC of the Reserve Bank of India Act, 1934** every Non -Banking Financial Company shall create a Reserve Fund and transfer therein a sum not less than 20% of its Net Profit every year before declaring any dividend.

The Company is in practice of transferring a sum of 20% to the Reserve fund specifically made for the purpose named '**Special Reserve as per RBI Act'** from the Profit earned by the Company during the year.

Also, the Company has pursuant to Notification of Reserve Bank of India dated January 17, 2011 vide Notification no. DNBS.PD.CC.No.207/03.02.002/2010-11 for making the '**Provision of 0.25% for Standard Assets of NBFCs'** has transferred a sum of 0.25% on the Standard Assets of the Company under the Reserve named **"Provision for Bad and Doubtful Debts".** The Company has, however, rollback a part of the provision.

Further the Company is complying with all the Reserve Bank of India Guidelines as issued from time to time related to provisioning and reserves.

## DIVIDENDS

Considering the present conditions of business and growth stage of Company, the Board of Directors of the Company has decided not to recommend any dividend for the Financial Year 2019-20. The Management being optimistic about the return from business activities has proposed to plough back divisible profit into the main activities of the Company.

## DEPOSITS

Every Non- Banking Finance Company registered with the Reserve Bank of India has to comply with all the terms and conditions as stipulated by the Certificate of Registration with RBI.

**F Mec International Financial Services Limited** has been registered as a Non Banking Finance Company- Not accepting deposits. Hence, pursuant to Section 45- IA of the Reserve Bank of India Act 1934, the Company cannot accept deposits from public, in compliance of which the Company has not accepted any Deposits during the year. Further, the Directors of the Company assured to carry on the practice of not accepting the same in order to comply with RBI norms and guidelines in the coming year and the same has been proposed and passed in the meeting of Board of Directors dated 26th June, 2020.

## 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

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

## MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and/or commitments affecting the Financial Position of the Company occurred between the end of the Financial Year to which these Financial Statements relate and the Date of issue of this Report. The Company has, after a long discussion among the Board of Directors, disinvested the shares of YDS Securities Private Limited by selling in the open market on 28th December 2019. By virtue of disinvestment YDS Securities is ceases to be subsidiary of the Company.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Directors

Your Company, currently, has four following four Directors on the Board, namely:

- → **Mr. Apoorve Bansal (DIN: 08052540) – Managing Director**
- → **Mr. Awanish Srivastava (DIN: 07810744) – Non- Executive Independent Director**
- → **Mrs. Richa Choudhary (DIN: 0813225) - Non- Executive Independent Director**
- → **Mr. Sachin Jain (DIN 02932194) Non- Executive Independent Director**

During the year under review, **Mr. Rohit Agrawal (DIN: 06490313)** who was appointed as an **Additional Non-Executive Director** of the Company in the meeting of Board of Directors duly held on **30th March, 2015** and thereafter regularized in the Annual General Meeting of the Company for the Financial Year 2014-2015 duly convened on **27th September, 2015** has resigned from his office as Director w.e.f**. 29h March, 2020** in compliance with the provisions of Section 168 of the Companies Act, 2013 read with applicable rules of Companies (Appointment and Qualification of Directors) Rules, 2014.

**Mr. Sachin Jain (DIN 02932194**) is appointed as **Additional Non- Executive Independent Director** in the Board of Directors meeting held on 26th June 2020 and his appointment needs regularization by the members in the ensuing Annual General meeting.

Pursuant to provisions of Section 152 of the Companies Act, 2013, ,**Mr. Apoorve Bansal** (**DIN: 08052540)**, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Board recommends his re-appointment.

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed in Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September, 2016 and that they are not disqualified from being appointed /continuing as Directors in terms of Section 164(2) of the Companies Act, 2013.

**B. Key Managerial Personnel of the Company**

During the year under review, there has been no change in the Key Managerial Personnel (KMP) of the Company and the following persons continue to be the KMPs as per the provisions of Section 203 of the Companies Act, 2013 read with the applicable Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

→ **Mr. Apoorve Bansal (DIN: 08052540) – Managing Director**
→ **Mr. Manoj Kumar – Chief Financial Officer (CFO)**

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of Independence, as prescribed under Section 149 of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Code of Conduct for Independent Directors as prescribed under Schedule IV of the Companies Act, 2013.

## BOARD DIVERSITY, THEIR APPOINTMENT AND REMUNERATION

The Company's Board of Directors constitute of Four Directors comprising of One Executive Director and Three Non-Executive Independent Directors. Appointment of Independent Directors of the Company shall be governed by the Code of Independent Director and Appointment of Non Independent Directors of the Company shall be governed by the Policy of Nomination and Remuneration of the Company. The detailed policy on appointment of Directors is available on the Company's website at www.fmecinternational.com.

## ANNUAL BOARD EVALUATION AND FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

A note on familiarization program adopted by the Company for orientation and training of its Directors and Board Evaluation Process undertaken in compliance with the provisions of the Companies Act, 2013 and the same forms part of the Corporate Governance, which forms part of this Report.

The Report generated after evaluation of the Board will be considered by the Board for the purpose of optimizing their effectiveness.

A note indicating the policy of Annual Evaluation of the entire Board of Directors and the Independent Directors forms part of this Report and has been attached as ***Annexure-VII.***

## COMMITTEES OF BOARD, NUMBER OF MEETINGS OF BOARD AND BOARD COMMITTEES

The Board of Directors met **Four (4) times** during the year. The Company has Four Committees out of its Board namely **Executive Committee, Audit Committee**, **Nomination and Remuneration Committee** and **Stakeholders Relationship Committee**

A detailed update on the Board, its composition, detailed charter including terms and reference of various Board Committees, number of Board and Committee meetings held during FY 2019-2020 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Report.

## SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

## SUBSIDIARIY, ASSOCIATE AND JOINT VENTURE COMPANIES

As on 31st March, 2020 the Company neither has any Associate Company nor any Joint Venture Company. **YDS Securities Private Limited,** which was subsidiary of the Company ceases to be subsidiary for the reason of disinvestment of Equity Shares of YDS Securities Private Limited on 28th December 2019.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, Consolidated Financial Statements of the Company not required to be annexed to the Annual Report to reflects the Performance and Financial Position of the Subsidiary.

The Audited Financial Statements of its Subsidiary Company is available for inspection at the Company's Registered Office and also at Registered Office of the Subsidiary Company pursuant to the provisions of Section 136 of the Companies Act, 2013. The Financial Statements of its Subsidiary Companies are also available on the Company's website www.fmecinternational.com. Copies of the Annual Accounts of the Subsidiary Company will also be made available to the investors of F Mec International Financial Services Limited and those of the respective companies upon request.

The Details of Subsidiary Company as required to be disclosed under the provisions of Section 129(2) of the Companies Act, 2013 in form AOC-1 is provided and forms a part of the Annual Report as ***Annexure-V.***

## AUDITORS AND AUDITORS' REPORT

### *Statutory Auditors*

M/s Sanjay K Singhal & Co., Chartered Accountants, Auditors of the Company were appointed as Statutory Auditors in the Annual General Meeting held on **27th September, 2015** for a period of five consecutive years to hold office upto the conclusion of the Annual General Meeting to be held in the year **2020.** Therefore, their re-appointment at the ensuing Annual General Meeting is proposed for members approval for a period of five years, i.e. from the conclusion of ensuing Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2025.

The Report given by the Auditors on the Financial Statements of the Company for the Financial Year 2019-20 is a part of the Annual Report. The Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

***Secretarial Auditor and Secretarial Audit Report***

**M/s A.K. Verma & Co, Practicing Company Secretaries (Registration No., Unique Code-S1997DE019500)** was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2019-2020, as required under Section 204 of the Companies Act, 2013 and rules framed there under. The Secretarial Audit Report for the Financial Year 2019-2020 forms part of the Annual Report as ***Annexure VI*** to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has re-appointed M/s A.K. Verma & Co, Practicing Company Secretaries, as the Secretarial Auditor of the Company for the Financial Year 2020-2021 after obtaining their consent to act in such capacity.

***Internal Auditors***

**M/s. Rajeev Shankar & Co., Chartered Accountants (FRN: 014006N)** were appointed to conduct the Internal Audit of the Company for the Financial Year 2019-2020, as required under Section 138 of the Companies Act, 2013 and rules framed there under.

The scope, functioning, periodicity and methodology for conducting the Internal Audit of the Company is formulated by the Audit Committee of the Company, in consultation with the Internal Auditors.

The Board proposes to re-appointed **M/s. Rajeev Shankar & Co., Chartered Accountants (FRN: 014006N)** as Internal Auditor of the Company for the Financial Year 2020-2021 after obtaining their consent to act in such capacity.

## REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors has not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 in respect of Management Discussion and Analysis Report for the year under review is presented in a Separate section, forming part of the Annual Report as ***Annexure- III***

## CORPORATE GOVERNANCE

A detailed report on Corporate Governance pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 forms part of the Annual Report as ***Annexure-I***. As per the provisions of Regulation 15(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, provision of Regulation 27 is applicable to the Companies having paid up equity share capital exceeding Rs. 10 Crore and Net Worth exceeding Rs. 25 Crore, as on the last day of the previous financial year. The Company is not covered under any of the Criterion mentioned above so it is not mandatory for the Company to comply the Provisions of the Regulation 27 of the SEBI (LODR) Regulations, 2015. So the Company is not required to file Corporate Governance Certificate to the Stock Exchange on Quarterly Basis.

## RISK MANAGEMENT

During the year, the Board of Directors developed and implemented an appropriate risk management policy which is entrusted with the responsibility to assist the Board in overseeing and approving the Company's enterprise wide risk management framework and overseeing all the risks that the organization faces, identifying the element of risk which, in the opinion of the Board may threaten the existence of the Company and safeguarding the Company against those risks.

## INTERNAL FINANCIAL CONTROL SYSTEM

The Company has an Internal Financial Control System, commensurate with the size, scale and complexity of its operations.

## VIGIL MECHANISM

The Vigil Mechanism of the Company pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 which also incorporates a Whistle Blower Policy in term of provisions of Regulation 22(1) of the SEBI (LODR) Regulations, 2015 for the year ended March 31st, 2020 (as per their applicability) includes an Ethics & Compliance Task Force comprising Senior Executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail or dedicated telephone line or a letter to the Task Force or to the Chairperson of the Audit Committee i.e Mr. Awanish Srivastava either personally or through e-mail at fmecinternational@gmail.com or call at 011-43680407.

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Board has made a Committee of Board presided by Mrs. Richa Choudhary , Director of the Company for the purpose of prevention of Sexual Harassment of Women at workplace. Every individual has right to treat his/her colleagues with respect and dignity. This is enshrined in values and in the code of Ethics & Conduct of the Company. The Company has in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 made various provisions to safeguard the interest of the female employees (whether permanent, contractual, temporary and trainees) under this policy. The policy governs the misconduct with respect to discrimination or sexual harassment.

Further, the Company has complied with the provisions regarding the constitution of Internal Complaints Committee under the Sexual Harassment of Women as Workplace (Prevention, Prohibition and Redressal) Act, 2013 as required to be disclosed under Clause (x) of sub-rule 5 of Rule 8 of the Companies (Accounts) Rules, 2014 (***inserted by MCA Notification dated 31.07.2018).***

## EXTRACT OF ANNUAL RETURN

An extract of the Annual Return of your company, pursuant to Section 92(3) of the Companies Act, 2013, is given herewith as ***Annexure II.*** The annual return of the company for the financial year 2019-20, after filing with the Ministry of Corporate Affairs, can also be obtained from **https://www.fmecinternational.com / Financial Reports/Annual Returns.**

## LOANS, GUARANTEE AND INVESTMENT

The particulars of Loans given, Investments made and Guarantee given by Company under Section 186 of the Companies Act, 2013 is annexed as ***Annexure IV***.

## PARTICULARS OF RELATED PARTY TRANSACTION

There were no contracts or arrangements entered into by the Company in accordance with provisions of section 188 of the Companies Act, 2013. Further, all The Related Party Transactions in terms of the Provisions of Companies Act 2013 were entered in the ordinary course of business during the Financial Year 2019-2020 and were also at arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other Designated Person which may have a potential conflict with the interest of Company at large.

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

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy and Technology Absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review. Further during the year under review, the Company has neither earned nor used any foreign exchange.

## DISCLSOURE REGARDING MAINTENANCE OF COST RECORDS

Since the Company is engaged in the business of Non- Banking Financial Company, therefore the provisions of Section 148 of the Companies Act, 2013 regarding maintenance of Cost Records and Cost Audit is not applicable to the Company as required to be disclosed under Clause (ix) of sub-rule 5 of Rule 8 of the Companies (Accounts) Rules, 2014 ***(inserted by MCA Notification dated 31.07.2018).***

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, the Directors of the Company hereby state that:

i. In the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures.

ii. The Directors had 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 and Loss of the Company for that period.

iii. The Directors had 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.

iv. The Directors had prepared the annual accounts on a Going Concern Basis.

v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively ;and

vi. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and such system were adequate and operating effectively.

**ACKNOWLEDGEMENT**

The Board expresses their gratitude to its all stakeholder's i.e. members, customers, Government agencies and their departments, Bankers of the Company for their continued support and faith. The Directors place on record their sincere appreciation to all the employees of the Company for their contribution in the growth of the Company.

**Place : New Delhi**
**Date : 10.11.2020**

**Apoorve Bansal**
**Managing Director**
**DIN : 08052540**

**Sachin Jain**
**Director**
**DIN : 02932194**

# ANNEXURE TO DIRECTORS REPORT

| Annexure | Contents |
|---|---|
| I | Corporate Governance Report |
| II | Extract of Annual Report in MGT-9 |
| III | Management Discussion and Analysis Report |
| IV | Loans, Guarantee & Investments |
| V | Details of Subsidiary in AOC-1 |
| VI | Secretarial Audit Report (MR-3) |
| VII | Annual Evaluation of Board |

**Annexure-I**

## CORPORATE GOVERNANCE REPORT

**(Forming Part of Director's Report)**

This Report is prepared in accordance with the provisions of the **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time,** and the report contains the details of Corporate Governance systems.

Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Healthy Corporate governance enjoins a commitment of the Company to run the business in legal, ethical and transparent manner. It is more than just a set of practices and procedures; it is the spirit of employee towards the organization to achieve its goals in an ethical way and in such a manner that can contribute to the growth of whole nation. It is one of the key elements in improving the economic efficiency of the enterprise.

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, Government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them by adopting best practices.

### Company's Philosophy of Corporate Governance

Company's Philosophy of Corporate Governance is always aimed at value creation, keeping interest of all stakeholders protected in most inclusive way. **F Mec International** continues to be committed to good Corporate Governance aligned with best practices. We believe that good Corporate Governance emerges from the application **of best and sound management practices** and **compliance with the laws** coupled with adherence to the **highest standards of transparency and business ethics**. The Company

places great emphasis on values such as **empowerment and integrity of its employees**, **safety of the employees & communities, transparency in decision making process, fair & ethical dealings with all** and **accountability to all the stakeholders**. The Corporate governance practices implemented by the Company seek to protect, recognize and facilitate shareholders rights and ensure timely and accurate disclosure to them.

The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a leading financial services company in India, while upholding the core values of **transparency, integrity, honesty and accountability,** which are fundamental to the Company.

**Corporate Governance reporting under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

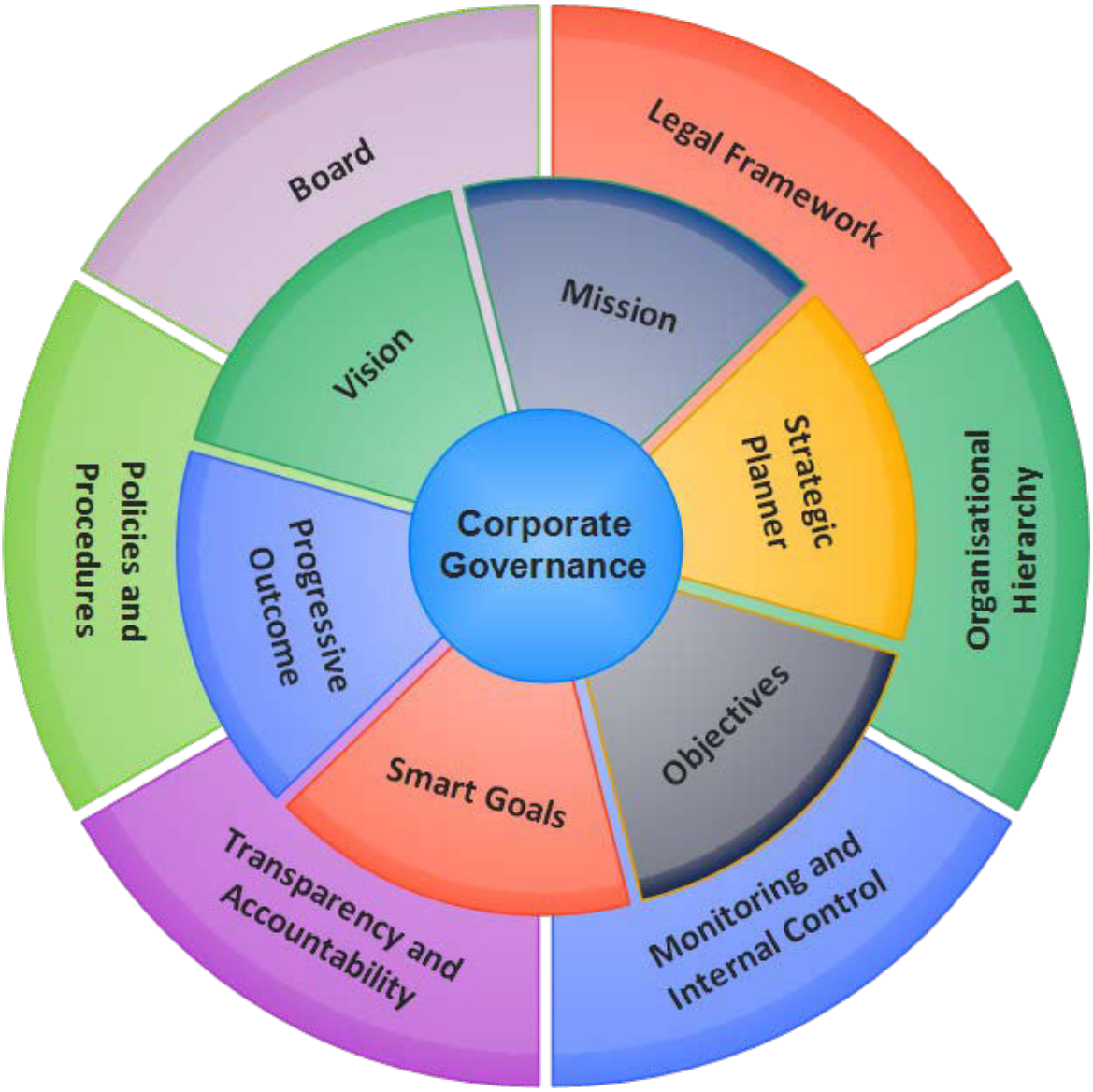
Our Company is in compliance with the guidelines on Corporate Governance stipulated under various Regulation of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement with stock exchanges and in this regards, we submit a report on the matters mentioned in the said Regulations and practices followed by the Company.

But as per the provisions of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended from time to time, the Regulations of Corporate Governance specified in Regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation 46 and para C, D and E of Schedule V are not applicable to our Company but Company has continued to comply with the guidelines of Corporate Governance to the extent possible.

It is also to be noted that since Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is not applicable on the Company by virtue of Regulation 15(2) of SEBI LODR, therefore Matrix setting out the skills/expertise/competence of the Board of Directors has not been provided as specified under sub- clause h of clause 2 of Part C of the said Schedule V.

