

Hedge Finance Limited
ഹെഡ്ജ് ഫിനാൻസ് ലിമിറ്റഡ്



11TH ANNUAL REPORT

2021-22

ANNUAL REPORT 2021-22

BOARD OF DIRECTORS

Alex Kalluvila Babu

Managing Director

**Kiliyanat Puliasseri
Padmakumar**

Whole Time Director

Rapheal Thomas

Director

Palathunkal Chacko John

Independent Director

Kuruppath Ajitkumar

Independent Director

Registered Office

Hedge Finance Ltd, Hedge House,
Mamangalam, Palarivattom PO
Kochi, Ernakulam, Kerala-682 025

www.hedgefinance.com

Bankers

HDFC Bank Limited
The Federal Bank Limited
IDFC First Bank
Yes Bank Limited
Indusind Bank Limited
Axis Bank Limited
State Bank of India
Indian Bank Limited

Statutory Auditor

Mohandas & Associates
Chartered Accountants,
III Floor, "Sree Residency"
Press Club Road, Thrissur-1

Debenture Trustee

VISTRA ITCL (INDIA) LIMITED
IL&FS Financial Centre, Plot No. 22,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai, 400 051, India

BOARD'S REPORT

To

The Members,

Your Directors have pleasure in presenting the 11th **Annual Report** on the business and operations of the company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2022.

Financial Performance:

During the year under review, performance of your Company was as under:

Particulars	(₹ in Lakhs)	
	Year ended 31st March 2022 *	Year ended 31st March 2021 *
Total revenue	3436.85	2414.06
Total Expenses	3066.98	2344.11
Profit/(Loss) before taxation	369.87	69.95
Less/Add:		
Current Tax	113.23	29.63
Deferred Tax	-30.80	-16.71
Total Tax Expenses	82.43	12.92
Other Comprehensive Income	-.11	
Profit / Loss after tax	287.33	57.03
Add: Balance B/F from the previous year	40.99	48.60
Less: Dividend paid		-53.23
Less: Transfer to reserve	-57.47	-11.41
Balance Profit /(Loss) C/F to the next year after setting off accumulated loss	270.86	40.99

* Prepared in accordance with IndAS as per regulatory requirements

State of Company's Affairs and Future Outlook

The reporting year saw the adverse economic consequences of the spread of Covid 19, impacting the performance majorly in the first half this year .The new spread of new variant of Covid-19, 'Omicron' pulled back nascent recovery of the economy in the first quarter and slow recovery in the second half. Despite, the not very congenial business environment, your company continued its thrust on growing the retail loan book riding on the passenger vehicle and MSME segments. The retail loan book registered 28.98 % over the previous year reaching aggregate total of ₹ 104.83 Crore. The company also continued its strategy of reducing the liability cost as the sheet anchor of the profitability of operations. The overall cost of liabilities fell from 11.25% as at 31.03.2021 to 11.03% as at 31.03.2022. Concurrently, with prudent loan pricing policy the yield on advances went up to 19.59% from 18.52% as on 31.03.2021.

The Net NPA of the Company as at 31-3-2022 stood at 4.01%. The increase over the position as at 31-03-2021 was primarily due to the revised accounting norms as per INDAS as also due to restructuring of accounts as per RBI norms.

The total income of the Company registered a growth of 29.76% to ₹ 34.36 Crore in 2022 as against ₹ 24.14 Crore in 2021.

The net profit after tax increased to ₹ 28733332/- as against ₹ 5703119/- as at 31.03.2021.

Given the upheavals on the gold loan segment, with public sector bank offering loan products at sub 7% levels, the Company decided to prune the Gold Loan portfolio and decided against opening more new branches. The number of branches stood 21 as against 20 as on 31.03.2021.

Going forward, the Company will continue its focus on retail loans with sustained focus on profitability. Given the continued strain in the economy, through strategic moves, the company will focus on collection and efficient recovery to reduce the NPA's. Further to reduce the liability cost and improve the overall yield.

The capital adequacy of your Company was comfortable with 21.07% as at 31.03.2022 and the return on capital employed was 11.19% at 31.03.2022.

Material changes and commitments, if any, affecting the financial position of the company which has occurred between the end of the Financial Year of the company to which the Financial Statements relate and the date of the report:

As indicated above, other than the impact due to COVID 19, there were no material changes and commitments which affected the financial position of the Company, and which had an impact on the functioning and working of the Company. Despite the adverse economic situation during the last quarter of the FY, the Company could effectively manage its operations, and going forward the Management will constantly scan the business environment and adopt strategies suited for the emerging changes.

Change in nature of business, if any, during FY 2021-22:

Your Company has not deviated from its line of business activity nor has expanded the area of activities.

Reserves:

During the Financial Year 2021-22, your Company has registered a profit after tax of ₹ 2,87,33,332/ and an amount of ₹ 57,46,666/- is transferred to reserves.

Share Capital:

The Capital structure of the Company is as follows:

(₹ in Lakhs)

Share Capital		31.03.2022	31.03.2021
A	Authorised Share Capital		
	55,000,000 Equity Shares of ₹10/- each (25,000,000 Equity shares of ₹ 10/- each)	5,500	5,500
	20,000,000 Preference Shares of ₹ 10/- each (20,000,000 Preference Shares of ₹10/-each)	2,000	2,000
B	Issued Share Capital		
	34,016,482 Equity Shares of ₹ 10/- each (31.03.2022)	3,402	
	23,716,544 Equity Shares of ₹ 10/- each (31.03.2021)		2,372
C	Subscribed and fully paid-up Share Capital		
	23,716,544 Equity Shares of ₹ 10 each fully paid up (31.03.2022)	2,372	
	21,293,817 Equity Shares of ₹ 10/- each fully paid up (31.03.2021)		2,129
D	Subscribed but not fully Paid-up Share Capital		
	1,02,99,938 Equity Shares of ₹. 10/- each in which ₹.5/- each paid - up (being Rights Shares issued in January 2022)	515	
	1,150,000 Equity Shares of ₹ 10/- each in which ₹ 3.05/share paid up		35
	1,272,727 Equity Shares of ₹ 10/- each in which ₹ 6.5/share paid up		83
TOTAL (C + D)		2,887	2,247

Changes in Share Capital:

Rights Issue of the Equity Shares of the Company was made by the Board of Directors, in order to augment the capital of the Company, and to get a better leverage, for raising funds for its business. The Rights Issue was made in the ratio of 1 Rights Share for every two Equity shares held by the shareholder of the Company, (held as on the Record date fixed by the Board), at a face value of ₹ 10 each, and two calls of ₹ 5 each, were made by the Board, which was collected by March 2022.

Debentures Issue

During 2021-22 in line with the overall borrowing powers approved by the shareholders, the Company raised resources as noted below:

During the financial year 2021-22 the company had issued 3,07,900 Secured Non-Convertible Redeemable Debentures of ₹ 1000/- each aggregating to ₹ 30,79,00,000 /- and 3,05,000 Unsecured Non-convertible Redeemable Debentures of ₹ 1000/- aggregating to ₹ 30,50,00,000 /- by way of private placement.