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Board of Directors of the Company are duly appointed in compliance with the applicable provisions of the Companies Act, 2013 and applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which in turn governs the Company. The Board has established Four Committees to discharge its responsibilities in an effective manner. The Managing Director (MD) provides overall direction and guidance to the Board. In the operations and functioning of the Company, the MD is assisted by three Independent Directors, and a

core group of senior level executives. The MD is responsible for corporate strategy, brand equity, planning, external contacts and all management matters.




**BOARD OF DIRECTORS**

The Company has optimum combination of Executive, Non-Executive Independent Directors and Woman Director. The Board consists of Four Directors out of which one is Executive Director and three are Non-Executive- Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. None of the Directors on the Board is a member of more than 10 Committees and Chairperson of more than 5 Committees as specified in the Clause 26 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the companies in which they are directors. The necessary disclosures regarding Committee positions have been made by the Directors.

As per the declaration received by the Company, none of the Directors is disqualified under section 164(2) of the Companies Act, 2013.

**THE COMPOSITION OF THE BOARD OF DIRECTORS AS ON MARCH 31ST, 2020 IS AS UNDER:-**

| Sl. No. | Name of Director | Executive/ Non Executive | No. of other Directorship |
|---|---|---|---|
| **1.** | Mr. Apoorve Bansal | Executive | **1** |
| **2.** | Mr. Awanish Srivastava | Non-Executive & Independent | **0** |
| **4.** | Mrs. Richa Choudhary | Non-Executive & Independent | **1** |
| **5.** | Mr. Sachin Jain | Additional Non-Executive & Independent | **2** |

***Notes:***

1. ***Mr. Rohit Agrawal (DIN: 06490313) who was appointed as an additional Non Executive Director in the meeting of the Company w.e.f. 30th Marchy, 2015 resigned the said office on 29th March, 2020.***
2. ***Mr. Sachin Jain is appointed as Additional Non Executive a& Independent Director in meeting of Board of Directors held on 26th June 2020.***
3. ***None of the other directors are related to any other director on the Board.***

Mr. Apoorve Bansal is the Managing Director of the Company. Mr. Manoj Kumar acting as a Chief Financial Officer, serving the Company with his wide expertise in Accounts and Financial Management.

**NUMBER OF BOARD MEETINGS:**

The Board of Directors is the apex body constituted for overseeing the company's overall functioning. The Board provides and evaluates the company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long term interests are being served. Meetings of the Board and its Committee(s) are held in New Delhi and scheduled well in advance.

Minimum four pre-scheduled Board Meeting are held every year. For the purpose of some specific approval of the Board of Directors, operation vide Executive Committee of the Board has been done.

During the year ending 31st March, 2020, the Board of Directors of the Company **met Four Times on 22.05.2019, 12.09.2019, 12.11.2019, and 11.02.2020.** The maximum gap between any two meetings was less than one hundred and twenty days, as stipulated under Regulation 17 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard as issued by the Institute of Company Secretaries of India applicable to the Company.

## DIRECTORS' ATTENDANCE RECORD AND THEIR OTHER DIRECTORSHIPS/ COMMITTEE MEMBERSHIP

The following is the attendance sheet of all Directors present in the meeting of the Board, its committees and Annual General Meeting held during the year ending on 31st March, 2020:

| Name of the Director | Category | Attendance Particulars | | | No. of other Directorship and Committee Membership | | |
|---|---|---|---|---|---|---|---|
| | | No. of Board meeting | | Last AGM held on 21.09.2019 | Other Directorship | Committee Membership | Committee Chairmanship |
| | | Held | Attended | | | | |
| Mr. Apoorve Bansal | MD/ Executive | 4 | 4 | **Present** | 1 | 3 | 1 |
| Mr. Rohit Agrawal | Non Executive Independent Director | 4 | 4 | **Present** | 1 | 4 | 1 |
| Mr. Awanish Sriavstava | Non Executive Independent Director | 4 | 3 | **Not Present** | 0 | 4 | 2 |
| Mrs. Richa Choudhary | Non Executive Independent Director | 4 | 3 | **Not Present** | 1 | 1 | 0 |

***Mr. Rohit Agrawal (DIN: 06490313) who was appointed as an additional Executive Director in the meeting of the Company w.e.f. 30th March, 2015 resigned the said office on 29th March, 2020 and accordingly also ceased to be a member of the Executive Committee of the Board w.e.f. 29th March, 2020.***

***Mr. Sachin Jain is appointed as Additional Non Executive a& Independent Director in meeting of Board of Directors held on 26th June 2020 and is being member of Executive Committee of the Board w.e.f 26th June 2020 .***

## LIMIT ON NUMBER OF DIRECTORSHIP

In compliance with the Listing Regulations, Directors of the Company do not serve as Independent Director in more than seven Listed Companies or in case he/she is serving as a Whole- Time Director in any Listed Company, does not hold such position in more than three Listed Companies.

**SHAREHOLDING OF NON-EXECUTIVE DIRECTORS**

Mr. Rohit Agrawal, Non-Executive Independent Director is holding 61,600 equity shares of Rs. 10/- each in the Company aggregating to 1.98% of the total paid-up equity share capital of the Company. None of the other Non - Executive Director holds any shares in the Company. Further, the Company has not issued any convertible instruments hence disclosure in this respect is not applicable.

**INDEPENDENT DIRECTORS**

As mandated by Regulation clause (b) of Sub- Regulation 1 of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors on the Board of the Company:

a. are persons of integrity and possess relevant expertise and experience, in the opinion of the Board of Directors;

b. are or were not promoters of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;

c. are not related to promoters or directors in the listed entity, it's holding, subsidiary or associate company;

d. apart from receiving Director's remuneration, have or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their Promoters or Directors, during the two immediately preceding financial years or during the current financial year;

e. have no relative, who has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or Fifty Lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;

f. neither themselves nor any of their relatives —

i. hold or have held the position of a Key Managerial Personnel or are or have been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the Financial Year in which they were proposed to be appointed;

ii. are or have been an employee or proprietor or a partner, in any of the three financial years immediately preceding the Financial Year in which they were proposed to be appointed, of —

- a firm of Auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding, subsidiary or associate Company; or

- any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
- hold together with their relatives two percent or more of the total voting power of the Company; or
- is a Chief Executive or Director, by whatever name called, of any Non-Profit Organisation that receives twenty-five percent or more of its receipts or corpus from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the Company;
- is a material supplier, service provider or customer or a lessor or lessee of the Company;
- is not less than 21 years of age.
- Are not Non- Independent Director of any other Company on the Board of which any Non-Independent Director of the Company is an Independent Director

Further, pursuant to the provisions Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors have confirmed that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective judgment and without any external influence.

**MAXIMUM TENURE OF INDEPENDENT DIRECTORS**

In accordance with Section 149(11) of the Companies Act, 2013, the current tenure of **Mr. Awanish Srivastava, and Mrs. Richa Choudhary,** Independent Directors of the Company is for a term of 5 consecutive years from the date of appointment in the year **2018 and 2018** respectively. Mr. Sachin Jain , Additional Non Executive, Independent Director, however vacate office at the ensuing Annual General Meeting. Being eligible to be appointed as Director, his appointment if approved by the members will also not exceed a term of 5 consecutive years from the date of appointment.

**TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company at www.fmecinternational.com

**PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS**

The Board of Directors upon recommendation of Nomination and Remuneration Committee have laid down the criteria for performance evaluation of Board of the Company, its Committees and the individual Board Members, including Independent Directors.

The evaluation of Independent Directors was done by the entire Board which included evaluation of performance of the Directors and fulfillment of the Independence Criteria as specified in the Listing Regulations and their independence from the Management. The Director who was subject to evaluation did not participate. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, as and when their respective term expires.

**SEPARATE MEETING OF THE INDEPENDENT DIRECTORS**

All Independent Directors of the Company met separately on **11.02.2020** without the presence of Non-Independent Directors and Members of Management. In accordance with the Listing Regulations, following matters were, inter-alia, reviewed and discussed in the meeting:

- **Performance of Non-Independent Directors and the Board of Directors as a whole.**

**- Performance of the Chairperson of the Company taking into consideration the views of Executive and Non- Executive Directors.**

**- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.**

**FAMILIARISATION PROGRAME**

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company – its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the policy of familiarization programme is available on the website of the Company at the web-link: https://www.fmecinternational.com/Investor/Corporate Governance/ Policies and Code of Conduct.

**REMUNERATION OF DIRECTORS:**

The remuneration paid to Executive Director of the Company has been approved by the Board of Directors on the recommendations of the Nomination and Remuneration Committee. At present, the Company is not paying any remuneration to any of its Directors, as the Company's Financial Position is not so well. Any remuneration to be paid in future shall be in accordance with the Remuneration Policy of the Company as embarked on the website of the Company duly approved by the Nomination and Remuneration Committee of the Company.

**CODE OF CONDUCT**

Commitment to ethical professional conduct is a must for every employee, including Board Members and Senior Management Personnel of the Company. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct enjoins that each individual in the organization must know and respect existing laws, accept and provide appropriate professional views, and be upright in his conduct and observe corporate discipline. The duties of Directors including duties as an Independent Director as laid down in the Companies Act, 2013 also forms part of the Code of Conduct.

## COMMITTEES OF THE BOARD

**Following are the Statutory Committees of the Board:**

A. Executive Committee
B. Audit Committee
C. Nomination and Remuneration Committee
D. Stakeholders' Relationship Committee

The Composition of various Committees of the Board of Directors is available on the website of the Company at www.fmecinternational.com. The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of various Committees. Details on the role and composition of these Committees, including the number of meetings held during the Financial Year and the related attendance are provided below.

## A. EXECUTIVE COMMITTEE

Executive Committee, being an extension of the Board of Directors of the Company, is constituted to perform the functions of the Board whenever it is not feasible and possible for the Board of Directors to meet frequently in order to execute major functions and take strategically important Decisions. In other words, the Committee is an extension of the Board of Directors of the Company and possess equivalent authority, responsibility and accountability as the Board of Directors of the Company.

As on March 31st 2020, the Executive Committee comprise of Members as stated below. During the Financial Year 2019-20, the Executive Committee met Five T**mes on 27.05.2019, 01.07.2019, 06.08.2019 , 25.10.2019 and 10.01.2020**

| Sl. No. | Name | Designation | Number of Meetings Held (During the tenure of director) | Number of Meetings Attended |
|---|---|---|---|---|
| 1. | Mr. Apoorve Bansal | Chairperson | 5 | 5 |

| | | | | |
|---|---|---|---|---|
| 2. | Mr. Awanish Srivastava | Member | 5 | 4 |
| 3. | Mr. Rohit Agrawal | Members | 5 | 5 |

***Mr. Rohit Agrawal (DIN: 06490313) resigned from his office as Director of the Company w.e.f. 29.03.2020 and therefore ceased to be member of the Executive Committee from the said date.***

****Mr. Sachin Jain (DIN: 02932194) became the a member of Executive Committee of the Board w.e.f. 26.06.2020 in place of Mr. Rohit Agrawal (DIN: 06490313) who resigned from his office as Director of the Company from the said date.***

**B. AUDIT COMMITTEEE**

As on March 31st 2020, the Audit Committee comprise of Members as stated below. The composition of the Committee is in conformity with the SEBI (LODR) Regulations, 2015. During the Financial Year 2019-20, the Audit Committee met **four times** on **22.05.2019, 22.09.2019, 22.11.2019 and 11-02-2020.** The time gap between any two meetings was less than 120 days.

| Sl. No. | Name | Designation | Number of Meetings Held (During the tenure of director) | Number of Meetings Attended |
|---|---|---|---|---|
| 1. | Mr. Awanish Sriavstava | Chairperson | 4 | 3 |
| 2. | Mr. Apoorve Bansal | Member | 4 | 4 |
| 3. | Mr. Rohit Agrawal | Member | 4 | 3 |

***Mr. Rohit Agrawal (DIN: 06490313) resigned from his office as Director of the Company w.e.f. 29.03.2020 and therefore ceased to be member of the Audti Committee from the said date.***

****Mr. Sachin Jain (DIN: 02932194) became the a member of Audit Committee of the Board w.e.f. 26.06.2020 in place of Mr. Rohit Agrawal (DIN: 06490313) who resigned from his office as Director of the Company from the said date.***

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations.

The person responsible for the Finance Function, Chief Financial Officer Mr. Manoj Kumar and Mr. Sanjay K. Singhal & Co, Statutory Auditors, and the Company Secretary of the Company are the permanent invitee to the Audit Committee Meeting.

## C. NOMINATION AND REMUNERATION COMMITTEE

As on March 31st 2020, the Nomination and Remuneration Committee comprises of Members as stated below. The composition of the Committee is in conformity with the SEBI (LODR) Regulations, 2015. During the Financial Year 2019-20, the Nomination and Remuneration Committee met **once** on **10th January, 2020**.

| Sl. No. | Name | Designation | Number of Meetings Held (During the tenure of director) | Number of Meetings Attended |
|---|---|---|---|---|
| 1. | Mr. Rohit Agrawal | Chairperson | 1 | 1 |
| 2. | Mr. Awanish Sriavstava | Member | 1 | 1 |
| 3. | Mrs. Richa Choudhary | Member | 1 | **1** |

**** Mr. Rohit Agrawal has resigned from directorship on 29th March 2020 and therefore he ceases to be member of Nomination and Remuneration Committee.***

****Mr. Sachin Jain was appointed as a Director in the Company in the Executive Committee Meeting held on 26th June, 2020 and thereafter she became member of the Nomination and Remuneration Committee as on26th June, 2020.***

## D. STAKEHOLDER RELATIONSHIP COMMITTEE

As on March 31st, 2020 the Stakeholder's Relationship Committee consists of the members as stated below:

During the Financial Year 2019- 20, the committee met **3 times on 10.07.2019, 10.10.2019 and 13.01.2020.**

| Sl. No. | Name | Designation | Number of Meetings Held (During the tenure of director) | Number of Meetings Attended |
|---|---|---|---|---|
| 1. | Mr. Awanish | Chairperson | **3** | **3** |

| | | | | |
|---|---|---|---|---|
| | Srivastava | | | |
| 2. | Mr. Rohit Agrawal | Member | **3** | **3** |
| 3. | Mr. Apoorve Bansal | Member | **3** | 3 |
| 4. | Mr. Sachin Jain | Member | **NA** | **NA** |

***Mr. Rohit Agrawal (DIN: 06490313) resigned from his office as Director of the Company w.e.f. 29.03.2020 and therefore ceased to be member of the Stakeholder Relationship Committee from the said date.***

*****Mr. Sachin Jain (DIN: 02932194) became the a member of Stakeholder Relationship Committee w.e.f. 26.06.2020 in place of Mr. Rohit Agrawal (DIN: 06490313) who resigned from his office as Director of the Company from the said date.***

Company Secretary cum Compliance Officer of the Company has been the permanent invitee to the Stakeholder Relationship Committee Meetings.

As per the Year ending March 31st, 2020 there was no investor complaints received or pending on the Company and its RTA. The same has been provided in the certificate filed with the Stock Exchange at the end of each Quarter.

The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Committee specifically looks into redressing shareholders'/ investors' complaints/ grievances pertaining to share transfers, non-receipts of annual reports, non-receipt of declared dividend and other allied complaints.

The Committee performs the following functions:

- Transfer/ transmission of shares.
- Split up/ sub-division and consolidation of shares.
- Dematerialization/ Re-materialization of shares.
- Issue of new and duplicate share certificates.
- Registration of Power of Attorneys, probate, letters of transmission or similar other documents.
- To open/ close bank account(s) of the Company for depositing share/ debenture applications, allotment and call monies, authorize operation of such account(s) and issue instructions to the Bank from time to time in this regard.

All the functions pertaining to Committee meeting has been completed within the prescribed time period as also certified by a Practising Company Secretary named Mr. Ashok Kumar Verma and duly filed with the Stock Exchanges under Regulation 40(10) on each half of the Financial Year.

**GENERAL BODY MEETINGS**

Details of General Body Meetings held in the last three Years are given below:-

| Financial Year | Category | Venue of the Meeting | Date of the Meeting | Time of the Meeting |
|---|---|---|---|---|
| **2018 – 19** | Annual General Meeting | II$^{nd}$ Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, New Delhi-110005 | 21$^{st}$ September 2019 | 12:30 P.M. |
| **2017 – 18** | Annual General Meeting | II$^{nd}$ Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, New Delhi-110005 | 22$^{nd}$ September 2018 | 12:30 P.M. |
| **2017 – 18** | Extra-ordinary General Meeting | II$^{nd}$ Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, New Delhi-110005 | 25$^{th}$ June 2018 | 03:00 P.M. |

**The following Special Resolutions passed in the General Meetings of the Company held in Last three Financial Years with the requisite consent of the members present in the meeting:**

**<u>24.09.2017</u> (Annual General Meeting for the FY 2016-2017)**

No Special Resolution passed in the Annual General Meeting of the members dated 24th September, 2017. Neither the Company has passed any resolution by way of Postal Ballot during the previous Financial Year nor proposed to be passed.

**25.06.2018 (Extra-ordinary General Meeting held in the FY 2017-2018)**

i) Increase in the borrowing limits of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013 and the applicable rules of Companies (Meeting of the Board and its Powers) Rules, 2014.

ii) Creation of Security on the properties of the Company pursuant to Section 180(1)(a) of the Companies Act, 2013 and the applicable rules of Companies (Meeting of the Board and its Power) Rules, 2014 as per the enhanced limit under section 180(1)(c) of the Companies Act, 2013.

iii) Increase in the investment limits of the Company pursuant to section 186 of the Companies Act, 2013 and the applicable rules of Companies (Meeting of the Board and its Powers) Rules, 2014.

**22.09.2018 (Annual General Meeting for the FY 2017-2018)**

No Special Resolution passed in the Annual General Meeting of the members dated 22nd September, 2018. Neither the Company has passed any resolution by way of Postal Ballot during the previous Financial Year nor proposed to be passed.

**21.09.2019 (Annual General Meeting for the FY 2018-2019)**

1. To alter the Main Objects in the Memorandum of Association of the Company (MOA) of the Company.
2. To Change in Name of the Company and subsequent alteration in the Memorandum of Association (MOA) and Articles of Association of the Company (AOA) of the Company.

**COMPLIANCE WITH MANDATORY REQUIREMENTS**

The Company has complied with all applicable mandatory requirements of the Listing Regulations as on 31.03.2020. As per the provisions of Regulation 15(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, provision of Regulation 27 is applicable to the Companies having paid up equity share capital exceeding Rs. 10 Crore and Net Worth exceeding Rs. 25 Crore, as on the last day of the previous financial year. The Company is not covered under any of the Criterion mentioned above so it is not mandatory for the Company to comply the Provisions of the Regulation 27 of the SEBI (LODR) Regulations, 2015. The quarterly unaudited financial results and annual financial results are published in leading national newspapers, i.e., Financial Express (English) and Hari Bhoomi (Hindi). It

is also displayed on company's website at www.fmecinternational.com. Investor updates are given to NSE and BSE as and when required.

Further, with reference to **SEBI Circular- SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018** regarding Fund Raising by Issuance of Debt Securities by Large Corporate (LC) and Disclosure Compliance thereof by Large Corporate (LC), it is hereby informed that the is not a **"Large Corporate"** as the Company does not fall under the Criteria of being a Large Corporate as defined in Para 2.2 of the said Circular**.**

Accordingly, the Company is not required to submit Disclosures as required under Para 4.1 of the abovementioned SEBI Circular. A confirmation in this regard has already been filed by the Company with BSE on 24th May, 2019.

## CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certification by Managing Director and Chief Financial Officer has been obtained and is attached as part of this Annual Report .