Revision of Financial Statement:

There was no revision of the Financial Statements of any earlier years during the year under review.

Extract of Annual Return:

As provided under Section 92(3) of the Act, extract of Annual Return for the Financial Year 2021-22, in Form MGT-9, is required to be enclosed is attached to the report as **Annexure I**.

Subsidiary/Associate Companies/Joint Ventures:

For the Financial Year ended on 31stMarch 2022, the Company has had no holding company, subsidiaries or associate and joint ventures.

Composition of Board:

During the Financial Year under review, the Board comprised of the following members:

DIN	Name of the Director	Designation	Date of first Appointment	Date of Cessation
01254207	Alex K Babu	Managing Director	15/02/2011	NA
00023176	Kiliyanat Puliasseri Padmakumar	Whole Time Director	01/07/2019	NA
00042147	Palathunkal Chacko John	Director	04/09/2019	NA
03588605	Kuruppath Ajitkumar	Director	04/09/2019	NA
06379667	Rapheal Thomas	Director	19/04/2018	NA

On the recommendation of Nomination and Remuneration Committee, Mr. Kiliyanat Puliasseri, Padmakumar was reappointed as Whole Time Director and Mr. Rapheal Thomas (DIN: 06379667), who is a Director who retires by rotation, was re-appointed, as Director of the Company, liable to retire by rotation". at the Annual General Meeting held on 17/09/2021.

All Independent Directors have given their declarations that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel:

The Key Managerial Personnel comprised of the following members: -

DIN/PAN	Name	Designation
01254207	Alex K Babu	Managing Director
AWVPS6152Q	Vinay Sasidharan	Chief Executive Officer
ACXPG2744C	Girish Kumar G	Company Secretary
CIJPS6370Q	Suraj Ramachandran	Chief Financial Officer

Meetings of the Board of Directors:

During the Financial Year 2021-22, 38 meetings of Board of Directors of the company were held as detailed below;

SL.NO	Date of the meeting	K P Padmakumar	Alex Kalluvila Babu	Palathunkal Chacko John	Kuruppath Ajitkumar	Rapheal Thomas
1	12.05.2021	Present	Present	Present	Present	Absent
2	25.06.2021	Present	Present	Present	Present	Absent
3	26.06.2021	Present	Present	Present	Absent	Absent
4	07.07.2021	Present	Present	Present	Absent	Absent
5	10.07.2021	Present	Present	Present	Absent	Absent
6	15.07.2021	Present	Present	Present	Absent	Absent
7	23.07.2021	Present	Present	Present	Absent	Absent
8	26.07.2021	Present	Present	Present	Absent	Absent
9	30.07.2021	Present	Present	Present	Absent	Absent
10	04.08.2021	Present	Present	Present	Absent	Absent
11	13.08.2021	Present	Present	Present	Present	Present
12	14.08.2021	Present	Present	Present	Absent	Absent
13	16.08.2021	Present	Present	Present	Absent	Absent
14	25.08.2021	Present	Present	Present	Absent	Absent
15	17.09.2021	Present	Present	Present	Present	Absent
16	18.09.2021	Present	Present	Present	Absent	Absent
17	27.09.2021	Present	Present	Present	Absent	Absent
18	04.10.2021	Present	Present	Present	Absent	Absent
19	27.10.2021	Present	Present	Present	Absent	Absent
20	12.11.2021	Present	Present	Present	Present	Absent
21	13.11.2021	Present	Present	Present	Absent	Absent
22	25.11.2021	Present	Present	Present	Absent	Absent
23	29.11.2021	Present	Present	Present	Absent	Absent
24	16.12.2021	Present	Present	Present	Absent	Absent
25	27.12.2021	Present	Present	Present	Absent	Absent
26	10.01.2022	Present	Present	Present	Absent	Absent
27	13.01.2022	Present	Present	Present	Absent	Absent
28	19.01.2022	Present	Present	Present	Present	Absent
29	20.01.2022	Present	Present	Present	Absent	Absent
30	28.01.2022	Present	Present	Present	Absent	Absent
31	07.02.2022	Present	Present	Present	Absent	Absent
32	09.02.2022	Present	Present	Present	Absent	Absent
33	25.02.2022	Present	Present	Present	Present	Absent
34	26.02.2022	Present	Present	Present	Absent	Absent
35	16.03.2022	Present	Present	Present	Absent	Absent
36	19.03.2022	Present	Present	Present	Absent	Absent
37	26.03.2022	Present	Present	Present	Absent	Absent
38	31.03.2022	Present	Present	Present	Absent	Absent

General Meeting:

Date of Meeting	Nature of Meeting	No. of Directors attended the meeting	No. of members attended the meeting including Directors
17.09.2021	Annual General Meeting	3	9

Independent Directors Meeting:

Date of Meeting	P C John	Kuruppath Ajitkumar
Category	Independent Director	Independent Director
12.02.2021	Present	Present

Audit Committee:

The Company has constituted an Audit Committee as required under Section 177 of the Companies Act, 2013. The Board has accepted all the recommendations of the Audit Committee during the year 2021-22 and Mr. Palathunkal Chacko John was the Chairman of such Committee meeting.

The Composition and details of meeting of Audit Committee is as follows:

Date of Meeting	Alex K Babu	Palathunkal Chacko John	Kuruppath Ajitkumar
Category	Executive and Non-independent Director	Non-Executive and Independent Director	Non-Executive and Independent Director
13.08.2021	Present	Present	Present
12.11.2021	Present	Present	Present
07.02.2022	Present	Absent	Present

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of Directors decides on the policies and details of remuneration payable to the Directors. The Committee had met one time during the Financial Year under review i.e on 13.08.2021 and all its members were present except Mr. Raphael Thomas. Mr. P C John was the Chairman of the Committee Meeting. The composition of the Nomination and Remuneration Committee is as follows: -

Date of the meeting	Raphel Thomas	Palathunkal Chacko John	Kuruppath Ajitkumar
Category	Non-Executive and Non-independent Director	Non-Executive and Independent Director	Non-Executive and Independent Director
13.08.2021	Absent	Present	Present

Remuneration Policy:

The Company has laid down remuneration criteria for directors, key managerial personnel, independent Directors, other employees in the Remuneration Policy. The main contents of this policy are as follows:

1. The remuneration structure is based on the qualification and skill levels at the time of joining the organisation and reviewed on a yearly basis by way of an assessment of their actual performance, through a robust “Performance Management System”.

2. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other NBFCs and the broader financial sector.
3. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
4. Remuneration to executive directors, key managerial personnel involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
5. Non-Executive Independent Directors of the Company are paid sitting fee for attending Board/ Committees meetings and reimbursement of expenses for participation in Board/Committee meetings.