The Code of Conduct is available on the website of the Company www.fmecinternational.com. All Board Members and Senior Management personnel affirm compliances with the Code of Conduct annually. The Managing Director of the company has given a declaration that all the Board members and senior management have affirmed compliance with the code of conduct for the current year.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

**Date: 23rd December, 2020**
**Time: 03:30 PM**
**Venue: IInd Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, Delhi- 110002**

## FINANCIAL CALENDAR

Financial year: April 1 to March 31

For the Financial Year ended March 31, 2020, results were announced on:

| | | |
|---|---|---|
| First Quarter | : | 12th September, 2019 |
| Half Yearly | : | 12th November, 2019 |
| Third Quarter | : | 11th February , 2020 |
| Fourth Quarter and Annual | : | 22nd May, 2020 |

**BOOK CLOSURE**

The dates of Book Closure are from the **16th December, 2020** to the **22nd December, 2020** inclusive of both days for the purpose of Annual General Meeting of the Company.

**DIVIDEND PAYMENT**

The Company has not paid or declared any dividend during the Financial Year ending March 31st, 2020. Hence, no amount by the Company was required to be transferred to the Investors Education and Protection Fund (IEPF).

**LISTING**

At present, the equity shares of the Company are listed at: **Bombay Stock Exchange Ltd. (BSE)**
Address**: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001**
ISIN: **INE108T01013**
Scrip Code: **539552**
BSE ID: **F MEC**

**REGISTRAR TO ISSUE AND SHARE TRANSFER AGENT**

Our Company had appointed Skyline Financial Services Private Limited as its RTA in 2015 for both segments, physical and electronic. As required under Regulation 7(3) of the Listing Regulations, the Company has filed a certificate issued by RTA and the Compliance Officer of the Company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by RTA registered with SEBI i.e. Skyline Financial Services Private Limited as a SEBI Registered Category- 1, Registrars and Share Transfer Agent.

Details of RTA are as given below:

**Skyline Financial Services Private Limited**
**D-153A, 1st Floor, Okhla Industrial Area,**
**Phase- I, New Delhi- 110 020**
**Tel: 011- 40450193-97**
**Website: www.skylinerta.com**
**Email: info@skylinerta.com**

**SHARE TRANSFER PROCESS**

The company's shares being in compulsory demat list are transferable through the depository system. Shares in Demat Form are processed by the Registrar & Transfer Agent - Skyline Financial Services Private Limited. Transfer of shares both by Demat and Physical mode are approved by the Stakeholder's Relationship Committee.

**MARKET PRICE DATA-** High & Low during each month in the last Financial Year:-

| **Month** | **High (Rs.)** | **Low (Rs.)** |
|---|---|---|
| April 2019 | 3.05 | 3.05 |
| May 2019 | 3.05 | 3.05 |
| June 2019 | 3.05 | 3.05 |
| July 2019 | 3.05 | 3.05 |
| August 2019 | 3.05 | 3.05 |
| September 2019 | 3.05 | 3.05 |
| October 2019 | 3.05 | 3.05 |
| November 2019 | 3.05 | 3.05 |
| December 2019 | 3.05 | 3.05 |
| January 2020 | 3.05 | 3.05 |
| February 2020 | 3.05 | 3.05 |
| March 2020 | 3.05 | 3.05 |

**DISTRIBUTION OF SHAREHOLDING**

Details of distribution of shareholding of the equity shares of the Company by size and by ownership class on March 31, 2020 along with the top 10 shareholders of the Company is given below:

**SHAREHOLDING PATTERN BY SIZE AS ON MARCH 31, 2020**

| **Share or Debenture holding Nominal Value** | **Number of Shareholders** | **% to Total Numbers** | **Share or Debenture holding Amount (Rs.)** | **% to Total Amount** |
|---|---|---|---|---|

| (Rs.) | | | | |
|---|---|---|---|---|
| Up To 5,000 | 161 | 38.42 | 642010 | 2.07 |
| 5001 To 10,000 | 201 | 47.97 | 1868750 | 6.03 |
| 10001 To 20,000 | 2 | 0.48 | 26000 | 0.08 |
| 20001 To 30,000 | 3 | 0.72 | 78000 | 0.25 |
| 30001 To 40,000 | 1 | 0.24 | 33000 | 0.11 |
| 40001 To 50,000 | 0 | 0 | 0 | 0 |
| 50001 To 1,00,000 | 2 | 0.48 | 112500 | 0.36 |
| 1,00,000 and Above | 49 | 11.69 | 28246740 | 91.10 |
| **Total** | **419** | **100** | **31007000** | **100** |

**SHAREHOLDING PATTERN BY OWNERSHIP**

| **Particulars** | **As on March 2019** | | | | **As on March 2020** | | | |
|---|---|---|---|---|---|---|---|---|
| | **No. of Share holders** | **% of Share holders** | **No. of Share held** | **% of Share holding** | **No. of Share holders** | **% of Share holders** | **No. of Shares held** | **`% of Share holding** |
| **Promoter & Promoter Group** | 9 | 2.15 | 1032350 | 33.29 | 9 | 2.15 | 1032350 | 33.29 |
| **Public** | | | | | | | | |
| Individual Shareholders holding Nominal Share Capital Up to 2 Lacs | 368 | 88.04 | 278625 | 8.99 | 369 | 88.07 | 278626 | 8.99 |
| Individual Shareholders holding Nominal | 29 | 6.94 | 1093425 | 35.26 | 29 | 6.92 | 1093424 | 35.26 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Share Capital Above 2 Lacs | | | | | | | | |
| Bodies Corporate | 9 | 2.15 | 624900 | 20.15 | 9 | 2.15 | 624900 | 20.15 |
| Resident Indian HUF | 3 | 0.72 | 71400 | 2.31 | 3 | 0.71 | 71400 | 2.31 |
| **Total** | **418** | **100** | **3100700** | **100** | **419** | **100** | **3100700** | **100** |

**TOP TEN SHAREHOLDERS AS ON MARCH 31ST 2020**

| **Name of the Shareholders** | **No. of Shares held** | **% of Share holding** |
|---|---|---|
| Anu Colonisers Limited | 117200 | 3.78 |
| Ranbeer Singh Rawat | 115700 | 3.73 |
| Shree Vishnupriya Finance & Leasing Limited | 113300 | 3.65 |
| Manoj Kumar | 113200 | 3.65 |
| Puroshttam Dass | 106625 | 3.44 |
| Shri Varda Pacific Securities Limited | 106400 | 3.43 |
| Sunvision Tradezone Private Limited | 89000 | 2.87 |
| Mangal Murthy Traders LLP | 83100 | 2.68 |
| Shorya Mercantile Private Limited | 82400 | 2.65 |
| Rohit Agrawal | 61600 | 1.98 |
| **Total** | **988525** | **31.86** |

**DEMATERIALISATION OF SHARES AND LIQUIDITY:**

Trading in equity shares of the Company in dematerialized form became mandatory from May 31, 1999. To facilitate trading in Demat form, in India, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreement with both these depositories. Shareholders can open their accounts with any of the Depository Participant registered with these depositories.

- As on March 31, 2020, 56.14% shares of the Company were held in dematerialized form.
- The equity shares of the Company are frequently traded at Bombay Stock Exchange Ltd.

The Company is facilitating the Company with the services of Dematerialisation and also encouraging the shareholders to convert their physical shares into demat.

**OUTSTANDING GDR/ADR**

The Company has no outstanding GDR/ ADR or warrants or any convertible instruments which is likely to impact the equity of the Company.

The Company does not indulge into hedging activities so there shall be no gain or loss raises from foreign exchange fluctuation.

**PLANT LOCATION**

The Company has no manufacturing unit so there is no plant set up for the business of the Company. The Company has indulges into financial activities via its registered office located at IInd Floor, Central Bank Building 13B, Daryaganj, New Delhi- 110002.

**ADDRESS FOR CORRESPONDENCE**

**For Share Transfer/ Dematerialisation of Shares/ Payment of Dividend and any query related to shares:**

Details of RTA are as given below:

**Skyline Financial Services Private Limited**
**D-153A, 1st Floor, Okhla Industrial Area,**
**Phase- I, New Delhi- 110 020**
**Tel: 011- 40450193-97**
**Website: www.skylinerta.com**
**Email: info@skylinerta.com**

**Managing Director cum Compliance Officer:**

**Grievance Redressal Officer:**

Mr. Apoorve Bansal
Managing Director
F Mec International Financial Services Limited
IInd Floor, Central Bank Building 3B, Daryaganj, New Delhi- 110002
Tel: 011- 43680407

**OTHER DISCLOSURES**

1. There was no materially significant related party transaction taken place during the previous financial year that may have potential conflict with the interests of listed entity's at large.
2. The Company has not only made policy on Vigil mechanism and/or Whistle blower Policy but also following it very strictly. And every person of the Company has access to the members of Audit Committee in case of any suspicious event.

3. During the Financial Year 2019-2020, the following Major Event embarked the Company:

→ The money borrowed by the Company from Tata Capital Financial Services Limited to the tune of Rs. 14 Crores as loan against shares within the borrowing limits approved by the members of the Company as per the provisions of Section 180(1)(c) of the Companies Act, 2013 read with applicable rules of Companies (Meetings of the Board and its Powers) Rules, 2014 in the Extra-Ordinary General Meeting held on 25th June, 2018 was repaid in full during the financial year.

## CERTIFICATION BY PRACTICING COMPANY SECRETARY

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**FOR THE YEAR ENDING 31ST MARCH 2020**
**[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10 (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

We have examined the relevant registers, records and disclosures received from the Management of F mec International Financial Services Limited (hereinafter referred to as 'the Company'),bearing **CIN : L65100DL1993PLC053936** and having Registered Office at **IInd Floor, Central Bank Building 13-B, Netaji Subhash Marg, Daryaganj, Delhi - 110002** produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub- clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in)) as considered necessary and information/Declaration furnished to us by the Company & its Officers, We hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India(SEBI)/Ministry of Corporate Affairs and any such Statutory Authority.

**For A. K. VERMA & CO.**

**(Practicing Company Secretaries)**

**--SD---**
**ASHOK KUMAR VERMA**
**(SENIOR PARTNER)**
**FCS: 3945**
**CP No: 2568**
**UDIN F003945B001289493**

## CERTIFICATION BY CHIEF FINANCIAL OFFICER AND MANAGING DIRECTOR

To
The Board of Directors
**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**II$^{nd}$ Floor, Central Bank Building**
**13-B, Netaji Subhash Marg, Daryaganj**
**Delhi-110002**

I, **Apoorve Bansal, Managing Director** of the Company along with **Mr. Manoj Kumar, Chief Financial Officer** of the Company, do hereby solemnly affirm and certify to the Board that:

a. We have reviewed Financial Statements and the Cash Flow Statement of the Company for the year ended 31$^{st}$ March 2020 and we certify the following, to the best of our knowledge and belief :

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. 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. That to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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:

i. significant changes in internal control over financial reporting during the year;

ii. significant changes in accounting policies during the year, if there is any, and that the same have been disclosed in the notes to the financial statements; and

iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

| | |
|---|---|
| **sd/-** | **sd/-** |
| **Apoorve Bansal** | **Manoj Kumar Thakur** |
| **(Managing Director)** | **(Chief Financial Officer)** |
| **DIN: 08052540** | **PAN: AGOPT317** |

## CERTIFICATION BY MANAGING DIRECTOR

**Date: 10th November, 2020**

To
The Board of Directors
**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**IInd Floor, Central Bank Building**
**13-B, Netaji Subhash Marg, Daryaganj**
**Delhi-110002**

**Sub: Declaration of Compliance of Code of Conduct**

I, Apoorve Bansal (DIN: 08052540), Managing Director of the Company declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2020.

For **F mec International Financial Services Limited**

**Apoorve Bansal**

**(Managing Director)**

**DIN: 08052540**

**Annexure- III**

## THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT ("MDAR")

### 1. INDUSTRY OVERVIEW

NBFCs are considered as the integral part of the Indian economy as they play an important role in promoting inclusive growth by complementing the banking sector in providing last mile linkages to the underserved sections of the society.

Their ability to extend smaller ticket loans, ground level understanding of the customers profile, faster Turnaround Time (TAT) and wider reach gives them the opportunity to invent and innovate their systems as per the evolving needs of borrowers, which makes them the perfect fit for serving the business requirements of the Micro, Small and Medium Enterprises (MSMEs). With the deployment of technology, analytics and partnering with new age fintechs, NBFCs have started a new wave of change that has the potential to extend credit to financially unorganized population and achieve the goal of financial inclusion in the country.

The role of NBFCs has become even more important as the focus on entrepreneurship is very critical and the NBFCs continue to take a lead in providing business loans in comparison to banks. Not only the weaker sections but offering long term funds to trade and commerce, growth of large infrastructure projects across the country, the sector continues to create growth and development at the macro level.

Additionally, factors like latent credit demand, digital disruption for SMEs, increased consumption, and their distribution reach presents a strategic opportunity for the NSFCs to ensure a sustainable long-term growth.

**COVID 19 OUTBREAK**

There has been a major impact on the liquidity position and asset quality of the NBFC sector. Just before the outbreak, the RBI took various measures to contemplate the NBFCs especially after the default by a leading Infrastructure Finance Company. The industry was hoping to be at improved liquidity levels during FY 20.

Unfortunately, NBFCs have been bearing the brunt of the pandemic which would absolutely last longer than expected. The immediate lockdown imposed by the government has severely impacted the incomes of borrowers further affecting the revenue streams due to the drop in transactions and loan repayments.

The central bank took measures like providing a 3month moratorium for banks and NBFCs which the NBFCs have likely offered to their borrowers. According to a rating agency report, “the immediate implication for NBFCs is the lack of clarity on their debt servicing ability in the near term. "With collections coming to a standstill, the primary cash flows of’ the NBFCs have been completely disrupted."

Post the lifting of the nationwide lockdown, the NBFCs would clearly have cash flow and operational issues during the second half of FY 21 . The sector needs to be well versed with their contingency plan which can be implemented post the business restarts and the economy will definitely bounce back and would rise above the crisis.

## 2. COMPANY OVERVIEW

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**, a Non-Deposit taking Systemically Important NBFC. F mec International Financial Services Limited is a professionally managed Company focused on providing structured term financing solutions to corporate, real estate lending and loans to Micro, Small and Medium Enterprise (MSME) borrowers. The Company is driven by a highly experienced management team and is focused on building a respected NBFC in the years to come.

During the year under review the Company has disinvested in the shares of YDS Securities Private Limited from 8,26,530 Equity Shares of Rs. 10/- each to 2,10,000 Equity Shares of Rs. 10/- each and therefore YDS Securities Private Limited ceases to be the subsidiary of the company. The funds so arising out of disinvestment are invested in the main business of the company.

The year under review was challenging for the financial sector in terms of leverage/liquidity. However, The Company has been able to establish relationships with various lenders and got sanctions of INR 4.39 crore loans. The liquidity position of the Company is very comfortable. As on 31 March 2020, considering the liquidity policy and market volatility profit for the year stands at INR 7,15,742/-.

## 3. DRIVERS OF GROWTH

F mec International Financial Services Limited intends to successfully accelerate its growth in FY 20-2 1 through the below mentioned growth drivers.

### COR PORATE LENDING BUSINESS

The company offers long term working capital loans and other loans to corporate and non corporate and caters to needs of financial requirements of both corporate and non corporate borrowers. The Company follows a rigorous credit appraisal process io maintain the highest level of lending compliances.

The strategy for the financial year to come is to initiate a lending relationship with pedigreed business groups, while simultaneously developing robust internal systems, procedures and guidelines for the business.

## 4. BUSINESS PERFORMANCE

As on 31 st March 2020, the overall disbursements for the corporate and non corporate lending business aggregated at INR 4.39 crore. The total income of the business stood at INR 87.90 Lakhs with interest and fee income counted at INR72.90 Lakhs and Consultancy & Commission Income INR 15.00 Lakhs.

## OPERATIONS & TECHNOLOGY

The Company successfully executed various strategic initiatives:

The Company has implemented various systems like HR management system. G-Suite collaboration tools. Board Managcment App, AP1 gateway, Website and the Intranet which are supported and collaborated on SAAS (Software as a service) model. The Company has adopted IT policies which are implemented as per the direction of RB1. Additionally, a LMS (Loan Management System) has been developed to have a stable and efficient book keeping system where all the loans are hosted.

## 5. BUSINESS OUTLOOK

The Company is confident on the growth outlook from lending as its business is all geared up to take off in the coming months. Company aims to create a footprint in the years to come. Through the efforts of the experienced management and the strong internal processes, the growth drivers of the Company would maximize both in terms of profits and leverage of the Company.

## CORPORATE LENDING

The strategy for the coming year will be to maintain a steady growth of the credit portfolio by building diversity in the borrower base and being alive to the opportunities of secondary purchase of' assets / portfolios, given the dislocation in the funding market.

This would be supplemented by developing robust internal systems and procedures for managing the risk of the existing asset book. An aligned business objective would be to leverage relationships with corporate, market intermediaries and co-lenders to initiate the rollout of a robust syndication / advisory franchisee.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is taking steps for a proper and robust system of internal controls, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and that transactions are authorized, recorded and reported correctly. The internal control system would be

designed to ensure that the financials and other records are reliable for preparation of financial statements and other data and for maintaining accountability of assets. The Board of Directors of' the Company would be keeping a close watch on compliance and internal control systems as per regulatory requirements.

## 6. OPPORTUNITY & THREATS

Opportunity - The transformed landscape of the corporate lending business amongst NBFCs has resulted in few large players consolidating market share and consequently throwing up opportunities for long term players with pedigreed parentage and patient capital to build a sustainable lending franchise.

Threat - In light of the current scenario, corporate credit off take continues to remain subdued, on the back of slowing demand. low capacity utilizations and lack of confidence for significant capital outlay amongst larger industrial houses.

## 7. OPERATIONS & TECHNOLOGY

The Company believes that technology is not just a business enabler but a core process to the business model of any organization and the Company plans to embrace the new digital trends to transform the business process and deliver an enriching customer experience.

The Company made significant advancements that lead to flexibility and speed differentiates the same from other lending institutions. Further, the Company has implemented various other systems like HR management system, G-Suite collaboration tools, Board management app, API gateway, Website and the Intranet which are supported and collaborated on SAAS (Software as a service) model. The Company has adopted IT policies which are implemented as per the direction of RBl. Additionally, a LM S (Loan Management System) has been developed to have a stable and efficient bookkeeping system where all the loans are hosted.

Since its inception, the Company chose to implement cloud based systems which eventually helped the team to fight the extraordinary challenges posed by the COVID 19 crisis where a quick and efficient work from home setup was provided without any changes in the infrastructure.

Going forward, the Company intends to implement various other digital platforms like mobile apps for the upcoming business and also implement various security solutions to ensure confidentiality of the information systems.

## 8. HUMAN RESOURCES

FY 20 being the 27th year of operations, allowing the HR department to build and implement the key processes such as recruitment, training and development, payroll systems, performance management systems and other necessary executions.

For the year ended 31st March 2020, the headcount of the Company stands at 31 employees.

The Company successfully rolled out HR policies, salary benchmarking, employee handbook, HRMS and payroll system, biometric system, tie-ups with specific banks for salary account opening.

As a part of building the organization culture, the core values along with organizational behaviours were co-created for the employees to live the values and practice the behaviours with a view of making them ‘A way of  life at Company. The HR department also continues to create a light and fun environment thereby engaging employees in various activities like fun at work, festivals and birthday celebrations, employee health and wellbeing practices.

With the rapid increase in employee base, the HR department plans to create a uniform and transparent culture across the network through employee engagement activities and other practices. Also, simplify the HR process through various technological additions in the system for the entire F mec family.