Particulars of Loan, Guarantees and investments under Section 186:

The Company, being a Non-Banking Financial Company registered under Chapter IIIB of the Reserve Bank of India Act, 1934, is exempted from the provisions of Loans made by Company under Section 186 of Companies Act, 2013. The Company has not given any loan, provided any guarantee/security in connection with any loan and has not made any investments during the period except an investment amounting to ₹ 1,21,95,000/- in one of the group companies, Hedge Equities Ltd, which existed at the beginning of the financial year and is continuing at the end of the financial year.

Particulars of Contracts or Arrangements with Related Parties:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in subsection (1) of Section 188 of the Companies Act, 2013 read along with rule 8 of the Companies (Accounts) Rules, 2014 and Part A of Schedule V of SEBI LODR Regulations has been enclosed in Form AOC-2 attached as **Annexure II**

Auditors:

M/s. Mohandas & Associates, Chartered Accounts, Thrissur, was appointed by the shareholders of the Company, from the conclusion of 10 the Annual General Meeting till the conclusion of the 15th Annual General Meeting., based on the recommendation of the Board of Directors, for appointment as Statutory Auditors of the Company, consequent to the existing Auditors of the Company, C A Manikandan & Associates, on completion of ten years as Statutory auditors of the Company, as per the Companies Act, 2013.

There is no qualification or adverse remark in Auditors' Report. There is no incident of fraud requiring reporting by the Auditors under Section 143(12) of the Act.

Cost Auditors

The provisions of Companies (Cost Records & Audit) Amendment Rules 2014 are not applicable to your Company. The Central government has not specified maintenance of cost records for the Company under sub – section (1) of section 148 of the Companies act 2013. Therefore, there is no requirement for appointment of Cost Auditors.

Secretarial Auditors:

Your Company is exempted from the definition of Listed Company pursuant to the recent amendment of insertion of Rule 2A in Companies (Specification of definitions details) Rules, 2014. Therefore, your Company is not required to have Secretarial Audit and hence no Secretarial Audit was conducted for the Financial Year ended 31st March 2022.

Compliance with Secretarial Standards on Board and General Meetings

The Company has complied with Secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Conservation of Energy, Technology, Absorption and Foreign Exchange

The particulars as prescribed under sub-section (3) (m) Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 as amended up to date, are set out hereunder:

A. Conservation of energy:

Though your Company does not have energy intensive operations, it continues to adopt energy conservation measures in its administrative and other operations to the extent possible in spirit of contributing towards green ecology initiative which is globally gaining popularity and adoptability. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment, which would help in conservation of energy.

B. Technology Absorption, Adaptation and Innovation, Research and Development:

Your Company has neither carried out any research and development activities during the year under review nor incurred any expenditure thereupon. However, your Company is always finding out newer ways of attracting customers and launching new initiatives to capture market dominance.

C. Foreign Exchange Earnings and Outgo:

During the period under report, your Company had neither earned any amount of foreign exchange nor had incurred expenditure in foreign exchange.

D. Other Disclosures required to be made as per Companies Act

- 1.No dividend was recommended for FY 2022.
2. No application was made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year by the Company during the financial year.
3. There been no one time settlement effected by the Company with Banks or Financial Institutions.

Risk Management Policy:

As per the Risk Management Policy of the company all fixed assets and machineries are properly maintained, and this Policy has been reviewed by the Board on an annual basis.

The company has a proper Risk Management Policy towards operations and administrative affairs of the company. The Managing Director will review the policy at regular intervals of time and ensure proper implementation of the policy formulated.

Details of significant and material orders passed by the Regulators or Courts or Tribunal:

There were no significant material orders passed by any Regulators or Courts or Tribunal during the year under review which would have impact on the going concern status of the Company and its future operation.

Adequacy of internal financial controls with reference to the Financial Statements:

The Company has an adequate system of internal controls in place. These controls have been designed to provide a reasonable assurance with regard to maintenance of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

Deposits:

The Company has not accepted any deposits. The directives issued by Reserve Bank of India and as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the company.

Corporate Social Responsibility (CSR) Policy:

The provisions of Section 135(1) of the Companies Act 2013 read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 relating to Corporate Social Responsibility is not applicable to your Company, and accordingly, the Company has not disclosed the particulars of the CSR policy, CSR Committee constitution and other matters under this head.

Statement Indicating the manner in which Formal Annual Evaluation has been made of the overall performance of the Board its committees and of individual Directors:

Since the Company has issued Secured Non-Convertible Redeemable Debentures, which are listed on Bombay Stock Exchange, as required by the regulations, a meeting of Directors was held, wherein the performance of Whole Time Directors and the overall flow of information, both from the quality of the content and time factor, between the Company Management and the Board and also the overall governance of the Company was discussed and found to be satisfactory. Moreover, it was noted that there were no whistle blower incidents, or any other incidents which impact the reputation of the Company

Disclosure of Establishment of Vigil Mechanism:

The company being an entity which always promotes and follow ethical paths has established the necessary mechanism through Whistle Blower policy duly approved by the Board, for employees to report concerns about unethical behaviour. No person has denied access to the Audit Committee. The policy of the company ensures standards of professionalism, honesty, integrity, and ethical behaviour. Going forward the company will be reviewing this policy based on the regulatory requirements to keep in pace with requirements.

Disclosure under Sexual Harassment of Women at Workplace (prevention, prohibition & Redressal) Act, 2013:

The Company has zero tolerance for sexual harassment at workplace and has adopted a sexual harassment policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has constituted necessary Committee as required under the above-mentioned Act.

There was no Sexual Harassment of Women reported during the year ended 31.03.2022. There are proper and adequate arrangements so as to avoid occurrence of sexual harassment.

Directors Responsibility Statement

In accordance with the provisions of the Section 134(5) of the Companies Act 2013, the Board of Directors to best of their knowledge and ability, confirm that:

a) in the preparation of annual accounts for the Financial Year ended 31stMarch 2022, the applicable accounting standards had been followed and there was no departure from the accounting standards followed.

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31stMarch 2022 and of the profit / (loss) of the company for that period.

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.

d) the directors had prepared the annual accounts on a going concern basis.

e) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees:

The statement of particulars of employees as per Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company.

It is also confirmed that as required Under Section 134 of Companies Act 2013, no dividend was declared for the FY ended 31 March 2022.

1. The Insolvency and Bankruptcy Code, 2016 (31 of 2016)- Nil case.
2. One time settlement with Banks or Financial Institutions has been entered into by the Company-Nil

Acknowledgement:

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from RBI, suppliers, redistribution stockists, retailers, business partners and others associated with the Company as its trading partners.

It will be the Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and cooperation with each other, consistent with consumer interests.

The Directors also take this opportunity to thank all Investors, Clients, Vendors, Banks, Government and Regulatory Authorities for their continued support.