## 9. RESPONSIBILITY FOR THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Board of Directors have reviewed the Management Discussion and Analysis prepared by the Management, and the Independent Auditors have noted its contents. Statement in this report of the Company's objective, projections, estimates, exceptions, and predictions are forward looking statements subject to the applicable laws and regulations. The statements may be subjected to certain risks and uncertainties. Company's operations are affected by many external and internal factors which are beyond the control of the management. Thus the actual situation may differ from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

## ANNEXURE-IV

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS AS REQUIRED UNDER SECTION 186 OF THE COMPANIES ACT, 2013

| Sl.No. | Particulars | 31/03/2020 | 31/03/2019 |
|---|---|---|---|
| 1. | **Loans And Advances** | | |
| | Advance for Shares | 15,00,000 | 15,00,000 |
| | 4A Financial Securities Limited | 66,85,056 | 10,13,42,748 |
| | ACE Integrated Solutions Limited | 195,188 | 10,58,142 |
| | Alok Kumar Goel | 11,87,564 | |
| | Aman Drugs Pvt Ltd | 11,08,746 | 11,08,000 |
| | Arun Bhatt | 302,487 | 14,68,630 |
| | AS Buildpro Pvt. Ltd. | - | 18,02,044 |
| | Avtar Instalments Pvt Ltd | - | 2,56,45,223 |
| | BILAL Match Works | 35,52,519 | |
| | Bhagyashree Industries | - | 11,67,202 |
| | Degourdi Engineering And Infra Solutions Private Limited | 20,50,334 | |
| | Ganesh Kirana & Co | 10,40,709 | |
| | Impex (India) Limited | 714,459 | |
| | Invision Entertainment Pvt Ltd | 6,47,695 | 5,93,695 |
| | IT Serve Global | - | 16,87,147 |
| | Karo Coils Pvt. Ltd. | - | 6,61,340 |
| | Kanishk Intetrade | 20,94,733 | |
| | Lovleen | 52,574 | |
| | Meenakshi Bhatt | 1,16,430 | 8,85,000 |
| | Mukesh Sharma | 12,58,261 | |
| | Pahwa Buildtech Private Limited | - | 5,29,460 |
| | Paras Green | 3,11,767 | 28,44,500 |
| | Priyanka Singhaniya | 200,000 | |
| | Radhey Shyam Yadav | 35,200 | |
| | Renuka Chouhan | 200,000 | |
| | Rheathe Trust | 11,22,356 | 10,12,356 |
| | R.S. Traders | 53,15,661 | |

| | | | |
|---|---|---|---|
| | Senorita Enterprises Pvt Ltd | 232,104 | 23,65,291 |
| | Shivam Online Education and Calibre Testing Lab Pvt Ltd | 504,734 | |
| | Shivani Realbuild Pvt Ltd | 42,90,241 | |
| | Shree Shitla Portfolio Pvt Ltd | 103,473 | 16,57,600 |
| | Shri Varda Pacific Securities Limited | 21,76,043 | 27,81,593 |
| | Suresh Pal Singh | 35,00,000 | 35,00,000 |
| | Suvi Global Engineering LLP | 10,76,204 | |
| | Sweta Singh | 560,000 | 5,60,000 |
| | Tata Capital Financial Services Limited | 176,923 | |
| | Vardhaman Solvents And Chemicals Private Limited | 16,31,553 | |
| | Total | **4,39,43,015** | **15,41,69,971** |
| 2. | **Non Current Investments** | | |
| | **Unquoted** | | |
| | YDS Securities Pvt. Ltd. 826530 Equity Shares @ Rs. 10 each | 2,100,000 | 8,265,300 |

**Annexure-V**

**FORM NO. AOC.1**

**Statement containing salient features of the Financial Statement of Subsidiaries/Associate companies/Joint Ventures**

***(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)***

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| S.No. | Particulars | Details |
|---|---|---|
| **1.** | **SL. No.** | 1 |
| **2.** | **Name of the subsidiary** | **YDS SECURITIES PRIVATE LIMITED** |
| **3.** | **The date since when subsidiary was acquired** | 18.04.1995 |
| **4.** | **Reporting period for the subsidiary concerned, if different from the holding company's reporting period** | 01st April 2019 to 31st March 2020 |
| **5.** | **Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries** | Not Applicable |
| **6.** | **Share capital** | 1,09,23,500 |
| **7.** | **Reserves and surplus** | (16,35,192) |
| **8.** | **Total assets** | 94,04,397 |
| **9.** | **Total Liabilities** | 94,04,397 |
| **10.** | **Investments (Non-Current)** | 50,52,500 |
| **11.** | **Turnover** | Nil |
| **12.** | **Profit before taxation** | (15,518) |
| **13.** | **Provision for taxation** | Nil |
| **14.** | **Profit after taxation** | (15,518) |
| **15.** | **Proposed Dividend** | Nil |
| **16.** | **Extent of shareholding (in percentage)** | 19.22% |

**Notes:** The following information shall be furnished at the end of the statement:

1. **Names of subsidiaries which are yet to commence operations: NA**
2. **Names of subsidiaries which have been liquidated or sold during the year: NA**

3. **"Part-B" of Form AOC-1 i.e. Statement containing Salient Features of Associates and Joint Ventures is not applicable to the Company as the Company does not have any Associate Company/ Joint Venture.**

**Annexure-VI**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**For the Period 01st April, 2019 to 31st March, 2020**

***[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]***

To
The Members
**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
IInd Floor, Central Bank Building
13-B, Netaji Subhash Marg, Daryaganj
New Delhi- 110002

We have conducted the Secretarial Audit of the compliance of applicable Statutory Provisions and the adherence to good corporate practices by **F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED** (hereinafter called as the ("**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company**'s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, company has, during the audit period covering the Financial Year ended on **31st March, 2020** complied with the statutory provisions listed hereunder and that the company has proper Board processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**I.** The Company is a "Loan Company" engaged in the business of Non -Banking Financial Institution as defined in Section 45 I (a) of the Reserve Bank of India Act, 1934 and carrying a Certificate of Registration issued by Reserve Bank of India, New Delhi bearing certificate number - **B-14.01129.**

**II.** We have examined the books, papers, minute books, forms and returns filed and other records maintained by **F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED** (**"the Company")** for the financial year ended on **31st March, 2020** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under as duly amended till date;
(ii) Secretarial Standards issued by Institute of Company Secretaries of India, 1880

(iii)The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; (**Not applicable for the given audit period)**

(iv)The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings and RBI Act, 1934;

(vi) Master Direction – Non- Banking Financial Company Returns (Reserve Bank) Directions, 2016.

(vii) Prudential Norms Issued by the Reserve Banks for NBFC Companies.

(x) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time;
c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(applicable w.e.f 1st December, 2015)** as amended from time to time
d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ; **(Not applicable to the Company during the audit period)**
e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014 **(Not applicable to the Company during the audit period);**
f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time. (**Not applicable to the Company during the audit period);**
g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the audit period);** and
i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the audit period);**

We further report that, having regard to the compliance system and mechanism prevailing in the Company and representation made by its officers for the same and our examination of relevant documents /records in pursuant thereof on our test check basis, the Company has adequate system for the compliances of the following applicable laws :

1. The RBI Act 1934 and amendment came into force from time to time;
2. Prudential Norms Issued by the Reserve Banks for NBFC- ND Companies.
3. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
4. Right To Information Act, 2005
5. Indian Contract Act, 1872
6. Negotiable Instruments Act, 1881

7. Indian Stamp Act, 1899
8. Information Technology Act, 2000

**We report that:**

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

**We further report that**

The Composition of Board of Directors of the Company is duly constituted with (it should be and) comprising of Executive, Non-Executive, Woman Director, and Independent Directors as per the provisions of Companies Act, 2013 and SEBI Regulations. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and SEBI Regulations.

Adequate notices were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the chairman and the decision of the board were unanimous and no dissenting views have been recorded.

We further report that the compliance by the company of applicable financial laws like Direct and Indirect Tax Laws and maintenance of financial records, books of accounts and internal financial control has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that pursuant to compliance of section 134(3)(p) and other applicable provisions of the Companies Act, 2013 read with applicable rules as amended from time to time, a formal annual performance evaluation of all the Directors of the Company including the Independent Directors, its Committees and Board as a whole was carried out after approval of the policy for the evaluation of the performance by the Board during the financial year under the audit.

We further report that the Company was not required to submit Annual Secretarial Compliance Report to the Stock Exchange as mandated under **Regulation 24 A of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018** as the Company falls under the criteria specified under Regulation 15 (2) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 due to the fact that the paid-up Equity Share Capital and Net Worth of the Company was below Rs. 10 Crores and Rs. 25 Crores, respectively as on the close of the previous Financial Year i.e. 31st March, 2020. The said exemption available to the Companies falling under this criteria was clarified by Bombay Stock Exchange (BSE) vide it's **Circular Nos.**

**LIST/COMP/10/2019-20 and LIST/COMP/12/2019-20 dated 9th May, 2019 and 14th May, 2019,** respectively.

We further report that during the period under review, the following specific event occurred that had a major impact on the Company's affairs:

Company YDS Securities Private Limited ceases to be subsidiary of the Company for the reason, the company has disinvested the equity shares of YDS Securities Private Limited. Shareholding of the F mec International Financial Services Limited in YDS Securities Private Limited is reduced from 8,26,530 Equity shares of Rs. 10/- each amounting to 82,65,300/- (Eighty Two Lacs Sixty Five Thousand Three Hundred) to 2,10,000 Equity Shares of Rs. 10 amounting to 21,00,000/- (Twenty One Lacs).

**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:

**As informed, the Company has responded appropriately to all notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.**

**For** A. K. VERMA & CO
**(Practicing Company Secretaries)**

**ASHOK KUMAR VERMA**
**Senior Partner**
**FCS : 3945**
**CP NO: 2568**
**UDINF003945B001289295**

***This Report is to be read with our letter of even date which is Annexed as (Annexure –A) and forms an integral part of this Report***

**'Annexure -A'**

To
The Members
**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
II[nd] Floor, Central Bank Building
13-B, Netaji Subhash Marg, Daryaganj
Delhi -110002

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the 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 the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For A. K. VERMA & CO**.
(Practicing Company Secretaries)

**ASHOK KUMAR VERMA**
**Senior Partner**
**FCS : 3945**
**CP NO: 2568**
**UDINF003945B001289295**

**Annexure- VII**

# ANNUAL EVALUATION

The Board performs three major roles in a company – it provides direction (i.e. sets the strategic direction of the company), it controls (i.e. monitors the management) and provides support and advice (advisory role). Board evaluation typically examines these roles of the Board and the entailing responsibilities, and assesses how effectively these are fulfilled by the Board.

The evaluation of the performance of the Board is essentially an assessment of how the Board has performed on all these parameters.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/ activities, understanding of industry and global trends, etc.

The performance of the Board as a whole, of its committee, and of its members, shall be evaluated at the end of the year keeping in view the objectives of the Company as per the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

It will be the responsibility of the Chairperson who shall be supported by Company Secretary (if any) to organize the evaluation process and act on its outcome.

The evaluation of Independent Directors shall be done by the entire Board which shall include evaluation of performance of the Directors and fulfillment of the Independence Criteria as specified in the Listing Regulations and their independence from the Management. The Director who is subject to evaluation shall not participate. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, as and when their respective term expires.

The results of the annual evaluation shall remain confidential between the Chairperson, Directors concerned and the Company Secretary (if any).

The evaluation process will be used constructively as a mechanism to improve Board effectiveness, maximize strengths and tackle weaknesses.

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF**
**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of F Mec International Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the **Companies Act, 2013** ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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.

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E-mail: casanjaysinghal@gmail.com, taxationpoint01@gmail.com, Website : www.casks.in

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 no material misstatement of this other information. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

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

In preparing the standalone financial statements, 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 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 controls.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 standalone 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

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.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year therefore provisions of section 197 of the Act does not attract.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

**For SANJAY K SINGHAL & CO**
**Chartered Accountants**
**FRN024807N**



**(Sanjay Kumar Singhal)**
**Partner**
**M. No. 503475**
**UDIN: 20503475AAAACH3682**

**Place: Delhi**
**Date: 26/06/2020**

## Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **F Mec International Financial Services Limited** of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 **F Mec International Financial Services 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 Board of Directors of the Company 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. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.



**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.

**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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 SANJAY K SINGHAL & CO**
**Chartered Accountants**
**FRN 024807N**



**(Sanjay Kumar Singhal)**
**Partner**
**M. No. 503475**
**UDIN: 20503475AAAACH3682**

**Place: Delhi**
**Date: 26/06/2020**

## Annexure 'B' to the Independent Auditor's Report

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of F Mec International Financial Services Limited of even date)**

(i) In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company does not own any immovable property as on the Balance Sheet date.

(ii) The Company does not have any inventories as on the Balance Sheet date. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

(iii)The company has not granted any 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. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the order are not applicable to the Company and hence not commented upon.

(iv)In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v)The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi)The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

(vii)According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the

SANJAY K. SINGHAL & CO. DELHI FRN. 024907N Chartered Accountants

date they became payable.

(viii)The company hasn't made any default in repayment of loans or borrowing to a financial institution, bank, Government and has not issued any debentures.

(ix)The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x)To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi)In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year therefore clause 3 (xi) of the order is not applicable to the company and hence not commented upon.

(xii)The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii)In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv)During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the company has obtained registration, Reg. No. 14.01129.

**For SANJAY K SINGHAL & CO**
**Chartered Accountants**
**FRN024807N**



**(Sanjay Kumar Singhal)**
**Partner**
**M. No. 503475**
**UDIN: 20503475AAAACH3682**

**Place: Delhi**
**Date: 26/06/2020**

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**IInd Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, Delhi-110002**

## STANDALONE BALANCE SHEET AS AT MARCH 31ST, 2020

Amount in ₹

| Particulars | Note No. | As at 31st March, 2020 | As at 31st March, 2019 | As at 1st April, 2018 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipment | 4 | 53,959 | 88,787 | 188,729 |
| Intangible assets | 4 | 640,000 | - | - |
| Financial Assets | | | | |
| Investments | 5 | 2,100,000 | 8,265,300 | 8,265,300 |
| Deferred Tax Assets (net) | 6 | 15,993 | 14,099 | (3,167) |
| **Total Non-Current Assets** | | **2,809,952** | **8,368,186** | **8,450,862** |
| **Current Assets** | | | | |
| Financial Assets | | | | |
| Cash and cash equivalents | 7 | 1,165,071 | 749,353 | 641,611 |
| Loans | 8 | 43,943,015 | 154,169,971 | 23,393,538 |
| Other current assets | 9 | 857,742 | 1,513,920 | 328,796 |
| **Total Current Assets** | | **45,965,828** | **156,433,244** | **24,363,945** |
| **Total Assets** | | **48,775,780** | **164,801,430** | **32,814,807** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity Share Capital | 10 | 31,007,000 | 31,007,000 | 31,007,000 |
| Other Equity | 11 | 1,759,385 | 1,043,642 | 660,958 |
| **Total Equity** | | **32,766,385** | **32,050,642** | **31,667,958** |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Financial Liabilities | | | | |
| Borrowings | 12 | 14,703,655 | 131,589,637 | - |
| Trade Payables | 13 | 284,528 | 399,671 | 289,166 |
| Other financial liabilities | 14 | 196,583 | 250,196 | 716,034 |
| Current Tax Liabilities | 15 | 286,463 | 149,318 | 125,577 |
| Other Current Liabilities | 16 | 538,166 | 361,966 | 16,072 |
| **Total Current Liabilities** | | **16,009,395** | **132,750,788** | **1,146,849.00** |
| **Total Equity and Liabilities** | | **48,775,780** | **164,801,430** | **32,814,807** |

Significant Accounting Policies & Notes to Accounts 1&2

Accompanying Notes from 1 to 30 are integral part of the standalone financial statements

As per our report of even date attached

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date: 26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

For F Mec International Financial Services Limited

**(Apoorve Bansal)**
Managing Director
DIN-08052540

Auth. Signatory/Director

**(Manoj Kumar)**
Chief Financial Officer
PAN:AGOPT3174G

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED
IInd Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, Delhi-110002

## STATEMENT OF STANDALONE PROFIT & LOSS FOR THE YEAR ENDED MARCH 31ST, 2020

Amount in ₹

| Particulars | Note No. | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|---|---|---|
| **Revenue from operations** | 17 | 8,790,993 | 12,505,892 |
| **Other Income** | 18 | 11,650 | 163 |
| **Total Revenue** | | **8,802,644** | **12,506,055** |
| **Expenses** | | | |
| Employee Benefit Expense | 19 | 900,609 | 968,300 |
| Finance costs | 20 | 1,614 | 5,537 |
| Depreciation and amortization expense | | 201,130 | 99,942 |
| Other Expenses | 21 | 6,698,979 | 10,917,540 |
| **Total Expenses** | | **7,802,333** | **11,991,319** |
| **Profit from continuing operations before Tax** | | **1,000,311** | **514,736** |
| **Tax expense** | | | |
| (1) Current tax | | 286,463 | 149,318 |
| (2) Deferred tax | | (1,894) | (17,266) |
| **Total Tax Expense** | | **284,569** | **132,052** |
| Profit/ (Loss) for the period from continuing operations | | **715,742** | **382,684** |
| **Transfer to reserve for Bad and Doubtful debts** | | (275,567) | 169,909 |
| **Transfer to Special Reserve (as per Sec 45- IC of the RBI Act, 1934)** | | 143,148 | 76,537 |
| **Transfer to Reserve & Surplus** | | 848,161 | 136,239 |
| **(XIV) Earning per equity share (X/XIII)** | | | |
| (1) Basic | | 0.2308 | 0.1234 |
| (2) Diluted | | 0.2308 | 0.1234 |
| Significant Accounting Policies & Notes to Accounts | 1&2 | | |

Accompanying Notes from 1 to 30 are integral part of the standalone financial statements

In terms of our attached report of even date

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date: 26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

**(Apoorve Bansal)**
Managing Director
DIN-08052540

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

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Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**
**Statement of Cash Flows for the year ended 31st March 2020**

Amount in ₹

| | Particulars | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 |
|---|---|---|---|---|
| A | **Cash Flow from Operating Activities** | | | |
| | **Net Profit before tax** (as per Statement of Profit and Loss) | 1,000,311 | | 514,736 |
| | **Adjustments to reconcile net profit to net cash provided by operating activities** | | | |
| | Depreciation and amortisation expense | 201,130 | | 99,942 |
| | Interest Income | (7,290,993) | | (12,505,892) |
| | Loss on sale of Capital Assets | - | | - |
| | Net Gain on Sale of Current Investment | - | | - |
| | Foreign Exchange Fluctuation | - | | - |
| | Property, Plant and Equipment & CWIP written off | (1,452) | | - |
| | **Changes in assets and liabilities** | | | |
| | Increase/(Decrease) in Trade Payables | (115,142) | | 110,505 |
| | Increase/(Decrease) in Other financial liabilities, other liabilities and provisions | 259,732 | | (119,943) |
| | (Increase)/Decrease in Inventories | - | | - |
| | (Increase)/Decrease in Trade Receivables | - | | - |
| | (Increase)/Decrease in Loans, other financial assets and other assets | 110,883,134 | | (131,961,557) |
| | Direct Taxes Paid | (286,463) | | (125,577) |
| | **Net Cash Flow from Operating Activities (A)** | **104,650,257** | | **(143,987,787)** |
| B | **Cash Flow from Investing Activities** | | | |
| | Purchases of Property, Plant and Equipment | (804,850) | | - |
| | Proceeds from Sale of Property, Plant and Equipment & CWIP | - | | - |
| | Investment in Subsidiary | - | | - |
| | Proceeds from sale of investment | 6,165,300 | | - |
| | Proceeds from Sale of Investment in Mutual Funds | - | | - |
| | Loans Given to Subsidiary Company | - | | - |
| | Proceeds from Sale of Shares in Subsidiary Company | - | | - |
| | Interest Income | 7,290,993 | | 12,505,892 |
| | **Net Cash Flow from Investing Activities (B)** | **12,651,443** | | **12,505,892** |
| C | **Cash Flow from Financing Activities** | | | |
| | Proceeds from Long Term Borrowings | - | | - |
| | Repayments of Long Term Borrowings | - | | - |
| | Net Proceed from Short Term Borrowing | - | | - |
| | Repayments of Short Term Borrowings | (116,885,982) | | 131,589,637 |
| | Interest Paid | - | | - |
| | **Net Cash Flow from Financing Activities ( C)** | **(116,885,982)** | | **131,589,637** |
| | **Net Increase in Cash and Cash Equivalents (A+B+C)** | **415,718** | | **107,742** |
| | Cash and Cash Equivalent at the beginning of the year | 749,353 | | 641,611 |
| | Cash and Cash Equivalent at the end of the year | 1,165,071 | | 749,353 |
| | **Net Increase in Cash and Cash Equivalents** | **415,718** | | **107,742** |