**For and on behalf of the Board of Directors
HEDGE FINANCE LIMITED**

sd/-

sd/-

**Place: Kochi
Date: 12/08/2022**

**Alex Kalluvila Babu
Managing Director
DIN: 01254207**

**K P Padmakumar
Director
DIN: 00023176**

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2022 [Pursuant to Section 92(3) of the Companies Act, 2013 and rules 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923KL2011PLC027672
ii) Registration Date	:	15/02/2011
iii) Name of the company	:	HEDGE FINANCE LIMITED
iv) Category/ Sub- Category of the Company	:	Company Limited by Shares/ Indian Nongovernment Company
v) Address of the Registered Office and contact details	:	Hedge House, Palarivattom P.O, Mamangalam, Kochi, Ernakulam-682 025
vi) E-mail	:	cfo@hedgefinance.com
vii) Whether listed company	:	Yes
viii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	CDSL Ventures Limited Milind Saraf Manager-RTA Operations I-202 Deck Level, Tower No. 4, 2nd Floor, Above Belapur Railway Station, Belapur – Navi, Mumbai-400614 Maharashtra022-61216903 milinds@cdslindia.com

II. Principal Business Activities of the Company

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

Sl. No.	Name and description of main products / services	NIC Code of the product/ Service	% to total turnover of the company
1.	To carry on business of lending money either through hire purchase, leasing, gold loan	64910	85.81
2	Management of Mutual Fund distribution	66301	11.94

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
Nil					

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category –wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the Year
A. Promoters									
(1) Indian									
a) Individual/HUF	4889787	963636	5853423	24.68	9116998	Nil	9116998	26.80	2.12
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total(A)(1):	4889787	963636	5853423	24.68	9116998	Nil	9116998	26.80	2.12
(2) Foreign									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total(A)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoters (A)=(A)(1)+(A)(2)	4889787	963636	5853423	24.68	9116998	Nil	9116998	26.80	2.12
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify) –	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1): -	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non-Institutions									
a) Bodies Corporate									
Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
I. Individual shareholders holding nominal sh. Capital up to ₹1 lakh	Nil	1000	1000	0.01	1000	-	1000	-	(-0.01)
ii. Individual shareholders holding nominal sh. Capital in excess of ₹1 lakh	11245455	6616666	17862121	75.31	21931818	2966666	24898484	73.20	(-2.11)
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2): -	11245455	6617666	17862121	75.31	21932818	2966666	24899484	73.20	(-2.11)
Total Public Shareholding (B)=(B)(1) + (B)(2)	11245455	6617666	17863121	75.32	21932818	2966666	24899484	73.20	(-2.12)
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	16135242	7581302	23716544	100%	31049816	2966666	34016482	100%	Nil

(ii) Shareholding of Promoters

SL No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Alex K Babu	4589787	19.35	Nil	6984680	20.53	Nil	1.18
2	Nithya Alex	300000	1.26	Nil	2132318	6.27	Nil	5.01
3	*Pradeep Kumar C	963636	4.06	Nil	-	-	Nil	-

***Mr.Pradeep Kumar C is no more under the promoter category**

(iii) Change in Promoter's Share Holding (Please specify if there is no change)

There is change in the shareholding of the promoters

Sl. No	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Alex K Babu					
	At the beginning of the year (01.04.2021)		4589787	19.35	6984680	20.53
	At the end of the year (31.03.2022)		6984680	20.53	6984680	20.53
2	Nithya Alex					
	At the beginning of the year (01.04.2021)		300000	1.26	2132318	6.27
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2022)		2132318	6.27	2132318	6.27

***During the year ended 31.03.2022, the Company had made a Rights Issue of its share capital to which the promoter shareholders had subscribed**

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters, and Holders of GDRs & ADRs)

Sl. No.	Particulars	*Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	K C Babu					
	At the beginning of the year (01.04.2021)		6395455	26.97	9593182	28.21
	At the end of the year (31.03.2022)		9593182	28.21	9593182	28.21
2	DR. P S George					
	At the beginning of the year (01.04.2021)		16,66,666	7.03	16,66,666	4.90
	At the end of the year (31.03.2022)		16,66,666	4.90	16,66,666	4.90
3	Kiran B					
	At the beginning of the year (01.04.2021)		1200000	5.06	1200000	3.53
	At the end of the year (31.03.2022)		1200000	3.53	1200000	3.53
4	Dr. Joseph V T & Celine Joseph					
	At the beginning of the year (01.04.2021)		1000000	4.22	1000000	2.95
	At the end of the year (31.03.2022)		1000000	2.95	1000000	2.95
5	Cheriyath Varghese					
	At the beginning of the year (01.04.2021)		1000000	4.22	1000000	2.95
	At the end of the year (31.03.2022)		1000000	2.95	1000000	2.95
6	Pradeepkumar Cheenankandy					
	At the beginning of the year (01.04.2021)		963636	4.06	963636	2.83
	At the end of the year (31.03.2022)		963636	2.83	963636	2.83
7	Lissy Mathew					
	At the beginning of the year (01.04.2021)		425000	1.79	425000	1.26
	At the end of the year (31.03.2022)		425000	1.26	425000	1.26
8	Mathew Philip					
	At the beginning of the year (01.04.2021)		425000	1.79	425000	1.25
	At the end of the year (31.03.2022)		425000	1.25	425000	1.25
9	Saju T M					
	At the beginning of the year (01.04.2021)		100000	0.42	400000	1.17
	At the end of the year (31.03.2022)		400000	1.17	400000	1.17
10	Asha John					
	At the beginning of the year (01.04.2021)		250000	1.05	375000	1.11
	At the end of the year (31.03.2022)		375000	1.11	375000	1.11

***During the year ended 31.03.2022, the Company had made a Rights Issue of it's share capital to which some of the shareholders noted above had subscribed to.**

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	*Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Alex K Babu					
	At the beginning of the year (01.04.2021)		4589787	19.35	6984680	20.53%
	At the end of the year (31.03.2022)	-	4589787	19.35	6984680	20.53%
2	P.C John					
	At the beginning of the year (01.04.2021)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2022)		Nil	Nil	Nil	Nil
3	Kuruppath Ajitkumar					
	At the beginning of the year (01.04.2021)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2022)		Nil	Nil	Nil	Nil
4	Suraj Ramachandran					
	At the beginning of the year (01.04.2021)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2022)		Nil	Nil	Nil	Nil
5	Girish kumar. G					
	At the beginning of the year (01.04.2021)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2022)		Nil	Nil	Nil	Nil
6	Rapheal Thomas					
	At the beginning of the year (01.04.2021)		3500000	14.76	5250000	15.43%
			-	-	-	-
	At the end of the year (31.03.2022)		3500000	14.76	5250000	15.43%
7	Vinay Sasidharan					
	At the beginning of the year (01.04. 2021)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2022)		Nil	Nil	Nil	Nil

(vi) Indebtedness:

Pease find the indebtedness for the FY 2021-2022.

(₹ in Lakhs)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) principal amount	10,237.80	4,920.00	0.00	15,157.80
ii) interest due but not paid	39.56	2.77	0.00	42.33
iii) interest accrued but not due	432.27	197.92	0.00	630.19
	0.00	0.00	0.00	0.00
Total (i +ii+iii)	10,709.63	5,120.70	0.00	15,830.33
	0.00	0.00	0.00	0.00
Change in Indebtedness during the financial year	0.00	0.00	0.00	0.00
Addition	3,079.00	3,050.00	0.00	6,129.00
Reduction	-2,057.92	-3,456.08	0.00	-5,514.00
	0.00	0.00	0.00	0.00
Net changes	1,021.08	-406.08	0.00	615.00
	0.00	0.00	0.00	0.00
Indebtedness at the end of the financial year	0.00	0.00	0.00	0.00
i) principal amount	11,145.05	4,550.00	0.00	15,695.05
ii) interest due but not paid	40.50	17.37	0.00	57.87
iii) interest accrued but not due	545.16	147.24	0.00	692.40
	0.00	0.00	0.00	0.00
Total (i+ii+iii)	11,730.71	4,714.61	0.00	16,445.32

(vii) Remuneration of Directors and Key Managerial Personnel

Remuneration to Managing Director, Whole-Time Director and/or Manager

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of Managing Director / WTD / Manager		
		Alex K Babu (MD)	Padmakumar K P (WTD)	Total amount
	Gross Salary			
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	22.16	15.60	37.76
	b) Value of perquisites under Section 17(2) Income Tax Act 1961	0	0	0
	c) Profit in lieu of salary under Section 17(3) Income Tax Act 1961	0	0	0

2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	-As % of profit	0	0	0
	-others, specify	0	0	0
5	Others, please specify	0	0	0
	Total (A)	22.16	15.60	37.76
	Ceiling as per the Act	-	-	-

B. Remuneration to other Directors

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of Director		Total amount
1	Independent Directors	Ajit Kumar	P C John	
	-Fee for attending Board Committee Meetings	.80	.70	1.50
	-Commission			0
	-Others please specify			0
	Total (1)	.80	.70	1.50
2	Other Non-Executive Directors			0
	-Fee for attending Board Committee Meetings			0
	-Commission			0
	-Others, please specify			0
	Total (2)			0
	Total (B)= (1+2)			0
	Total Managerial Remuneration		1.50	1.50
	Overall ceiling as per the Act		-	-

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
	Gross Salary				
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12.90	10.32	9.03	32.25
	b) Value of perquisites under Section 17(2) Income Tax Act 1961	0	0	0	0
	c) Profit in lieu of salary under Section 17(3) Income Tax Act 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	-As % of profit	0	0	0	0
	-others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	12.90	10.32	9.03	32.25

XII. Penalties / Punishment / Compounding of Offences:

Type	Sections of the Companies Act	Brief Description	Details of penalties / punishment / Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Director					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**For and on behalf of the Board of Directors
HEDGE FINANCE LIMITED**

sd/-

sd/-

**Place: Kochi
Date: 12/08/2022**

**Alex Kalluvila Babu
Managing Director
DIN: 01254207**

**K P Padmakumar
Director
DIN: 00023176**

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and Part A of Schedule V of SEBI LODR Regulations)

1. Details of contracts or arrangements or transactions at arm's length basis

(a) Name(s) of the related parties Nature of Relationship :

Sl. No	Name of Entity	Nature of Relationship
1	Hedge Equities Limited	Common Directors and the Directors hold more than 2% of the paid-up share capital in Hedge Equities Limited

(b) Nature of contracts/arrangements/ Transactions

Name of the Related Party	Hedge Equities Limited
Nature of contract/ agreement/ transaction	Rent paid
Duration of contract/agreements/ transactions	6 year (from 01/06/2018 to 31/05/2024)
Salient terms of the contracts or arrangements or transaction including the value, if any	NA
Date of approval by the Board, if any	04.09.2019
Amount paid as advances, if any	Nil

2. Details of material contracts or arrangement or transactions not at arm's length basis:

NIL

**For and on behalf of the Board of Directors
HEDGE FINANCE LIMITED**

sd/-

sd/-

**Place: Kochi
Date: 12/08/2022**

**Alex Kalluvila Babu
Managing Director
DIN: 01254207**

**K P Padmakumar
Wholetime Director
DIN: 00023176**

Independent Auditor's Report

To the members of Hedge Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hedge Finance Limited (“the Company”) which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 as at March 31, 2022, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) 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 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statement

Information Other Than Financial Statements and Auditors Report Thereon

The Company's Board of Directors is responsible for other information. The other information comprises of information included in the Company's Annual Report but does not include the Financial Statements and our report thereon.

Our Opinion on the Financial Statements does not cover the other information and we do not express any form of assurance.

In connection with our audit on the Financial Statements, our responsibility is to read the other information made available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Managements Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("The Act") with respect to preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standard (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the asset 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, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibilities are to design suitable audit procedures to obtain reasonable assurance about whether the Ind AS 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 the users taken on the basis of these Financial Statements.

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

- a) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and operating effectiveness of such controls. Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- d) Conclude on the appropriateness of the 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 as inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement represents 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 standalone 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 standalone financial statements

From the matters communicated with those charged with governance, we determine those matters that were more significant in the audit of 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 disclosures about the matter or when, in extremely rare circumstances, we determine

that a matter should not be in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure 1" to this report a statement on the matters specified in Paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016, issued by the Reserve Bank of India in exercise of the powers conferred by sub-section (1A) of Section 45MA of the Reserve Bank of India Act, 1934, we give in the "Annexure 2", an additional Audit Report addressed to the Board of Directors containing our statements on the matters specified therein.

3. As required by section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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. No report on the accounts of any of the branch offices audited under subsection 8 of section 143 by any person has been received by us and therefore no comments need to be made on the matter.

d. The balance sheet, the statement of profit and loss (including Other Comprehensive Income), the cash flow statement and the statement of changes in equity dealt with by this report are in agreement with the books of account.

e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified

under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

f. On the basis of the written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164 (2) of the Act.

g. In our opinion there are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

h. 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 Report in “Annexure 3”

i. With respect to the matters to be included in the Auditor’s Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to explanations given to us:

i. The company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The company does not have any long-term contracts including derivative contracts for which there were any foreseeable losses.

iii. According to the information provided, there are no amounts, required to be transferred by the company to the Investor Education & Protection Fund as on 31.03.2022.

iv.

(i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate

Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
and

v. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

j. With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the limit prescribed by section 197 for maximum permissible managerial remuneration is complied.

For MOHANDAS & ASSOCIATES

sd/-

Place: Thrissur

Date: May 30, 2022

**MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265**

**ANNEXURE 1
TO THE AUDITOR'S REPORT**

The Annexure 1 referred to in our report to the members of Hedge Finance Limited (the Company) for the year ended on March 31, 2022. We report that:

i.

(a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, plant, and Equipment.

(B) The company is maintaining proper records showing full particulars of Intangible assets.

(b) According to the information and explanation provided by the Management, the Company has a regular programme for the verification of its fixed assets. In our opinion, this periodicity of physical verification is reasonable having regard to the size and nature of the Company and the nature of its assets. Pursuant to such programme, a portion of such fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanation given to us, the title deeds of immovable property are held in the name of the company.

(d) The company has not revalued the property, plant and equipment or intangible assets during the year. Hence the clause not applicable

(e) There have been no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Hence the clause not applicable.

ii. The company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

iii.