Note: The statement of cash flows has been prepared by following indirect method as per Indian Accounting Standard (Ind AS)-7 "Statement of Cash Flows". There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Accompanying Notes from 1 to 30 are integral part of the standalone financial statements

As per our report of even date attached

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date: 26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**
For F Mec International Financial Services Limited

**(Apoorve Bansal)**
Managing Director
DIN-08052540

Auth. Signatory

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Manoj Kumar )**
Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**

**Statement of Changes in Equity for the year ended 31st March, 2020**

**A. Equity Share Capital**

| | Amount in ₹ |
|---|---|
| **As at 1st April, 2018** | 31,007,000 |
| Changes in equity share capital during the year | - |
| **As at 31st March, 2019** | **31,007,000** |
| Changes in equity share capital during the year | - |
| **As at 31st March, 2020** | **31,007,000** |

**B. Other Equity**

| | Reserves and Surplus | | | Amount in ₹ |
|---|---|---|---|---|
| **Particulars** | **Special Reserve (1) as per Sec 45-IC RBI ACT, 1934** | **Reserve for Bad and Doubtful debts** | **Retained Earnings** | **Total** |
| **As at 1st April, 2018** | 122,808 | 215,516 | 322,634 | 660,958 |
| Profits for the year | 76,537 | 169,909 | 136,239 | 382,685 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | **76,537** | **169,909** | **136,239** | 382,685 |
| **As at 31st March, 2019** | **199,345** | **385,425** | **458,873** | 1,043,643 |
| Profits for the year | 143,148 | (275,567) | 848,161 | 715,742 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | **143,148** | **(275,567)** | **848,161** | 715,742 |
| **As at 31st March, 2020** | **342,493** | **109,858** | **1,307,034** | 1,759,385 |

Significant Accounting Policies & Notes to Accounts 1&2

Accompanying Notes from 1 to 30 are integral part of the financial statements

As per our report of even date attached

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date: 26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**
For F Mec International Financial Services Limited

(Apoorve Bansal)
Managing Director
DIN-08052540

Auth. Signatory

(AWANISH SRIVASTAVA)
Director
DIN-07810744

(Manoj Kumar)
Chief Financial Officer
PAN:AGOPT3174G

(Nikita Sharma)
Company Secretary
& Compliance Officer
Membership No : A60595

F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

**Significant Accounting Policies and Notes to Accounts for the year ended 31st March 2020**

**1 Corporate Information**

F MEC International Financial Services Limited ("FMEC" or "Company") is a public limited company domiciled in India and incorporated under provision of Companies Act, 1956 as on 7th June 1993 and the equity shares of the company are listed on BSE Limited. The Company is registered with RBI as a non- banking finance company (NBFC).The Company does not have any subsidiary.The Company has sold its investment in subsidiary company to the tune of 56.45%, by virtue of this transaction YDS Securities Private Limited ("YDS") ceased to be subsidiary of the Company w.e.f. 28 December 2019. The Company is not parent company of YDS w.e.f. 28 December 2019.

**2 Significant Accounting Policies**

**2.1 Basis of Preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

**Compliance with Ind AS**

These financial statements for the year ended 31st March, 2020 are the first financials with the comparatives, the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2019, the Company prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31st March, 2019 and the opening Balance Sheet as at 1st April, 2018 have been restated in accordance with Ind AS for comparative information.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2018 being the date of transition to Ind AS.

**Historical Cost Convention**

The financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value;

2) defined benefit plans - plan assets measured at fair value.

**Current and non-current classification**

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

**2.2 Use of estimates and judgements**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

**2.3 Revenue Recognition**

**(a) Interest income**

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

SANJAY & ASSOCIATES & CO. DELHI Chartered Accountants

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 2.17(a)] regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 2.17(a)], the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

**(b) Other revenue from operations**

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

**Fees and commission**

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

**Net gain on fair value changes**

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

**Sale of services**

The Company, on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit or loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue From Contracts with Customers' as articulated above in 'other revenue from operations'.

**Recoveries of financial assets written off**

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

SANJAY K SINGHAL & CO. DELHI F.R.N. 024937N Chartered Accountants

**2.4 Property, Plant and Equipment**

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. 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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- Depreciation on leasehold improvements is charged over the period of lease.
- Depreciation on assets costing ₹ 5,000 or less is provided @100% over a period of one year.

Freehold land is not depreciated.

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

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2018.

**2.5 Intangible Assets**

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful life by major class of finite-life intangible asset is as follows:

Computer software - 5 years

Upon first-time adoption of Ind AS, the Company has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2018.

**2.6 Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are treated as period cost and charged to the statement of profit and loss in the year in which it was incurred.

**2.7 Impairment of non-financial assets**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

**2.8 Investments in subsidiaries**

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.



**2.9 Foreign Exchange Transaction**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognized as income

Non-monetary items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Statement of Profit & Loss.

In respect of foreign branch, the company has adopted integral foreign operation approach as per Ind AS 21 and accordingly revenue items have been converted at date of transaction date. Monetary Assets and Liabilities are converted at the year-end exchange rate. Exchange gain or loss arising out of above is charged to Statement of Profit & Loss.

**2.10 Tax expenses**

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

**Current Tax:**

Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

**Minimum Alternate Tax (MAT) Credit:**

Minimum Alternate Tax credit is recognized, as deferred tax 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 as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement under Loans & Advances. 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 Company will pay normal Income Tax during the specified period.

**Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

**2.11 Employee benefits**

**Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and the undiscounted amount of such employee benefits are recognised in Statement of Profit and Loss in the period in which the employee renders the related services. These benefits include salaries, wages, bonus, performance incentives etc.

**Defined Benefit Plan**

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each period. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged to 'Employee benefits expense' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

SANJAY K SINGHAL & CO. DELHI FRNO. 024807N Chartered Accountants

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**Defined Contribution Plan**

Contributions to defined contribution schemes such as employee provident fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**2.12 Segment reporting**

**Identification of segments**

As defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. The accounting principles used in the preparation of financial statements are consistently applied to record revenue and expenditure in individual segment and are as set out in the significant accounting policies.

**Allocation of common costs**

Common allocable costs are allocated to each segment on reasonable basis.

**Unallocated items**

Include general corporate income and expense items which are not allocable to any business segment.

**Segment policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**2.13 Cash Flow Statement**

Cash flows are reported using the indirect method in accordance with Ind AS 7, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

**2.14 Earning Per Share**

Earning Per Share (EPS) is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the Weighted Average Number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earning Per share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

**2.15 Miscellaneous Expenditure**

Share issue expenses are adjusted from Securities Premium Account at the time of issue of respective Shares.

**2.16 Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.



## 2.17 Financial Instruments

### a). Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition
value of the financial asset. Financial assets are subsequently classified and measured at

- amortised cost
- fair value through profit and loss (FVTPL).

**Other equity investments**
All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

**Impairment of financial assets**
In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

**Treatment of the different stages of financial assets and the methodology of determination of ECL**

**(i) Credit impaired (stage 3)**

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

**(ii) 'Significant increase in credit risk (stage 2)**

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

**(iii) 'Without significant increase in credit risk since initial recognition (stage 1)**

ECL resulting from default events that are possible in the next 12 months are recognised for financialinstruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically.




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**(iv) 'Measurement of ECL**

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.

- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.

- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

**b). Financial Liabilities**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**2.18 Derivative financial instruments**

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

**3 First-time adoption of Ind AS**

The standalone financial statements of F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED for the financial year ended March, 31, 2020 have been prepared in accordance with Ind AS.

Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2020 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**Optional exemptions availed**

**a). Deemed cost**

The Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments and Intangible assets as deemed cost as at the transition date.

**b). Investments in subsidiaries, joint ventures and associates**

The Company has opted para D14 and D15 and accordingly considered the Previous GAAP carrying amount of Investments as deemed cost as at the transition date.

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**c). Designation of previously recognised financial instruments**

Paragraph D19B of Ind AS 101 gives an option to an entity to designate investments in equity instruments at fair value through other comprehensive income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The company has opted to apply this exemption for its investment in equity Investments.

**Applicable Mandatory Exceptions**

**a). Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

- Investment in equity instruments carried at fair value through profit and loss (FVPL) or FVOCI;
- Investment in debt instruments carried at FVPL; and
- Impairment of financial assets based on expected credit loss model.

**(b) Classification and measurement of financial assets**

As required under Ind AS 101, the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**Transition to Ind AS - Reconciliations**

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, *First-Time adoption of Indian Accounting Standards*, with April 1, 2015 as the transition date and IGAAP as the previous IGAAP. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 3.1.



**3.1 Reconciliations**

**3.1.1 Reconciliation of Equity as previously reported under GAAP to Ind AS**

Amount in ₹

| Particulars | As at 1st April, 2018 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | IGAAP | Ind AS adjustments | IND AS | IGAAP | Ind AS adjustments | IND AS |
| **ASSETS** | | | | | | |
| **Non-Current Assets** | | | | | | |
| Property, Plant and Equipment | 1,88,729 | - | 1,88,729 | 88,787 | - | 88,787 |
| Intangible assets | - | - | - | - | - | - |
| Financial Assets | | | | | | - |
| Investments | 82,65,300 | - | 82,65,300 | 82,65,300 | - | 82,65,300 |
| Deferred Tax Assets (net) | (3,167) | - | (3,167) | 14,099 | - | 14,099 |
| **Total Non-Current Assets** | 84,50,862 | - | 84,50,862 | 83,68,186 | - | 83,68,186 |
| **Current Assets** | | | | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 6,41,611 | - | 6,41,611 | 7,49,353 | - | 7,49,353 |
| Loans | 2,33,93,538 | - | 2,33,93,538 | 15,41,69,971 | - | 15,41,69,971 |
| Other current assets | 3,28,796 | - | 3,28,796 | 15,13,920 | - | 15,13,920 |
| **Total Current Assets** | 2,43,63,945 | - | 2,43,63,945 | 15,64,33,244 | - | 15,64,33,244 |
| **Total Assets** | 3,28,14,807 | - | 3,28,14,807 | 16,48,01,430 | - | 16,48,01,430 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **EQUITY** | | | | | | |
| Equity Share Capital | 3,10,07,000 | - | 3,10,07,000 | 3,10,07,000 | - | 3,10,07,000 |
| Other Equity | 6,60,958 | - | 6,60,958 | 10,43,642 | - | 10,43,642 |
| **Total Equity** | 3,16,67,958 | - | 3,16,67,958 | 3,20,50,642 | - | 3,20,50,642 |
| **LIABILITIES** | | | | | | |
| **Current Liabilities** | | | | | | |
| Financial Liabilities | | | | | | |
| Borrowings | - | - | - | 13,15,89,637 | - | 13,15,89,637 |
| Trade Payables | 2,89,166 | - | 2,89,166 | 3,99,671 | - | 3,99,671 |
| Other financial liabilities | 7,16,034 | - | 7,16,034 | 2,50,196 | - | 2,50,196 |
| Current Tax Liabilities | 1,25,577 | - | 1,25,577 | 1,49,318 | - | 1,49,318 |
| Other Current Liabilities | 16,072 | - | 16,072 | 3,61,966 | - | 3,61,966 |
| **Total Current Liabilities** | 11,46,849 | - | 11,46,849 | 13,27,50,788 | - | 13,27,50,788 |
| **Total Equity and Liabilities** | 3,28,14,807 | - | 3,28,14,807 | 16,48,01,430 | - | 16,48,01,430 |

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**3.1.2 Reconciliation statement of Profit and Loss as previously reported under GAAP to Ind**

Amount in ₹

| Particulars | Year ended 31st March 2019 | | |
|---|---|---|---|
| | IGAAP | Ind AS adjustments | IND AS |
| Revenue from operations | 1,25,05,892 | - | 1,25,05,892 |
| Other Income | 163 | - | 163 |
| **Total Revenue** | **1,25,06,055** | - | **1,25,06,055** |
| **Expenses** | | | |
| Employee Benefit Expense | 9,68,300 | - | 9,68,300 |
| Finance costs | 5,537 | - | 5,537 |
| Depreciation and amortization expense | 99,942 | - | 99,942 |
| Other Expenses | 1,09,17,540 | - | 1,09,17,540 |
| **Total Expenses** | **1,19,91,319** | - | **1,19,91,319** |
| **Profit from continuing operations before Tax** | **5,14,736** | - | 5,14,736 |
| **Tax expense** | | | |
| (1) Current tax | 1,49,318 | - | 1,49,318 |
| (2) Deferred tax | (17,266) | - | (17,266) |
| **Total Tax Expense** | **1,32,052** | - | **1,32,052** |
| Profit/ (Loss) for the period from continuing operations | **3,82,684** | - | **3,82,684** |

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F Mec International Financial Services Limited

## Notes forming part of the Standanone Financial Statements

### NOTE : 4.1 - Property, Plant and Equipment

Amount in ₹

| PARTICULARS | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01-04-2019 | Addition During the year | Disposal/Sales during the year | Balance As At 31-03-2020 | Balance up to 31-03-2019 | Depreciation for the year | Depreciation written back or transfer | Balance up to 31-03-2020 | Balance as on 31-03-2020 | Balance as on 31-03-2019 |
| Air Conditioner | 85,000 | - | - | 85,000 | 21,072 | 16,150 | - | 37,222 | 47,778 | 63,928 |
| Computer & Hardware | 1,09,990 | 4,850 | 1,09,990 | 4,850 | 93,420 | 20,705 | 1,11,442 | 2,683 | 2,167 | 16,570 |
| Office Equipment | 22,500 | - | - | 22,500 | 14,211 | 4,275 | - | 18,486 | 4,014 | 8,289 |
| **Total** | **2,17,490** | **4,850** | **1,09,990** | **1,12,350** | **1,28,703** | **41,130** | **1,11,442** | **58,391** | **53,959** | **88,787** |

### NOTE : 4.2 - Intangible Assets

| PARTICULARS | Gross Block | | | | Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01-04-2019 | Addition During the year | Disposal/Sales during the year | Balance As At 31-03-2020 | Balance up to 31-03-2019 | Amortisation for the year | Amortisation written back or transfer | Balance up to 31-03-2020 | Balance as on 31-03-2020 | Balance as on 31-03-2019 |
| Software | - | 8,00,000 | - | 8,00,000 | - | 1,60,000 | - | 1,60,000 | 6,40,000 | - |
| **Total** | **-** | **8,00,000** | **-** | **8,00,000** | **-** | **1,60,000** | **-** | **1,60,000** | **6,40,000** | **-** |
| **Grand Total** | **2,17,490** | **8,04,850** | **1,09,990** | **9,12,350** | **1,28,703** | **2,01,130** | **1,11,442** | **2,18,391** | **6,93,959** | **88,787** |

SANJAY K SINGHAL & CO. DELHI FRNO. 024607N Chartered Accountants

F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

Notes forming part of the Financial Statements

Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|---|---|---|---|
| 5 | **Non Current Investments** | | | |
| | **Investments** | | | |
| | **Unquoted** | | | |
| | YDS Securities Pvt. Ltd. | 21,00,000 | 82,65,300 | 82,65,300 |
| | {21,000 equity shares (PY 826530 equity shares) @ Rs. 10 Each) | | | |
| | **Total** | **21,00,000** | **82,65,300** | **82,65,300** |
| 6 | **Deferred Tax Assets/ (Liability)** | | | |
| | Deferred Tax Assets | 15,993 | 14,099 | (3,167) |
| | **Total** | **15,993** | **14,099** | **(3,167)** |
| 7 | **Cash and Cash Equivalants** | | | |
| | Cash in Hand | 8,36,524 | 3,76,633 | 1,57,495 |
| | Balance With Banks- | | | |
| | Current Account with Union Bank of India | 1,84,123 | 36,864 | 3,24,252 |
| | Current Account with Axis Bank | | | 50,000 |
| | Current Account with ICICI Bank | 16 | 18,946 | - |
| | Current Account with Yes Bank | 1,44,409 | 3,16,910 | 1,09,864 |
| | **Total** | **11,65,071** | **7,49,353** | **6,41,611** |
| 8 | **Loans** | | | |
| | Advance for Shares | 15,00,000 | 15,00,000 | 15,00,000 |
| | 4A Financial Securities Limited | 66,85,056 | 10,13,42,748 | - |
| | ACE Integrated Solutions Limited | 1,95,188 | 10,58,142 | - |
| | Alok Kumar Goel | 11,87,564 | - | - |
| | Aman Drugs Pvt Ltd | 11,08,746 | 11,08,000 | 10,54,094 |
| | Arun Bhatt | 3,02,487 | 14,68,630 | 13,18,630 |
| | AS Buildpro Pvt. Ltd. | - | 18,02,044 | 17,30,044 |
| | Avtar Instalments Pvt Ltd | - | 2,56,45,223 | - |
| | BILAL Match Works | 35,52,519 | - | - |
| | Bhagyashree Industries | - | 11,67,202 | 10,59,202 |
| | Degourdi Engineering And Infra Solutions Private Limited | 20,50,334 | - | - |
| | Ganesh Kirana & Co | 10,40,709 | - | - |
| | Impex (India) Limited | 7,14,459 | - | - |
| | Invision Entertainment Pvt Ltd | 6,47,695 | 5,93,695 | 5,39,695 |
| | IT Serve Global | - | 16,87,147 | 16,46,647 |
| | Karo Coils Pvt. Ltd. | - | 6,61,340 | 33,86,100 |
| | Kanishk Intetrade | 20,94,733 | - | - |
| | Lovleen | 52,574 | - | - |
| | Meenakshi Bhatt | 1,16,430 | 8,85,000 | 7,95,000 |
| | Mukesh Sharma | 12,58,261 | - | - |
| | Pahwa Buildtech Private Limited | - | 5,29,460 | - |
| | Paras Green | 3,11,767 | 28,44,500 | 25,74,500 |
| | Priyanka Singhaniya | 2,00,000 | - | - |
| | Radhey Shyam Yadav | 35,200 | - | - |
| | Renuka Chouhan | 2,00,000 | - | - |
| | Rhea The Trust | 11,22,356 | 10,12,356 | - |
| | R.S. Traders | 53,15,661 | - | - |
| | Senorita Enterprises Pvt Ltd | 2,32,104 | 23,65,291 | 21,89,626 |
| | Shivam Online Education and Calibre Testing Lab Pvt Ltd | 5,04,734 | - | - |
| | Shivani Realbuild Pvt Ltd | 42,90,241 | - | - |
| | Shree Shitla Portfolio Pvt Ltd | 1,03,473 | 16,57,600 | 16,00,000 |
| | Shri Varda Pacific Securities Limited | 21,76,043 | 27,81,593 | - |
| | Suresh Pal Singh | 35,00,000 | 35,00,000 | 35,00,000 |
| | Suvi Global Engineering LLP | 10,76,204 | - | - |
| | Sweta Singh | 5,60,000 | 5,60,000 | 5,00,000 |
| | Tata Capital Financial Services Limited | 1,76,923 | - | - |
| | Vardhaman Solvents And Chemicals Private Limited | 16,31,553 | - | - |
| | **Total** | **4,39,43,015** | **15,41,69,971** | **2,33,93,538** |

For SANJAY K. SINGHAL & CO. DELHI 024807N Chartered Accountants

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Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|---|---|---|---|
| 9 | **Other Current Assets** | | | |
| | CGST | 87,547 | 16,537 | 10,930 |
| | IGST | - | 96,584 | 1,800 |
| | SGST | 93,806 | 16,537 | 24,080 |
| | TDS A.Y. 2018-19 | - | 1,66,409 | 2,91,986 |
| | TDS A.Y. 2019-20 | 6,76,389 | 12,17,853 | - |
| | **Total** | **8,57,742** | **15,13,920** | **3,28,796** |
| 10 | **Equity Share Capital** | | | |
| | **Authorised** | | | |
| | 35,00,000 (PY 35,00,000) Equity Share of Rs. 10/- each | 3,50,00,000 | 3,50,00,000 | 3,50,00,000 |
| | **Total** | **3,50,00,000** | **3,50,00,000** | **3,50,00,000** |
| | **Issued, Subscribed & Fully Paid up** | | | |
| | Opening {31,00,700 (PY 31,00,700) Equity Share of Rs. 10/- each} | 3,10,07,000 | 3,10,07,000 | 3,10,07,000 |
| | Additions | - | - | - |
| | Deductions | - | - | - |
| | Closing {31,00,700 (PY 31,00,700) Equity Share of Rs. 10/- each} | 3,10,07,000 | 3,10,07,000 | 3,10,07,000 |
| | **Total** | **3,10,07,000** | **3,10,07,000** | **3,10,07,000** |

**10.1** The rights, preference and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital are as under :

**Equity Shares**

The equity shares have a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval shareholders ensuing Annual General Meeting.

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

**10.2 Shareholders holding more than 5% equity shares in the Company**

| | | | |
|---|---|---|---|
| **Manoj Kumar Jain** | | | |
| No. of Shares held | 3,26,050 | 3,26,050 | 3,26,050 |
| % of Holding | **10.52%** | **10.52%** | **10.52%** |
| **Pankaj Kumar Bansal** | | | |
| No. of Shares held | 2,35,625 | 2,35,625 | 2,35,625 |
| % of Holding | **7.60%** | 7.60% | **7.60%** |

| | | | |
|---|---|---|---|
| 11 **Other Equity** | | | |
| **Surplus in Statement of Profit & Loss** | | | |
| Opening Balance | 4,58,873 | 3,22,634 | 1,89,612 |
| Add : Net Profit for the current year | 8,48,161 | 1,36,239 | 1,33,022 |
| | 13,07,034 | 4,58,873 | 3,22,634 |
| **Special Reserve (1) as per Sec 45-IC RBI ACT, 1934** | | | |
| Opening Balance | 1,99,345 | 1,22,808 | 75,869 |
| Amount Transferred From Statement of P&L | 1,43,148 | 76,537 | 46,939 |
| | 3,42,493 | 1,99,345 | 1,22,808 |
| **Reserve for Bad and Doubtful debts** | | | |
| Opening Balance | 3,85,425 | 2,15,516 | 1,60,782 |
| Amount Transferred From Statement of P&L | (2,75,567) | 1,69,909 | 54,734 |
| | 1,09,858 | 3,85,425 | 2,15,516 |
| **G. Total** | 17,59,385 | 10,43,642 | 6,60,958 |

SANJAY K SINGHAL & CO. DELHI FRN. 02...N Chartered Accountants

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Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|---|---|---|---|
| 12 | **Borrowings** | | | |
| | Loan and Advances From Subsidiary Company & Other Parties | | | |
| | **Secured Loans:-** | | | |
| | Tata Capital Financial Services Limited | - | 12,89,40,767 | - |
| | **Unsecured Loans:-** | | | |
| | Avtar Instalments Pvt. Ltd. | 87,32,665 | - | - |
| | Pusma Investment P Ltd | 12,71,802 | - | - |
| | Sapling Developers Pvt Ltd | 28,99,188 | 26,48,870 | - |
| | Shree Vishnupriya Finance & Leasing Limited | 18,00,000 | - | - |
| | **Total** | **1,47,03,655** | **13,15,89,637** | - |
| 13 | **Trade Payables** | | | |
| | **Total Outstanding Dues of Micro Enterprises and Small Enterprises** | - | - | - |
| | **Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises** | | | |
| | 4A Securities Limited | - | 3,57,393 | - |
| | Amazon Internet Services Private Limited | 2,978 | - | - |
| | Experian Credit Information Company of India Pvt Lt | 5,900 | - | 5,900 |
| | J.K. Courier Services | - | 17,494 | - |
| | Skyline Financial Services Pvt. Ltd. | 15,461 | - | - |
| | Surepass Technologies Private Limited | 10,800 | - | - |
| | Transunion Cibil Limited | 5,520 | 5,900 | - |
| | Webvirtue Technology Private Limited | 2,04,000 | - | - |
| | Zeal Advertising Pvt Ltd | 39,869 | 18,884 | 17,266 |
| | | - | - | 2,66,000 |
| | **Total** | **2,84,528** | **3,99,671** | **2,89,166** |
| 14 | **Other Financial Liabilities** | | | |
| | Audit Fees Payable | 45,000 | 25,000 | 25,000 |
| | Expenses Payables | 1,51,583 | 2,25,196 | 6,91,034 |
| | **Total** | **1,96,583** | **2,50,196** | **7,16,034** |
| 15 | **Current Tax Liabilities** | | | |
| | Provision for Income Tax | 2,86,463 | 1,49,318 | 1,25,577 |
| | **Total** | **2,86,463** | **1,49,318** | **1,25,577** |

SANJAY K. SINGHAL & CO. DELHI FRN. 02480N Chartered Accountants

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## F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

Notes forming part of the Financial Statements

Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|---|---|---|---|
| 16 | **Other Current Liabilities** | | | |
| | IGST Payable | 536 | - | - |
| | CGST Payable | - | - | 1,036 |
| | SGST Payable | - | - | 1,036 |
| | TDS Payable | 5,37,630 | 3,61,966 | 14,000 |
| | **Total** | **5,38,166** | **3,61,966** | **16,072** |



## F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

Notes forming part of the Financial Statements

Amount in ₹

| Note No | Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|---|---|---|
| 17 | **Revenue from operations** | | |
| | **Income from Services** | | |
| | Interest Income | 72,90,993 | 1,25,05,892 |
| | Consultancy & Commission Income | 15,00,000 | - |
| | **Total** | **87,90,993** | **1,25,05,892** |
| 18 | **Other Income** | | |
| | Short & Excess | 1,451 | 163 |
| | Interst Received on Income Tax Refund | 10,199 | - |
| | **Total** | **11,650** | **163** |
| 19 | **Employee Benefit Expenses** | | |
| | Director Remuneration | 1,35,000 | - |
| | Salary | 7,65,609 | 9,68,300 |
| | **Total** | **9,00,609** | **9,68,300** |
| 20 | **Finance Costs** | | |
| | Bank Charges | 1,614 | 5,537 |
| | **Total** | **1,614** | **5,537** |
| 21 | **Other Expenses** | | |
| | Advertisement Expenses | 49,500 | 59,904 |
| | Annual Fees | 19,000 | 22,611 |
| | Auditor's Fees (Refer Note 21.1) | 50,000 | 25,000 |
| | Bad Debts | 6,53,775 | - |
| | Brokerage & Related Securities & Commodities Services | 2,90,062 | 3,16,304 |
| | Consultancy Fee | 2,15,254 | - |
| | Convanyance | 4,225 | 5,683 |
| | Courier Expenses | | 31,110 |
| | Credit Reporting & Rating Services | 3,05,111 | |
| | E- Voting Charges | 5,000 | 10,000 |
| | Exchange Difference | 362 | - |
| | Financial Auditing Services | 25,000 | - |
| | GST Expenses | 140 | 36,018 |
| | Information Technology (IT) Design and Development Services | 33,580 | |
| | Interest On TDS | 39,817 | 5,385 |
| | Interest Paid | 45,30,191 | 99,97,064 |
| | Issuer Fee | 9,000 | 9,000 |
| | Listing Fees | 3,00,000 | 2,50,000 |
| | Meeting Fee | 959 | 1,507 |
| | Other Expenses | 270 | 2,379 |
| | Printing & Stationary | 18,593 | 14,746 |
| | Professional Fee for Processing & Uploading | 42,093 | 36,400 |
| | Rent | 48,000 | 48,000 |
| | Repair & Maintenance | 5,000 | - |
| | ROC Charges | 9,400 | 29,106 |
| | Short & Excess | 429 | |
| | Software Subscription Expenses | 24,873 | - |
| | Telephone & Internet Expenses | 13,595 | 13,324 |
| | Travelling Expenses | 1,000 | - |
| | Website Designing Expenses | 4,750 | 4,000 |
| | **Total** | **66,98,979** | **1,09,17,540** |
| 21.1 | **Payment to Auditors** | | |
| | Payment to Auditors | | |
| | -As Auditors | 50,000 | 25,000 |
| | **Total** | **50,000** | **25,000** |

SANJAY K. SINGHAL & CO. Chartered Accountants DELHI FRN. 021407N

Apoorve

22 **"Earning per Share" computed in accordance with Indian Accounting Standard (Ind AS)-33 "Earnings Per Share"**

Amount in ₹

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-20 | 31-Mar-19 |
| **a) Numerator:** | | |
| Net Profit after taxation as per Statement of Profit & Loss | 7,15,742 | 3,82,684 |
| **b) Denominator :** | | |
| No. of Shares at the beginning of the year | 31,00,700 | 31,00,700 |
| Total Equity Share outstanding at the end of the year | 31,00,700 | 31,00,700 |
| Weighted average no. of equity shares for the year | 31,00,700 | 31,00,700 |
| Weighted average no. of diluted equity shares for the year | 31,00,700 | 31,00,700 |
| **c) Face Value per share (in ₹)** | 10.00 | 10.00 |
| **d) Earning per Share (EPS):** | | |
| -Basic (in ₹) | 0.2308 | 0.1234 |
| -Diluted (in ₹) | 0.2308 | 0.1234 |

23 **Segment Reporting**

As per Indian Accounting Standard (Ind AS)-108 "Operating Segments", the Company's segment reporting is as below:
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The managing director has been identified as being the chief operating decision maker to assess the financial performance and position of the Company and make strategic decisions. The Company is engaged primarily in the business of "Financing and providing Consultancy ". Accordingly, In the context of Indian Accounting Standard 108 – Operating Segments, it is considered to constitute single reportable segment.

24 **Related Party Disclosure**

As per Indian Accounting Standard (Ind AS)-24 "Related Party Disclosures", the Company's has not entered into any related parties transactions.

25 In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.

26 The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of current assets which includes loans given, cash and cash equivalents, other bank balances and other financial assets approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.



## 27 Financial risk management

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

**Management of liquidity and funding risk**

Liquidity risk arises from mismatches in the timing of cash flows.

Funding risk arises:
'- when long term assets cannot be funded at the expected term resulting in cashflow mismatches;
'- amidst volatile market conditions impacting sourcing of funds from banks and money markets.

Liquidity and funding risk is measured by identifying gaps in the structural and dynamic liquidity statements.

Liquidity and funding risk is monitered by :
- assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs.
- a constant calibration of sources of funds in line with emerging market conditions in banking and money markets.
- periodic reviews by risk management committee relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company.

Liquidity and funding risk is managed by the Company's treasury team under the guidance of risk management committee.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

Amount in ₹

| Particulars | Carrying Amount | Payable within 1 year | Payable after 1 year | Total |
|---|---|---|---|---|
| **As at 31st March 2020** | | | | |
| Borrowings | 1,47,03,655 | 1,47,03,655 | - | 1,47,03,655 |
| Trade Payables | 2,84,528 | 2,84,528 | - | 2,84,528 |
| Other Financial Liabilities | 1,96,583 | 1,96,583 | - | 1,96,583 |
| **As at 31st March 2019** | | | | |
| Borrowings | 13,15,89,637 | 13,15,89,637 | - | 13,15,89,637 |
| Trade Payables | 3,99,671 | 3,99,671 | - | 45,321 |
| Other Financial Liabilities | 2,50,196 | 2,50,196 | - | 2,195 |
| **As at 1st April 2018** | | | | |
| Borrowings | - | - | - | - |
| Trade Payables | 2,89,166 | 2,89,166 | - | 2,89,166 |
| Other Financial Liabilities | 7,16,034 | 7,16,034 | - | 7,16,034 |

**Management of market risk**

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

**Management of credit risk**

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. It has a diversified lending model and focuses on six broad categories viz: (i) consumer lending, (ii) SME lending, (iii) rural lending, (iv) mortgages, (v) loan against securities, and (vi) commercial lending. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

SANJAY K. SINGHAL & CO. DELHI FRN 014907N Chartered Accountants

Apoorve

**a). Classification of financial assets under various stages**

The Company classifies its financial assets in three stages having the following characteristics:

**Stage 1**

Unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;

**Stage 2:**

A significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;

**Stage 3:**

Objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

28 The financial statements are the Company's first Ind AS consolidated financial statements. The figures for the previous year have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

29 All amounts in the financial statements are rounded off to the nearest amount in Rupee, except as otherwise stated.

30 Note 1 to 29 are annexed to and form an integral part of the Balance Sheet as at 31st Mar 2020, Statement of Profit and Loss, statement of cash flows and statement of changes in equity for the year ended as on that date.

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date: 26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

**(Apoorve Bansal)**
Managing Director
DIN-08052540

**(Manoj Kumar)**
Chief Financial Officer
PAN:AGOPT3174G

Auth. Signatory

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

Sanjay K Singhal & Co
(CHARTERED ACCOUNTANT)

## Independent Auditor's Report

To
The Members of
F Mec International Financial Services Limited

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of F Mec International Financial Services Limited ("the Company") and its subsidiary, viz., YDS Securities Private Limited (ceased to be subsidiary of F Mec International Financial Services Limited w.e.f. 28 December 2019) (the Company and its subsidiary together referred to as the "Group"), which comprise of the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the **Companies Act, 2013** ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit , consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



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**Information Other than the Financial Statements and Auditor's 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the consolidated financial statements, standalone 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 no material misstatement of this other information. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation these consolidated financial statements in the terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performanceand consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the holding company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of directors of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group are also responsible for overseeing the financial reporting process of the Group.



**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 controls.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding 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 holding 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 However, future events or conditions may cause the holding 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the



financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the holding company and its subsidiaries so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   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 holding company including its subsidiary company and the operating effectiveness of



such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year therefore provisions of section 197 of the Act does not attract.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :

   i. The Group does not have any pending litigations which would impact its financial position;

   ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

   iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Group.

**For SANJAY K SINGHAL & CO**
**Chartered Accountants**
**FRN.024807N**



**(Sanjay Kumar Singhal)**
**Partner**
**M. No. 503475**
**UDIN: 20503475AAAACH3682**

**Place: Delhi**
**Date: 26/06/2020**

## Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **F Mec International Financial Services Limited** of even date)

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

In conjunction our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **F Mec International Financial Services Limited** ("hereinafter referred to as the "Company") and its subsidiary company, which is company incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary company, which is company incorporated in India, 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") issued by the Institute of Chartered Accountants of India("ICAI") and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company and its subsidiary company, which is company incorporated in India.

**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 reportingmaybecome inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 SANJAY K SINGHAL & CO**
**Chartered Accountants**
**FRN 024807N**

**(Sanjay Kumar Singhal)**
**Partner**
**M. No. 503475**
**UDIN: 20503475AAAACH3682**

**Place: Delhi**
**Date: 26/06/2020**

F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED
IInd Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, Delhi-110002

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31ST, 2020

Amount in ☐

| Particulars | Note No. | As at 31st March, 2020 | As at 31st March, 2019 | As at 1st April, 2018 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipment | 4 | 53,959 | 88,787 | 188,729 |
| Intangible assets | 4 | 640,000 | - | - |
| Goodwill | | - | - | - |
| Financial Assets | | | | |
| Investments | 5 | 2,100,000 | 4,352,500 | 4,310,500 |
| Deferred Tax Assets (net) | 6 | 15,993 | 82,268 | 65,001 |
| **Total Non-Current Assets** | | 2,809,952 | 4,523,555 | 4,564,230 |
| **Current Assets** | | | | |
| Inventory | 7 | - | 1,985 | 1,985 |
| Financial Assets | | | | |
| Cash and cash equivalents | 8 | 1,165,071 | 1,035,414 | 952,791 |
| Loans | 9 | 43,943,015 | 158,171,171 | 27,394,738 |
| Other current assets | 10 | 857,742 | 1,513,920 | 328,796 |
| **Total Current Assets** | | 45,965,828 | 160,722,490 | 28,678,310 |
| **Total Assets** | | 48,775,780 | 165,246,045 | 33,242,540 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity Share Capital | 11 | 31,007,000 | 31,007,000 | 31,007,000 |
| Other Equity | 12 | 1,759,385 | (1,276,032) | (1,675,598) |
| **Total Equity** | | 32,766,385 | 29,730,968 | 29,331,402 |
| Minority Interest | | - | 2,658,200 | 2,658,200 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Financial Liabilities | | | | |
| Borrowings | 13 | 14,703,655 | 131,589,637 | - |
| Trade Payables | 14 | 284,528 | 399,671 | 289,166 |
| Other financial liabilities | 15 | 196,583 | 356,285 | 822,123 |
| Current Tax Liabilities | 16 | 286,463 | 149,318 | 125,577 |
| Other Current Liabilities | 17 | 538,166 | 361,966 | 16,072 |
| **Total Current Liabilities** | | 16,009,395 | 135,515,077 | 3,911,138 |
| **Total Equity and Liabilities** | | 48,775,780 | 165,246,045 | 33,242,540 |

Significant Accounting Policies & Notes to Accounts 1&2

Accompanying Notes from 1 to 31 are integral part of the consolidated financial statements

As per our report of even date attached

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date:26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**
For F Mec International Financial Services Limited

**(Apoorve Bansal)**
Managing Director
DIN-08052540

Auth. Signatory

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Manoj Kumar)**
Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED
IInd Floor, Central Bank Building, 13-B, Netaji Subhash Marg, Daryaganj, Delhi-110002

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

Amount in ₹

| Particulars | Note No. | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|---|---|---|
| **Revenue from operations** | 18 | 8,790,993 | 12,505,892 |
| **Other Income** | 19 | 2,331,325 | 163 |
| **Total Revenue** | | **11,122,318** | **12,506,055** |
| **Expenses** | | | |
| Employee Benefit Expense | 20 | 900,609 | 968,300 |
| Finance costs | 21 | 1,614 | 5,655 |
| Depreciation and amortization expense | | 201,130 | 99,942 |
| Other Expenses | 22 | 6,698,979 | 10,942,540 |
| **Total Expenses** | | 7,802,333 | 12,016,437 |
| **Profit from continuing operations before Tax** | | 3,319,986 | 489,618 |
| **Tax expense** | | | |
| (1) Current tax | | 286,463 | 149,318 |
| (2) Deferred tax | | (1,894) | (17,266) |
| **Total Tax Expense** | | 284,569 | 132,052 |
| Profit/ (Loss) for the period from continuing operations | | 3,035,417 | 357,566 |
| **Other Comprehensive Income/(Expense)** | | | |
| Fair valuation of quoted equity shares | | - | 42,000 |
| **Total Comprehensive Income for the year** | | 3,035,417 | 399,566 |
| **Transfer to reserve for Bad and Doubtful debts** | | (275,567) | 169,909 |
| **Transfer to Special Reserve (as per Sec 45- IC of the RBI Act, 1934)** | | 143,148 | 71,513 |
| **Transfer to Reserve & Surplus** | | 3,167,836 | 158,144 |
| **(XIV) Earning per equity share (X/XIII)** | | | |
| (1) Basic | | 0.9789 | 0.1153 |
| (2) Diluted | | 0.9789 | 0.1153 |
| Significant Accounting Policies & Notes to Accounts | 1&2 | | |

Accompanying Notes from 1 to 31 are integral part of the consolidated financial statements

In terms of our attached report of even date

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024808N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date:26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

For F Mec International Financial Services Limited

**(Apoorve Bansal)**
Managing Director
DIN-08052540

Auth. Signatory

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Manoj Kumar)**
Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