(a) The company is an NBFC (Principal business is to give loans), hence paragraph 3(iii)(a) (A) & (B) not applicable.

(b) In our opinion and according to the information and explanations given to us, the company has granted loans to parties and the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(c) In our opinion and according to the information and explanations given to us the company, the schedule of repayment of principal and payment of interest has been stipulated in the case of EMI loans. The repayments or receipts are regular except in the following cases, against which appropriate provision has been made.

Type of Loan	No of Loans	Principal overdue	Interest overdue	Total overdue	Remarks
MSME	132	338.32	-	338.32	Since it's a NBFC, their principal business is to give loans. The loans for which overdue for more than 180 days are treated as irregular and these cases are classified as NPA as per RBI IRACP norms. The income recognition of the above has been done as per RBI IRACP norms.
Vehicle Loan	21	74.90	-	74.90	
Micro Loan	62	12.23	-	12.23	
Personal Loan	1	.68	-	.68	
Staff Loan	1	.07	-	.07	
Equipment finance	14	7.20	-	7.20	
Total	231	433.40	-	433.40	

(d) Out of the total loans and advances following are advances which are overdue for more than 90 days amounting to ₹ 1057.34 Lakhs. The company has taken necessary steps for the recovery of principal and interest.

Type of Loan	No of cases	Principal overdue	Interest overdue	Total overdue	Remarks
MSME	213	501.41	15.84	517.25	Since it's a NBFC, their principal business is to give loans. The loans for which overdue for more than 180 days are treated as irregular and these cases are classified as NPA as per RBI IRACP norms. The income recognition of the above has been done as per RBI IRACP norms.
Business Loan	3	284.85	.08	284.93	
Vehicle Loan	46	142.89	6.30	149.20	
Micro Loan	116	18.90	.33	19.24	
Mortgage Loan	2	15.98	.14	16.12	
Personal Loan	1	.68	-	.68	
Staff Loan	5	5.01	.19	5.19	
Equipment Loan	24	15.85	1.20	17.05	
Consumer Loan	575	47.69	.00	47.69	
Total	985	1033.27	24.08	1057.35	

(e) The company is a Non-Banking Financial company (Principal business is to give loans), hence paragraph 3(iii)(e) not applicable.

(f) The company has granted loans and advances which are repayable on demand and the principal outstanding as on 31.03.2022 is ₹ 6952.10 lakhs which constitute 42.26% of total loans outstanding. During the year loan amounting to Rs 650 lakhs were given to promoters or related parties as defined in

clause 76 of section 2 of Companies Act,2013 and the loans were fully settled and there are no outstanding balance as on 31.03.2022.

iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, made any investments, provided any guarantees, and given any security to which the provision of Section 185 and 186 of the Companies Act are applicable.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits and accordingly paragraph 3(v) of the order is not applicable.

vi. Being a Non- Banking Finance Company, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act. Thus paragraph 3(vi) of the order is not applicable.

vii.

a) The Company is regular in depositing undisputed statutory dues including provident fund, employers state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of statutory dues as at the last day of the financial year concerned for a period of more than six months from the date on which they became payable.

b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute, except the amounts disclosed in Note No. 13 Contingent liabilities forming part of the Financial Statements.

viii. In our opinion and according to the information and explanation given to us, there are no transactions which were not recorded in the books of accounts which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the period.

(b) In our opinion and according to the information and explanation given to us, the company is not a declared willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the information and explanation given to us, the company has not utilized the funds raised on short term basis for long term purposes.

(e) In our opinion and according to the information and explanation given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) In our opinion and according to the information and explanation given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) In our opinion and according to the information and explanations given to us, money raised by way of further public offer of debt instruments obtained have been applied by the Company during the year for the purpose for which they have been raised.

(b) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

xi. (a) According to the information and explanations given to us, there were no instances of fraud by the company or on the company during the year.

(b) There is no report under sub-section (12) of section 143 of the Companies Act that is required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us and based on our examination of the records of the Company, no whistle – blower complaints have been received during the year by the company.

xii. As the Company is not a Nidhi Company, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the Notes the financial statements of the Company as required by the applicable Ind AS.

xiv. (a) The company has an internal audit system that is commensurate with the size and nature of its business;

(b) The reports of the Internal Auditors for the period under audit were considered by the statutory auditors on a random basis.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable to the Company.

xvi. (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has obtained the required registration under Section 45-IA of the Reserve Bank of India Act, 1934.

(b) The company has conducted Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The company is not a Core investment company (CIC) as defined in the regulations made by the Reserve Bank of India, hence paragraph 3 (xvi)(c) & (d) not applicable.

xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.

xviii. According to the information and explanations given to us, change in statutory auditor is due to rotation of auditors and the statutory auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors.

xix. According to the information and explanations given to us and based on our examination of the records of the Company, on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report, that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due, within a period of one year from the balance sheet date.

xx. According to the information and explanations given to us and based on our examination of the records of the Company, Sec 135 of the Companies Act is not applicable to the company and hence clause 3 (xx) (a) and (b) are not applicable.

xxi. Since this is a standalone financial statement Paragraph 3(xxi) is not applicable.

For MOHANDAS & ASSOCIATES

sd/-

Place: Thrissur
Date: May 30, 2022

MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

ANNEXURE 2
TO THE AUDITOR'S REPORT

To the Board of Directors of Hedge Finance Limited,

We have audited the Balance Sheet of Hedge Finance Limited for the year ended as on March 31, 2022, the Statement of Profit and Loss (Including Other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended annexed thereto. As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Direction, 2016, and according to the information and explanations given to us, we provide herewith, a statement on the matters specified in paragraphs 3 and 4 of the aforesaid directions;

- i. The company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the RBI Act, 1934.
- ii. The Company is entitled to continue to hold the Certificate of Registration in terms of the Asset/Income pattern as on March 31, 2022
- iii. The Board of Directors of the Company has passed a resolution for non-acceptance of public deposit.
- iv. The Company has not accepted any public deposit during the period under review.
- v. According to the information and explanation given to us, the Company has complied with the prudential norms on Income Recognition, Indian Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts as specified in the direction issued by the Reserve Bank of India in terms of the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016.
- vi. The capital adequacy ratio as disclosed in the return submitted to RBI in terms of Master Direction – Non-Banking Financial Company – Systemically Important Non- deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016, has been correctly arrived and such ratio is in compliance with the minimum CRAR as prescribed by the Reserve Bank of India.
- vii. The Company has furnished to RBI the annual statement of Capital Fund, risk assets and risk assets ratio within the stipulated period.
- viii. The Company has not been classified as NBFC-MFI for the year ended March 31, 2022

The report has been issued pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Direction, 2016 and is issued to the Board of Directors of the Company as required by Paragraph 2 of such directions and should not be used for any other purpose.

For MOHANDAS & ASSOCIATES

sd/-

Place: Thrissur
Date: May 30, 2022

MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

**ANNEXURE 3
TO THE AUDITOR'S REPORT**

Annexure 3 to the Independent Auditor's Report of even date on the Financial Statements of Hedge Finance Limited for the year ended 31 March 2022.