**Consolidated Statement of Cash Flows for the year ended 31st March 2020**

Amount in ₹

| | Particulars | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 |
|---|---|---|---|---|
| A | **Cash Flow from Operating Activities** | | | |
| | **Net Profit before tax** (as per Statement of Profit and Loss) | 3,319,986 | | 489,618 |
| | **Adjustments to reconcile net profit to net cash provided by operating activities** | | | |
| | Depreciation and amortisation expense | 201,130 | | 99,942 |
| | Interest Income | (7,290,993) | | (12,505,892) |
| | Loss on sale of Capital Assets | - | | - |
| | Net Gain on Sale of Current Investment | (2,319,674) | | - |
| | Foreign Exchange Fluctuation | - | | - |
| | Property, Plant and Equipment & CWIP written off | (1,452) | | - |
| | **Changes in assets and liabilities** | | | |
| | Increase/(Decrease) in Trade Payables | (115,143) | | 110,504 |
| | Increase/(Decrease) in Other financial liabilities, other liabilities and provisions | 153,643 | | (119,944) |
| | (Increase)/Decrease in Inventories | 1,985 | | - |
| | (Increase)/Decrease in Trade Receivables | - | | - |
| | (Increase)/Decrease in Loans, other financial assets and other assets | 114,884,334 | | (131,961,557) |
| | Direct Taxes Paid | (286,463) | | (125,577) |
| | **Net Cash Flow from Operating Activities (A)** | **108,547,352** | | **(144,012,906)** |
| B | **Cash Flow from Investing Activities** | | | |
| | Purchases of Property, Plant and Equipment | (804,850) | | - |
| | Proceeds from Sale of Property, Plant and Equipment & CWIP | - | | - |
| | Investment in Subsidiary | - | | - |
| | Proceeds from Sale of Investment in Mutual Funds | - | | - |
| | Loans Given to Subsidiary Company | - | | - |
| | Proceeds from Sale of Shares in Subsidiary Company | 1,982,144 | | - |
| | Interest Income | 7,290,993 | | 12,505,892 |
| | **Net Cash Flow from Investing Activities (B)** | **8,468,287** | | **12,505,892** |
| C | **Cash Flow from Financing Activities** | | | |
| | Proceeds from Long Term Borrowings | - | | - |
| | Repayments of Long Term Borrowings | (116,885,982) | | - |
| | Net Proceed from Short Term Borrowing | - | | 131,589,637 |
| | Repayments of Short Term Borrowings | - | | - |
| | Interest Paid | - | | - |
| | **Net Cash Flow from Financing Activities ( C)** | **(116,885,982)** | | **131,589,637** |
| | **Net Increase in Cash and Cash Equivalents (A+B+C)** | **129,657** | | **82,623** |
| | Cash and Cash Equivalent at the beginning of the year | 1,035,414 | | 952,791 |
| | Cash and Cash Equivalent at the end of the year | 1,165,071 | | 1,035,414 |
| | **Net Increase in Cash and Cash Equivalents** | **129,657** | | **82,623** |
| | | 0 | | |

Note: The statement of cash flows has been prepared by following indirect method as per Indian Accounting Standard (Ind AS)-7 "Statement of Cash Flows". There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Accompanying Notes from 1 to 31 are integral part of the consolidated financial statements

As per our report of even date attached

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024807N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date:26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

For F Mec International Financial Services Limited

**(Apoorve Bansal)**
Managing Director
DIN-08052540

Auth. Signatory

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Manoj Kumar)**
Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**

**Consolidated Statement of Changes in Equity for the year ended 31st March, 2020**

**A. Equity Share Capital**

| | Amount in ₹ |
|---|---|
| **As at 1st April, 2018** | 31,007,000 |
| Changes in equity share capital during the year | - |
| **As at 31st March, 2019** | 31,007,000 |
| Changes in equity share capital during the year | - |
| **As at 31st March, 2020** | 31,007,000 |

**B. Other Equity**

| | Reserves and Surplus | | | Amount in ₹ |
|---|---|---|---|---|
| **Particulars** | Special Reserve (1) as per Sec 45-IC RBI ACT, 1934 | Reserve for Bad and Doubtful debts | Retained Earnings | Total |
| **As at 1st April, 2018** | 122,808 | 215,516 | (2,937,422) | (2,599,098) |
| Profits for the year | 71,513 | 169,909 | 158,144 | 399,566 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | 71,513 | 169,909 | 158,144 | 399,566 |
| **As at 31st March, 2019** | 194,321 | 385,425 | (2,779,278) | (2,199,532) |
| Profits for the year | 143,148 | (275,567) | 3,167,836 | 3,035,417 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | 143,148 | (275,567) | 3,167,836 | 3,035,417 |
| **As at 31st March, 2020** | 337,469 | 109,858 | 388,558 | 835,885 |

Significant Accounting Policies & Notes to Accounts 1&2

Accompanying Notes from 1 to 31 are integral part of the consolidated financial statements

As per our report of even date attached

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No: 024907N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date:26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

For F Mec International Financial Services Limited

**(Apoorve Bansal)**
Managing Director
DIN-08052540

Auth. Signatory/Director

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Manoj Kumar )**
Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595

**F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED**

**Significant Accounting Policies and Notes to Accounts for the year ended 31st March 2020**

**1 Corporate Information**

F MEC International Financial Services Limited ("FMEC" or "Company") is a public limited company domiciled in India and incorporated under provision of Companies Act, 1956 as on 7th June 1993 and the equity shares of the company are listed on BSE Limited. The Company is registered with RBI as a non- banking finance company (NBFC).The Company does not have any subsidiary.The Company has sold its investment in subsidiary company to the tune of 56.45%, by virtue of this transaction YDS Securities Private Limited ("YDS") ceased to be subsidiary of the Company w.e.f. 28 December 2019. The Company is not parent company of YDS w.e.f. 28 December 2019.

**2 Significant Accounting Policies**

**2.1 Principles of Consolidation**

The Consolidated financial statements consist of FMEC International Financial Services Limited ("the Company") and its subsidiary companies (collectively referred to as "the Group"). The Consolidated consolidated financial statements have been prepared on the following basis:

a) The consolidated financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, equity, income and expenses, after fully eliminating intra-group balances and intra-group transactions.

b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.

c) In case of foreign subsidiaries, been non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets & liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as "Foreign Currency Translation Reserve".

d) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

e) The difference between the cost of investment in the subsidiaries, and the Group's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated consolidated financial statements as Goodwill or Capital Reserve as the case may be.

f) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary, if any.

g) Non-controlling interest in the net assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Group's shareholders.

h) Non Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

i) The consolidated financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Group i.e. 31st March, 2020.

j) Goodwill arising on consolidation is not amortised but tested for impairment.

k) The Consolidated financial statements comprise of the consolidated financial statements of FMEC International Financial Services Limited (Parent Company) and the following as on 31st March, 2020;

**2.2 Basis of Preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

SANJAY K SINGHAL & CO. DELHI FRNO. 024[illegible] Chartered Accountants

Apoorne

**Compliance with Ind AS**

These financial statements for the year ended 31st March, 2020 are the first financials with the comparatives, the group has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2019, the group prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31st March, 2019 and the opening Balance Sheet as at 1st April, 2018 have been restated in accordance with Ind AS for comparative information.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2018 being the date of transition to Ind AS.

**Historical Cost Convention**

The financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value;

2) defined benefit plans - plan assets measured at fair value.

**Current and non-current classification**

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

**2.3 Use of estimates and judgements**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

**2.4 Revenue Recognition**

**(a) Interest income**

The group recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The group recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 2.17(a)] regarded as 'stage 3', the group recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 2.17(a)], the group reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

**(b) Other revenue from operations**

The group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

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**Fees and commission**

The group recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

**Net gain on fair value changes**

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The group recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

**Sale of services**

The group, on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit or loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue From Contracts with Customers' as articulated above in 'other revenue from operations'.

**Recoveries of financial assets written off**

The group recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

**2.5 Property, Plant and Equipment**

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. 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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- Depreciation on leasehold improvements is charged over the period of lease.
- Depreciation on assets costing ₹ 5,000 or less is provided @100% over a period of one year.

Apoorva

SANJAY K. SINGHAL & CO. DELHI FRN 024807N Chartered Accountants

Freehold land is not depreciated.

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

Upon first-time adoption of Ind AS, the group has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2018.

**2.6 Intangible Assets**

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful life by major class of finite-life intangible asset is as follows:
Computer software - 5 years

Upon first-time adoption of Ind AS, the group has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2018.

**2.7 Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are treated as period cost and charged to the statement of profit and loss in the year in which it was incurred.

**2.8 Impairment of non-financial assets**

The group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

**2.9 Investments in subsidiaries**

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The group assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the group estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

**2.10 Foreign Exchange Transaction**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognized as income

Non-monetary items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Statement of Profit & Loss.

Apoorva

SANJAY K SINGHAL & CO. DELHI Chartered Accountants

In respect of foreign branch, the group has adopted integral foreign operation approach as per Ind AS 21 and accordingly revenue items have been converted at date of transaction date. Monetary Assets and Liabilities are converted at the year-end exchange rate. Exchange gain or loss arising out of above is charged to Statement of Profit & Loss.

## 2.11 Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

**Current Tax:**
Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

**Minimum Alternate Tax (MAT) Credit:**
Minimum Alternate Tax credit is recognized, as deferred tax asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement under Loans & Advances. The group 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 group will pay normal Income Tax during the specified period.

**Deferred Tax:**
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

## 2.12 Employee benefits

**Short Term Employee Benefits:**
All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and the undiscounted amount of such employee benefits are recognised in Statement of Profit and Loss in the period in which the employee renders the related services. These benefits include salaries, wages, bonus, performance incentives etc.

**Defined Benefit Plan**
Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each period. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged to 'Employee benefits expense' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

**Defined Contribution Plan**
Contributions to defined contribution schemes such as employee provident fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. group's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the group has no further defined obligations beyond the monthly contributions.

SANJAY K SINGHAL & CO. DELHI FRN. 024807N Chartered Accountants

**2.13 Segment reporting**

**Identification of segments**

As defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. The accounting principles used in the preparation of financial statements are consistently applied to record revenue and expenditure in individual segment and are as set out in the significant accounting policies.

**Allocation of common costs**

Common allocable costs are allocated to each segment on reasonable basis.

**Unallocated items**

Include general corporate income and expense items which are not allocable to any business segment.

**Segment policies**

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.

**2.14 Cash Flow Statement**

Cash flows are reported using the indirect method in accordance with Ind AS 7, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the group are segregated.

**2.15 Earning Per Share**

Earning Per Share (EPS) is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the Weighted Average Number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earning Per share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

**2.16 Miscellaneous Expenditure**

Share issue expenses are adjusted from Securities Premium Account at the time of issue of respective Shares.

**2.17 Provisions and Contingent Liabilities**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Apoorve

SANJAY K. SINGHAL & CO. DELHI FRN 024807N Chartered Accountants

## 2.18 Financial Instruments

### a). Financial Assets

Financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition
value of the financial asset. Financial assets are subsequently classified and measured at

- amortised cost
- fair value through profit and loss (FVTPL).

**Other equity investments**

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the group has elected to present the value changes in 'Other Comprehensive Income'.

**Impairment of financial assets**

In accordance with Ind AS 109, the group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

**Treatment of the different stages of financial assets and the methodology of determination of ECL**

**(i) Credit impaired (stage 3)**

The group recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

**(ii) 'Significant increase in credit risk (stage 2)**

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

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**(iii) 'Without significant increase in credit risk since initial recognition (stage 1)**

ECL resulting from default events that are possible in the next 12 months are recognised for financialinstruments in stage 1. The group has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically.

**(iv) 'Measurement of ECL**

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

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The group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.

- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.

- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

**b). Financial Liabilities**

Financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**2.19 Derivative financial instruments**

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

**3 First-time adoption of Ind AS**

The standalone financial statements of F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED for the financial year ended March, 31, 2020 have been prepared in accordance with Ind AS.

Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2020 for the group, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the group has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**Optional exemptions availed**

**a). Deemed cost**

The group has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments and Intangible assets as deemed cost as at the transition date.

**b). Investments in subsidiaries, joint ventures and associates**

The group has opted para D14 and D15 and accordingly considered the Previous GAAP carrying amount of Investments as deemed cost as at the transition date.

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**c). Designation of previously recognised financial instruments**

Paragraph D19B of Ind AS 101 gives an option to an entity to designate investments in equity instruments at fair value through other comprehensive income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The group has opted to apply this exemption for its investment in equity Investments.

**Applicable Mandatory Exceptions**

**a). Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

- Investment in equity instruments carried at fair value through profit and loss (FVPL) or FVOCI;
- Investment in debt instruments carried at FVPL; and
- Impairment of financial assets based on expected credit loss model.

**(b) Classification and measurement of financial assets**

As required under Ind AS 101, the group has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**Transition to Ind AS - Reconciliations**

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. For the purpose of transition to Ind AS, the group has followed the guidance prescribed in Ind AS 101, First-Time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and IGAAP as the previous IGAAP. The Regrouped Previous GAAP information is derived from the Financial Statements of the group prepared in accordance with Previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the group's Balance Sheet and Statement of Profit and Loss, is set out in Note 3.1.

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### 3.1 Reconciliations

#### 3.1.1 Reconciliation of Equity as previously reported under GAAP to Ind AS

Amount in ₹

| Particulars | As at 1st April, 2018 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | IGAAP | Ind AS adjustments | IND AS | IGAAP | Ind AS adjustments | IND AS |
| **ASSETS** | | | | | | |
| **Non-Current Assets** | | | | | | |
| Property, Plant and Equipment | 1,88,729 | - | 1,88,729 | 88,787 | - | 88,787 |
| Intangible assets | - | - | - | - | - | - |
| Financial Assets | | | | | | - |
| Investments * | 50,52,500 | (7,42,000) | 43,10,500 | 50,52,500 | (7,00,000) | 43,52,500 |
| Deferred Tax Assets (net) | 65,001 | - | 65,001 | 82,268 | - | 82,268 |
| **Total Non-Current Assets** | 53,06,230 | (7,42,000) | 45,64,230 | 52,23,555 | (7,00,000) | 45,23,555 |
| **Current Assets** | | | | | | |
| Inventory | 1,985 | - | 1,985 | 1,985 | - | 1,985 |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 9,52,791 | - | 9,52,791 | 10,35,414 | - | 10,35,414 |
| Loans | 2,73,94,738 | - | 2,73,94,738 | 15,81,71,171 | - | 15,81,71,171 |
| Other current assets | 3,28,796 | - | 3,28,796 | 15,13,920 | - | 15,13,920 |
| **Total Current Assets** | 2,86,78,310 | - | 2,86,78,310 | 16,07,22,490 | - | 16,07,20,505 |
| **Total Assets** | 3,39,84,540 | (7,42,000) | 3,32,42,540 | 16,59,46,045 | (7,00,000) | 16,52,44,060 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **EQUITY** | | | | | | |
| Equity Share Capital | 3,10,07,000 | - | 3,10,07,000 | 3,10,07,000 | - | 3,10,07,000 |
| Other Equity * | (9,33,598) | (7,42,000) | (16,75,598) | (5,76,032) | (7,00,000) | (12,76,032) |
| **Total Equity** | 3,00,73,402 | (7,42,000) | 2,93,31,402 | 3,04,30,968 | (7,00,000) | 2,97,30,968 |
| Minority Interest | 26.58,200 | | 26,58,200 | 26,58,200 | | |
| **LIABILITIES** | | | | | | |
| **Current Liabilities** | | | | | | |
| Financial Liabilities | | | | | | |
| Borrowings | - | - | - | 13,15,89,637 | - | 13,15,89,637 |
| Trade Payables | 2,89,166 | - | 2,89,166 | 3,99,671 | - | 3,99,671 |
| Other financial liabilities | 8,22,123 | - | 8,22,123 | 3,56,285 | - | 3,56,285 |
| Current Tax Liabilities | 1,25,577 | - | 1,25,577 | 1,49,318 | - | 1,49,318 |
| Other Current Liabilities | 16,072 | - | 16,072 | 3,61,966 | - | 3,61,966 |
| **Total Current Liabilities** | 39,11,138 | - | 39,11,138 | 13,55,15,077 | - | 13,28,56,877 |
| **Total Equity and Liabilities** | 3,39,84,540 | (7,42,000) | 3,32,42,540 | 16,59,46,045 | (7,00,000) | 16,25,87,845 |

* Quoted Investment has been measured at fair value through other comprehensive income (FVTOCI) as per Ind AS 109. Loss on fair valuation of quoted investment of Rs. 742000 has been recognised on 1st April 2018 and profit on fair valuation of quoted investment of Rs. 42,000 has been recognised on 31st March 2019.

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### 3.1.2 Reconciliation statement of Profit and Loss as previously reported under GAAP to Ind AS

Amount in ₹

| Particulars | Year ended 31st March 2019 | | |
|---|---|---|---|
| | IGAAP | Ind AS adjustments | IND AS |
| Revenue from operations | 1,25,05,892 | - | 1,25,05,892 |
| Other Income | 163 | - | 163 |
| **Total Revenue** | **1,25,06,055** | - | **1,25,06,055** |
| **Expenses** | | | |
| Employee Benefit Expense | 9,68,300 | - | 9,68,300 |
| Finance costs | 5,655 | - | 5,655 |
| Depreciation and amortization expense | 99,942 | - | 99,942 |
| Other Expenses | 1,09,42,540 | - | 1,09,42,540 |
| **Total Expenses** | **1,20,16,437** | - | **1,20,16,437** |
| **Profit from continuing operations before Tax** | **4,89,618** | - | 4,89,618 |
| **Tax expense** | | | |
| (1) Current tax | 1,49,318 | - | 1,49,318 |
| (2) Deferred tax | (17,266) | - | (17,266) |
| **Total Tax Expense** | **1,32,052** | - | **1,32,052** |
| Profit/ (Loss) for the period from continuing operations | **3,57,566** | - | **3,57,566** |
| **Other Comprehensive Income/(Expense)** | | | |
| Fair valuation of quoted equity shares * | - | 42,000 | 42,000 |
| **Total Comprehensive Income for the year** | **3,57,566** | **42,000** | **3,99,566** |

* Quoted Investment has been measured at fair value through other comprehensive income (FVTOCI) as per Ind AS 109. Profit on fair valuation of quoted investment of Rs. 42,000 has been recognised on 31st March 2019 and booked under other comprehensive income (OCI).