Report on the Internal Financial Controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") (Referred to in paragraph 3(h) under Report on Other Legal and Regulatory Requirements 'section of our report of even date)

Opinion

We have audited the internal financial controls over financial reporting of Hedge Finance Limited ("the Company") as of March 31, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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 issued by the ICAI.

Management's Responsibility for Internal Financial Controls

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

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") and the standards on

auditing (“the Standards”) issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and 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 control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of the internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Control over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide a 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

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the dispositions of the assets of the Company;
- ii. 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 in accordance with authorization of the management and directors of the Company; and
- iii. 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 limitation of internal financial controls over financial reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error 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 the changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

For MOHANDAS & ASSOCIATES

sd/-

Place: Thrissur
Date: May 30, 2022

MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

Schedule to the Balance Sheet of a Non –Deposit taking Non-Banking Financial Company

(As required in terms of paragraph 13 of Master Direction – Non-Banking Financial Company - Non-Systemically Important Non- Deposit taking company (Reserve Bank) Directions, 2016

(₹ in lakhs)

	Particulars	Amount outstanding	Amount overdue
	Liabilities side		
	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures: Secured	11,147.25	2.20
	: Unsecured	3,950	Nil
	(Other than falling within the meaning of public deposits)		
(1)	(b) Deferred credits	Nil	Nil
	(c) Term Loans	22.60	Nil
	(d) Inter corporate loans and borrowings	Nil	Nil
	(e) Commercial paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
	Assets Side		
(2)	Break up of Loans and Advances including Bills receivable (other than those included in (4) below:		
	(a) Secured	15,213.62	
	(b) Unsecured	1,236.47	
(3)	Break up of leased assets and stock on hire and other assets counting towards AFC activities		
	i. Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	Nil	
	(b) Operating lease	Nil	
	ii. Stock on hire including hire charges under ‘Sundry Debtors’		
	(a) Assets on hire	Nil	
	(b) Repossessed assets	Nil	
	iii. Other loans counting towards AFC activities		
	(a) Loans where assets have been re-possessed	Nil	
	(b) Loans other than (a) above	Nil	
(4)	Break –up of investments:		
	Current investments:		
	1. Quoted:		
	i. Shares		
	(a) Equity	75.75	

	(b) Preference	Nil		
	ii. Debentures and Bonds	175.26		
	iii. Units of mutual funds	163.73		
	iv. Government securities	Nil		
	v. Others	Nil		
	2. Unquoted:			
	i. Shares			
	(a) Equity	Nil		
	(b) Preference	Nil		
	ii. Debentures and Bonds	145.67		
	iii. Units of mutual funds	Nil		
	iv. Government securities	Nil		
	v. Others	Nil		
	Long-term Investments:			
	1. Quoted			
	i. Shares			
	(c) Equity	Nil		
	(d) Preference	Nil		
	ii. Debentures and Bonds	Nil		
	iii. Units of mutual funds	Nil		
	iv. Government securities	Nil		
	v. Others	Nil		
	2. Unquoted:			
	i. Shares			
	(e) Equity	153.12		
	(f) Preference	48.99		
	ii. Debentures and Bonds	242.36		
	iii. Units of mutual funds	Nil		
	iv. Government securities	Nil		
	v. Others	Nil		
	Borrower group wise classification of assets financed as in (2) and (3) above	Amount net of provisions		
		Secured	Unsecured	Total
	Category			
(5)	1. Related Parties	Nil	Nil	Nil
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	14909.72	1206.25	16115.97
	Total	14909.72	1206.25	16115.97
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
	Category			
	1. Related parties			
	(a) Subsidiaries	Nil	Nil	Nil

	(b) Companies in the same group	121.95	Nil	121.95
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	882.92	Nil	882.92
	Total			
(7)	Other information			
	(i) Gross non-performing assets			
	(a) Related parties	Nil	Nil	Nil
	(b) Other than related parties	709.02	19.72	728.74
	(ii) Net non-performing assets			
	(a) Related parties	Nil	Nil	Nil
	(b) Other than related parties	645.02	15.02	660.04
	Assets acquired in satisfaction of debt	Nil	Nil	Nil

1. Loan portfolio classification and provision for Non – Performing assets

(₹In lakhs)

Particulars	Gross Loan outstanding		Provision for Assets		Net Loan outstanding	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Business Loan - Secured						
Standard Assets	6.38	1,253.13	0.14	3.12	6.23	1,250.01
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	279.85	279.85	39.15	139.92	240.70	139.93
Loss Assets	-	-	-	-	-	-
Total	286.23	1,532.98	39.29	143.04	246.93	1,389.94
Business Loan – Unsecured -						
Standard Assets	465.52	389.29	11.60	0.97	453.92	388.32
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	465.52	389.29	11.60	0.97	453.92	388.32
Vehicle Loan						
Standard Assets	5,083.22	2,303.35	85.84	5.76	4,997.38	2,297.59
Sub Standard Assets	68.46	30.40	4.27	3.04	64.19	27.36
Doubtful Assets	6.44	-	0.76	-	5.68	-
Loss Assets	-	-	-	-	-	-
Total	5,158.12	2,333.75	90.87	8.80	5067.25	2,324.95
Equipment Loan						
Standard Assets	543.96	413.15	5.76	1.03	538.20	412.12
Sub Standard Assets	6.96	14.07	0.31	1.41	6.65	12.66
Doubtful Assets	0.23	3.37	0.00	0.68	0.23	2.69
Loss Assets	-	-	-	-	-	-
Total	551.15	430.59	6.07	3.12	545.08	427.47
Loan against Shares						
Standard Assets	-	594.78	-	1.49	-	593.29
Sub Standard Assets	-	0.35	-	0.04	-	0.32
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	-	595.13	-	1.52	-	593.61
Mortgage Loan						
Standard Assets	5,547.50	5,023.40	48.23	12.55	5,499.27	5,010.85
Sub Standard Assets	-	13.47	-	1.35	-	12.12
Doubtful Assets	13.47	-	0.11	-	13.36	-
Loss Assets	-	-	-	-	-	-
Total	5,560.97	5,036.87	48.34	13.90	5,512.63	5,022.97
MSME loan - Secured						
Standard Assets	2,960.11	3,126.87	99.02	7.81	2861.09	3,119.06
Sub Standard Assets	289.18	78.96	16.87	7.90	272.31	71.06
Doubtful Assets	44.42	-	2.51	-	41.91	-
Loss Assets	-	-	-	-	-	-
Total	3,293.71	3,205.83	118.40	15.71	3,175.31	3,190.12
GOLD Loan						
Standard Assets	363.45	411.15	0.93	1.03	362.52	410.12
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	363.45	411.15	0.93	1.03	362.52	410.12
MSME Loan - Unsecured						
Standard Assets	17.69	12.86	2.29	0.03	15.40	12.83