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## Notes forming part of the Consolidated Financial Statements

### NOTE : 4.1 - Property, Plant and Equipment

Amount in ₹

| PARTICULARS | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01-04-2019 | Addition During the year | Disposal/Sales during the year | Balance As At 31-03-2020 | Balance up to 31-03-2019 | Depreciation for the year | Depreciation written back or transfer | Balance up to 31-03-2020 | Balance as on 31-03-2020 | Balance as on 31-03-2019 |
| Air Conditioner | 85,000 | - | - | 85,000 | 21,072 | 16,150 | - | 37,222 | 47,778 | 63,928 |
| Computer & Hardware | 1,09,990 | 4,850 | 1,09,990 | 4,850 | 93,420 | 20,705 | 1,11,442 | 2,683 | 2,167 | 16,570 |
| Office Equipment | 22,500 | - | - | 22,500 | 14,211 | 4,275 | - | 18,486 | 4,014 | 8,289 |
| **Total** | **2,17,490** | **4,850** | **1,09,990** | **1,12,350** | **1,28,703** | **41,130** | **1,11,442** | **58,391** | **53,959** | **88,787** |

### NOTE : 4.2 - Intangible Assets

| PARTICULARS | Gross Block | | | | Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01-04-2019 | Addition During the year | Disposal/Sales during the year | Balance As At 31-03-2020 | Balance up to 31-03-2019 | Amortisation for the year | Amortisation written back or transfer | Balance up to 31-03-2020 | Balance as on 31-03-2020 | Balance as on 31-03-2019 |
| Software | - | 8,00,000 | - | 8,00,000 | - | 1,60,000 | - | 1,60,000 | 6,40,000 | - |
| **Total** | **-** | **8,00,000** | **-** | **8,00,000** | **-** | **1,60,000** | **-** | **1,60,000** | **6,40,000** | **-** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Grand Total** | **2,17,490** | **8,04,850** | **1,09,990** | **9,12,350** | **1,28,703** | **2,01,130** | **1,11,442** | **2,18,391** | **6,93,959** | **88,787** |

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Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 01-Apr-18 |
|---|---|---|---|---|
| 5 | **Non Current Investments** | | | |
| | **Investments** | | | |
| | **Unquoted** | | | |
| | YDS Securities Pvt. Ltd. | 21,00,000 | - | - |
| | {21,000 equity shares (PY 826530 equity shares) @ Rs. 10 Each) | | | |
| | **Quoted** | | | |
| | Equity Shares | | | |
| | Sky Line India Ltd. | - | 2,22,500 | 2,22,500 |
| | Capfin India Ltd. | - | 3,00,000 | 2,58,000 |
| | **Investments (Unquoted)** | | | |
| | Sonia Finvest Pvt. Ltd. | - | 21,00,000 | 21,00,000 |
| | Genius Finvest Pvt. Ltd. | - | 17,30,000 | 17,30,000 |
| | **Total** | **21,00,000** | **43,52,500** | **43,10,500** |
| 6 | **Deferred Tax Assets/ (Liability)** | | | |
| | Deferred Tax Assets | 15,993 | 82,268 | 65,001 |
| | **Total** | **15,993** | **82,268** | **65,001** |
| 7 | **Inventories** | | | |
| | Other Closing Stock | | 1,985 | 1,985 |
| | **Total** | - | **1,985** | **1,985** |
| 8 | **Cash and Cash Equivalants** | | | |
| | Cash in Hand | 8,36,524 | 6,40,488 | 4,46,350 |
| | Balance With Banks- | | | |
| | Current Account | 3,28,547 | 3,94,926 | 5,06,441 |
| | **Total** | **11,65,071** | **10,35,414** | **9,52,791** |
| 9 | **Loans** | | | |
| | Advance for Shares | 15,00,000 | 28,41,200 | 28,41,200 |
| | 4A Financial Securities Limited | 66,85,056 | 10,13,42,748 | - |
| | ACE Integrated Solutions Limited | 1,95,188 | 10,58,142 | - |
| | Alok Kumar Goel | 11,87,564 | - | - |
| | Aman Drugs Pvt Ltd | 11,08,746 | 11,08,000 | 10,54,094 |
| | Arun Bhatt | 3,02,487 | 14,68,630 | 13,18,630 |
| | AS Buildpro Pvt. Ltd. | - | 18,02,044 | 17,30,044 |
| | Avtar Instalments Pvt Ltd | - | 2,56,45,223 | - |
| | BILAL Match Works | 35,52,519 | - | - |
| | Bhagyashree Industries | - | 11,67,202 | 10,59,202 |
| | Charanjeet Bawa | - | 20,00,000 | 20,00,000 |
| | Degourdi Engineering And Infra Solutions Private Limited | 20,50,334 | - | - |
| | Ganesh Kirana & Co | 10,40,709 | - | - |
| | Impex (India) Limited | 7,14,459 | - | - |
| | Invision Entertainment Pvt Ltd | 6,47,695 | 5,93,695 | 5,39,695 |
| | IT Serve Global | - | 16,87,147 | 16,46,647 |
| | Karo Coils Pvt. Ltd. | - | 6,61,340 | 33,86,100 |
| | Kanishk Intetrade | 20,94,733 | - | - |
| | Lovleen | 52,574 | - | - |
| | Meenakshi Bhatt | 1,16,430 | 8,85,000 | 7,95,000 |
| | Mukesh Sharma | 12,58,261 | - | - |
| | Pahwa Buildtech Private Limited | - | 5,29,460 | - |
| | Paras Green | 3,11,767 | 28,44,500 | 25,74,500 |
| | Priyanka Singhaniya | 2,00,000 | - | - |
| | Radhey Shyam Yadav | 35,200 | - | - |
| | Renuka Chouhan | 2,00,000 | - | - |
| | Rhea The Trust | 11,22,356 | 10,12,356 | - |
| | R.S. Traders | 53,15,661 | - | - |

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Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 01-Apr-18 |
|---|---|---|---|---|
| | Senorita Enterprises Pvt Ltd | 2,32,104 | 23,65,291 | 21,89,626 |
| | Shivam Online Education and Calibre Testing Lab Pvt Ltd | 5,04,734 | - | - |
| | Shivani Realbuild Pvt Ltd | 42,90,241 | - | - |
| | Shree Shitla Portfolio Pvt Ltd | 1,03,473 | 16,57,600 | 16,00,000 |
| | Shri Varda Pacific Securities Limited | 21,76,043 | 27,81,593 | - |
| | Suresh Pal Singh | 35,00,000 | 35,00,000 | 35,00,000 |
| | Suvi Global Engineering LLP | 10,76,204 | - | - |
| | Sweta Singh | 5,60,000 | 12,20,000 | 11,60,000 |
| | Tata Capital Financial Services Limited | 1,76,923 | - | - |
| | Vardhaman Solvents And Chemicals Private Limited | 16,31,553 | - | - |
| | **Total** | **4,39,43,015** | **15,81,71,171** | **2,73,94,738** |
| **10** | **Other Current Assets** | | | |
| | CGST | 87,547 | 16,537 | 10,930 |
| | IGST | - | 96,584 | 1,800 |
| | SGST | 93,806 | 16,537 | 24,080 |
| | TDS A.Y. 2018-19 | - | 1,66,409 | 2,91,986 |
| | TDS A.Y. 2019-20 | 6,76,389 | 12,17,853 | - |
| | **Total** | **8,57,742** | **15,13,920** | **3,28,796** |
| **11** | **Equity Share Capital** | | | |
| | **Authorised** | | | |
| | 35,00,000 (PY 35,00,000) Equity Share of Rs. 10/- each | 3,50,00,000 | 3,50,00,000 | 3,50,00,000 |
| | **Total** | **3,50,00,000** | **3,50,00,000** | **3,50,00,000** |
| | **Issued, Subscribed & Fully Paid up** | | | |
| | Opening {31,00,700 (PY 31,00,700) Equity Share of Rs. 10/- each} | 3,10,07,000 | 3,10,07,000 | 3,10,07,000 |
| | Additions | - | - | - |
| | Deductions | - | - | - |
| | Closing {31,00,700 (PY 31,00,700) Equity Share of Rs. 10/- each} | 3,10,07,000 | 3,10,07,000 | 3,10,07,000 |
| | **Total** | **3,10,07,000** | **3,10,07,000** | **3,10,07,000** |

**11.1** The rights, preference and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital are as under :

**Equity Shares**

The equity shares have a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval shareholders ensuing Annual General Meeting.

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

**11.2 Shareholders holding more than 5% equity shares in the Company**

| | | | |
|---|---|---|---|
| **Manoj Kumar Jain** | | | |
| No. of Shares held | 3,26,050 | 3,26,050 | 3,26,050 |
| % of Holding | **10.52%** | **10.52%** | **10.52%** |
| **Pankaj Kumar Bansal** | | | |
| No. of Shares held | 2,35,625 | 2,35,625 | 2,35,625 |
| % of Holding | **7.60%** | **7.60%** | **7.60%** |

| | | | |
|---|---|---|---|
| **12** | **Other Equity** | | |
| | **Surplus in Statement of Profit & Loss** | | |
| | Opening Balance | (27,79,278) | (29,37,422) | (22,99,561) |
| | Add : Net Profit for the current year | 31,67,836 | 1,58,144 | (6,37,861) |
| | Add : Adjustment of cessation of subsidiary | 9,18,476 | | |
| | | **13,07,034** | (27,79,278) | **(29,37,422)** |

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Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 01-Apr-18 |
|---|---|---|---|---|
| | **Special Reserve (1) as per Sec 45-IC RBI ACT, 1934** | | | |
| | Opening Balance | 1,94,321 | 1,22,808 | 75,869 |
| | Amount Transferred From Statement of P&L | 1,43,148 | 71,513 | 46,939 |
| | Adjustment of cessation of subsidiary | 5,024 | - | - |
| | | **3,42,493** | **1,94,321** | **1,22,808** |
| | **Reserve for Bad and Doubtful debts** | | | |
| | Opening Balance | 3,85,425 | 2,15,516 | 1,60,782 |
| | Amount Transferred From Statement of P&L | (2,75,567) | 1,69,909 | 54,734 |
| | | **1,09,858** | **3,85,425** | **2,15,516** |
| | **Share Premium Account** | | | |
| | Opening Balance | 9,23,500 | 9,23,500 | 9,23,500 |
| | Adjustment of cessation of subsidiary | (9,23,500) | - | - |
| | | - | **9,23,500** | **9,23,500** |
| | **G. Total** | **17,59,385** | **(12,76,032)** | **(16,75,598)** |
| **13** | **Borrowings** | | | |
| | Loan and Advances From Subsidiary Company & Other Parties | | | |
| | **Secured Loans:-** | | | |
| | Tata Capital Financial Services Limited | - | 12,89,40,767 | - |
| | **Unsecured Loans:-** | | | |
| | Avtar Instalments Pvt. Ltd. | 87,32,665 | - | - |
| | Pusma Investment P Ltd | 12,71,802 | - | - |
| | Sapling Developers Pvt Ltd | 28,99,188 | 26,48,870 | - |
| | Shree Vishnupriya Finance & Leasing Limited | 18,00,000 | - | - |
| | **Total** | **1,47,03,655** | **13,15,89,637** | **-** |
| **14** | **Trade Payables** | | | |
| | **Total Outstanding Dues of Micro Enterprises and Small Enterprises** | - | - | - |
| | **Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises** | | | |
| | 4A Securities Limited | - | 3,57,393 | - |
| | Amazon Internet Services Private Limited | 2,978 | - | - |
| | Experian Credit Information Company of India Pvt Lt | 5,900 | - | 5,900 |
| | J.K. Courier Services | - | 17,494 | - |
| | Skyline Financial Services Pvt. Ltd. | 15,461 | - | - |
| | Surepass Technologies Private Limited | 10,800 | - | - |
| | Transunion Cibil Limited | 5,520 | 5,900 | - |
| | Webvirtue Technology Private Limited | 2,04,000 | - | - |
| | Zeal Advertising Pvt Ltd | 39,869 | 18,884 | 17,266 |
| | | - | - | 2,66,000 |
| | **Total** | **2,84,528** | **3,99,671** | **2,89,166** |
| **15** | **Other Financial Liabilities** | | | |
| | Audit Fees Payable | 45,000 | 1,07,500 | 1,07,500 |
| | Expenses Payables | 1,51,583 | 2,48,785 | 7,14,623 |
| | **Total** | **1,96,583** | **3,56,285** | **8,22,123** |
| **16** | **Current Tax Liabilities** | | | |
| | Provision for Income Tax | 2,86,463 | 1,49,318 | 1,25,577 |
| | **Total** | **2,86,463** | **1,49,318** | **1,25,577** |

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Amount in ₹

| Note No. | Particulars | 31-Mar-20 | 31-Mar-19 | 01-Apr-18 |
|---|---|---|---|---|
| 17 | **Other Current Liabilities** | | | |
| | IGST Payable | 536 | - | - |
| | CGST Payable | - | - | 1,036 |
| | SGST Payable | - | - | 1,036 |
| | TDS Payable | 5,37,630 | 3,61,966 | 14,000 |
| | **Total** | **5,38,166** | **3,61,966** | **16,072** |

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## F MEC INTERNATIONAL FINANCIAL SERVICES LIMITED

**Notes forming part of the Consolidated Financial Statements**

Amount in ₹

| Note No | Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|---|---|---|
| 18 | **Revenue from operations** | | |
| | **Income from Services** | - | |
| | Interest Income | 72,90,993 | 1,25,05,892 |
| | Consultancy & Commission Income | 15,00,000 | - |
| | **Total** | **87,90,993** | **1,25,05,892** |
| 19 | **Other Income** | | |
| | Short & Excess | 1,451 | 163 |
| | Interst Received on Income Tax Refund | 10,199 | - |
| | Profit or loss on disposal of investment in subsidiary | 23,19,674 | - |
| | **Total** | **23,31,325** | **163** |
| 20 | **Employee Benefit Expenses** | | |
| | Director Remuneration | 1,35,000 | - |
| | Salary | 7,65,609 | 9,68,300 |
| | **Total** | **9,00,609** | **9,68,300** |
| 21 | **Finance Costs** | | |
| | Bank Charges | 1,614 | 5,655 |
| | **Total** | **1,614** | **5,655** |
| 22 | **Other Expenses** | | |
| | Advertisement Expenses | 49,500 | 59,904 |
| | Annual Fees | 19,000 | 22,611 |
| | Auditor's Fees (Refer Note 22.1) | 50,000 | 50,000 |
| | Bad Debts | 6,53,775 | - |
| | Brokerage & Related Securities & Commodities Services | 2,90,062 | 3,16,304 |
| | Consultancy Fee | 2,15,254 | - |
| | Convanyance | 4,225 | 5,683 |
| | Courier Expenses | | 31,110 |
| | Credit Reporting & Rating Services | 3,05,111 | - |
| | E- Voting Charges | 5,000 | 10,000 |
| | Exchange Difference | 362 | - |
| | Financial Auditing Services | 25,000 | - |
| | GST Expenses | 140 | 36,018 |
| | Information Technology (IT) Design and Development Services | 33,580 | - |
| | Interest On TDS | 39,817 | 5,385 |
| | Interest Paid | 45,30,191 | 99,97,064 |
| | Issuer Fee | 9,000 | 9,000 |
| | Listing Fees | 3,00,000 | 2,50,000 |
| | Meeting Fee | 959 | 1,507 |
| | Other Expenses | 270 | 2,379 |
| | Printing & Stationary | 18,593 | 14,746 |
| | Professional Fee for Processing & Uploading | 42,093 | 36,400 |
| | Rent | 48,000 | 48,000 |
| | Repair & Maintenance | 5,000 | - |
| | ROC Charges | 9,400 | 29,106 |
| | Short & Excess | 429 | - |
| | Software Subscription Expenses | 24,873 | - |
| | Telephone & Internet Expenses | 13,595 | 13,324 |
| | Travelling Expenses | 1,000 | - |
| | Website Designing Expenses | 4,750 | 4,000 |
| | **Total** | **66,98,979** | **1,09,42,540** |
| 22.1 | **Payment to Auditors** | | |
| | Payment to Auditors | | |
| | -As Auditors | 50,000 | 50,000 |
| | **Total** | **50,000** | **50,000** |

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**Notes forming part of the Consolidated Financial Statements**

**23 "Earning per Share" computed in accordance with Indian Accounting Standard (Ind AS)-33 "Earnings Per Share"**

Amount in ₹

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-20 | 31-Mar-19 |
| **a) Numerator:** | | |
| Net Profit after taxation as per Statement of Profit & Loss | 30,35,417 | 3,57,566 |
| **b) Denominator :** | | |
| No. of Shares at the beginning of the year | 31,00,700 | 31,00,700 |
| Total Equity Share outstanding at the end of the year | 31,00,700 | 31,00,700 |
| Weighted average no. of equity shares for the year | 31,00,700 | 31,00,700 |
| Weighted average no. of diluted equity shares for the year | 31,00,700 | 31,00,700 |
| **c) Face Value per share** (in ₹) | 10.00 | 10.00 |
| **d) Earning per Share (EPS):** | | |
| -Basic (in ₹) | 0.9789 | 0.1153 |
| -Diluted (in ₹) | 0.9789 | 0.1153 |

**24 Segment Reporting**

As per Indian Accounting Standard (Ind AS)-108 "Operating Segments", the Group's segment reporting is as below:
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The managing director has been identified as being the chief operating decision maker to assess the financial performance and position of the Group and make strategic decisions. The group is engaged primarily in the business of "Financing and providing Consultancy ". Accordingly, In the context of Indian Accounting Standard 108 – Operating Segments, it is considered to constitute single reportable segment.

**25 Related Party Disclosure**

As per Indian Accounting Standard (Ind AS)-24 "Related Party Disclosures", the group's has not entered into any related parties transactions.

**26** In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.

**27** The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of current assets which includes loans given, cash and cash equivalents, other bank balances and other financial assets approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

**28 Financial risk management**

The group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The group's senior management has the overall responsibility for establishing and governing the group's risk management framework. The group has constituted a Risk Management Committee, which is responsible for developing and monitoring the group's risk management policies. The group's risk management policies are established to identify and analyse the risks faced by the group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the group.

**Management of liquidity and funding risk**

Liquidity risk arises from mismatches in the timing of cash flows.

Funding risk arises:
'- when long term assets cannot be funded at the expected term resulting in cashflow mismatches;
'- amidst volatile market conditions impacting sourcing of funds from banks and money markets.

Liquidity and funding risk is measured by identifying gaps in the structural and dynamic liquidity statements.

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**Notes forming part of the Consolidated Financial Statements**

Liquidity and funding risk is monitered by :

- assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs.
- a constant calibration of sources of funds in line with emerging market conditions in banking and money markets.
- periodic reviews by risk management committee relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the group.

Liquidity and funding risk is managed by the group's treasury team under the guidance of risk management committee.

The table below summarises the maturity profile of the undiscounted cashflow of the group's financial liabilities:

Amount in ₹

| Particulars | Carrying Amount | Payable within 1 year | Payable after 1 year | Total |
|---|---|---|---|---|
| **As at 31st March 2020** | | | | |
| Borrowings | 1,47,03,655 | 1,47,03,655 | - | 1,47,03,655 |
| Trade Payables | 2,84,528 | 2,84,528 | - | 2,84,528 |
| Other Financial Liabilities | 1,96,583 | 1,96,583 | - | 1,96,583 |
| **As at 31st March 2019** | | | | |
| Borrowings | 13,15,89,637 | 13,15,89,637 | - | 13,15,89,637 |
| Trade Payables | 3,99,671 | 3,99,671 | - | 45,321 |
| Other Financial Liabilities | 3,56,285 | 3,56,285 | - | 2,195 |
| **As at 1st April 2018** | | | | |
| Borrowings | - | - | - | - |
| Trade Payables | 2,89,166 | 2,89,166 | - | 2,89,166 |
| Other Financial Liabilities | 8,22,123 | 8,22,123 | - | 8,22,123 |

**Management of market risk**

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The group do not have any exposure to foreign exchange rate and equity price risk.

**Management of credit risk**

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the group. It has a diversified lending model and focuses on six broad categories viz: (i) consumer lending, (ii) SME lending, (iii) rural lending, (iv) mortgages, (v) loan against securities, and (vi) commercial lending. The group assesses the credit quality of all financial instruments that are subject to credit risk.



**a). Classification of financial assets under various stages**

The group classifies its financial assets in three stages having the following characteristics:

**Stage 1**

Unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;

**Stage 2:**

A significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;

**Stage 3:**

Objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

SANJAY K SINGHAL & CO. DELHI Chartered Accountants

**Notes forming part of the Consolidated Financial Statements**

29 The financial statements are the group's first Ind AS consolidated financial statements. The figures for the previous year have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

30 All amounts in the financial statements are rounded off to the nearest amount in Rupee, except as otherwise stated.

31 Note 1 to 30 are annexed to and form an integral part of the Balance Sheet as at 31st Mar 2020, Statement of Profit and Loss, statement of cash flows and statement of changes in equity for the year ended as on that date.

**For SANJAY K SINGHAL & Co**
(Chartered Accountants)
Firm Regn. No. 024307N

**(Sanjay Kumar Singhal)**
Partner
M. No: 503475
Place: New Delhi
Date:26/06/2020

**For and on behalf of the Board**
**F Mec International Financial Services Limited**

**(Apoorve Bansal)**
Managing Director
DIN-08052540

**(AWANISH SRIVASTAVA)**
Director
DIN-07810744

**(Manoj Kumar )**
Chief Financial Officer
PAN:AGOPT3174G

**(Nikita Sharma)**
Company Secretary
& Compliance Officer
Membership No : A60595