Sub Standard Assets	4.71	9.06	0.54	0.91	4.17	8.15
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	22.40	21.92	2.83	0.94	19.57	20.98
Consumer Loan						
Standard Assets	318.46	1,072.97	-	2.68	318.46	1,070.29
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	318.46	1,072.97	-	2.68	318.46	1,070.29
Micro Lending						
Standard Assets	23.70	82.87	8.18	0.21	15.52	82.66
Sub Standard Assets	12.23	-	3.99	-	8.24	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	35.93	82.87	12.17	0.21	23.76	82.66
Personal Loan						
Standard Assets	371.82	157.43	2.97	0.39	368.85	157.04
Sub Standard Assets	0.68	-	0.00	-	0.68	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	372.50	157.43	2.97	0.39	369.53	157.04
Staff Loan						
Standard Assets	19.57	17.25	0.50	0.04	19.08	17.21
Sub Standard Assets	0.07	-	0.00	-	0.07	-
Doubtful Assets	2.02	2.01	0.15	2.01	1.86	-
Loss Assets	-	-	-	-	-	-
Total	21.67	19.26	0.66	2.05	21.01	17.21
	16,450.10	15,290.04	334.13	194.37	16,115.97	15,095.67

(₹In lakhs)

Particulars	Gross Loan outstanding		Provision for Assets		Net Loan outstanding	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Standard Assets	15,721.36	14858.50	265.43	37.12	15,455.93	14821.38
Sub Standard Assets	376.90	146.31	25.45	14.65	351.45	131.67
Doubtful Assets	351.84	285.23	43.25	142.60	308.59	142.62
Loss Assets	-	-	-	-	-	-
Total	16,450.10	15,290.04	334.13	194.37	16,115.97	15,095.67

2. Loan to Asset value.

(₹In lakhs)

Particulars	2021-22	2020-21
Gold Loan	363.45	411.15
Total Assets	20365.53	18732.46
% of gold loan to total assets	1.78	2.19

3. Disclosure with regards to Auction

(₹In lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
1. No. of gold loan accounts auctioned	-	-
2. Principal amount outstanding as on the date of auction (in Lakhs)	-	-

3. Interest amount outstanding as on the date of auction (in Lakhs)	-	-
Total (2+3)	-	-
4. Actual value fetched (in Lakhs)	-	-

No sister concerns participated in the auctions during the year ended 31/03/2022 and 31/03/2021

4. Disclosure as per Annexure 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015 (Notification No. DNBR.019/CGM (CDS)-2015 dated April 10, 2015 as updated on June 03, 2015)

4.1 CAPITAL

(₹ In lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
1. CRAR (%)	21.07	17.53
2. CRAR- Tier I Capital (%)	17.60	13.83
3. CRAR- Tier II Capital (%)	3.47	3.70
4. Amount of subordinated debt raised as tier II Capital	452.26	609.49
5. Amount raised by issue of Perpetual Debt Instrument	-	-

4.2 Investments

(₹ In lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
(1) Value of Investments		
(i) Gross Value of Investments	1005.01	1120.41
(a) In India	1005.01	1120.41
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	0.14	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	1004.87	1120.41
(b) Outside India,	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	0.14	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	0.14	-

4.3 Leverage Ratio

(₹ In lakhs)

Particulars	2021-22	2020-21
Total Liabilities	20365.53	18732.46
Less: Share Capital	2886.65	2247.18
Less: Reserves & Surpluses	518.96	231.63

Less: Provision	384.36	241.45
Total Outside liabilities –(A)	16575.56	16012.20
Share Capital	2886.65	2247.18
Reserves and surpluses	518.96	231.63
Less: Deferred Revenue Expenditure	5.48	10.34
Less: Intangible assets	22.65	15.82
Less: Deferred tax Assets	73.28	42.47
Total Owned funds – (B)	3304.20	2410.18
Leverage Ratio - (A/B)	5.01	6.64

4.4 Miscellaneous Disclosures

A. Registration obtained from other financial sector regulators

Financial regulators	Certificate number
Reserve Bank of India	N.16.00190

B. Disclosure of Penalties imposed by RBI and other regulators

Nil

C. Related Party Transactions

Name of related party as on 31/03/2022	Relationship
Alex Kalluvila Babu	Managing Director
K.P. Padmakumar	Whole Time Director
Vinay Sashidharan	CEO
Rapheal Thomas	Director
Suraj Ramachandran	CFO
Girish Kumar.G	CS
Ajit Kumar Kuruppath	Independent Director
P C John	Independent Director
K C Babu	Relative Of MD
Nithya Alex	Relative Of MD
Jacob Kalluvila Babu	Relative Of MD
Nancy Babu	Relative Of MD
Two Star Ajantha Properties Private Limited	Common Directorship
Hedge Equities Limited	Common Directorship
Hedge School Of Applied Economics Limited	Common Directorship
Hedge Commodities Limited	Common Directorship
Anuja Property Developers Private Limited	Common Directorship
Hedge Info Systems Private Limited	Common Directorship
Hedge Properties Private Limited	Common Directorship
Aesthetics Securities Private Limited	Common Directorship
Cordate Property Developers Private Limited	Common Directorship
Trigger Logistics Private Limited	Common Directorship
Omnicores Solutions Private Limited	Common Directorship

Carlton Logistics Private Limited	Common Directorship
Young Presidents Organization (Kerala Chapter)	Common Directorship
Babymarine Seafood Retail Private Limited	Common Directorship
Chef Garden LLP	Common Directorship
Joyalukkas India Limited	Common Directorship
Modus Logistics Private Limited	Common Directorship
West Hill Realtors and Developers LLP	Common Directorship
Alston Builders and Developers Private Limited	Relative of KMP
Caleb Securities Private Limited	Relative of KMP
Baby Memorial Hospital Limited	Relative of KMP
Freo Rentals and Leasing Private Limited	Relative of KMP
Fedex Securities Limited	Relative of KMP
Kadakketh Farm Products Private Limited	Relative of KMP
Anuba Property Developers Private Limited	Relative of KMP
Uniroyal Marine Exports Ltd	Relative of KMP
Casper Securities Private Limited	Relative of KMP
Himax Builders India Private Limited	Relative of KMP
Enso Financial Consultancy Private Limited	Relative of KMP
Niyog Consultancy Services Private Limited	Relative of KMP
Whitefield Dairy Private Limited	Relative of KMP
Babymarine Exports Private Limited	Relative of KMP
Baby Builders Private Limited	Relative of KMP
Jas Culinary Specialities Private Limited	Relative of KMP
Althom Property Developers Private Limited	Relative of KMP
Nithyaja Property Developers Private Limited	Relative of KMP
Anas Property Developers Private Limited	Relative of KMP
Eo Chapter 180 Foundation	Relative of KMP
Kalluvila Agro Products Private Limited	Relative of KMP
Shrewsbury Farm Products Private Limited	Relative of KMP
Eco Malabar Tourism Private Limited	Relative of KMP
Laab M Screens Private Limited	Relative of KMP
Max Lab Cinemas and Entertainment LLP	Relative of KMP
Jems Food Factory Private Limited	Relative of KMP
Epic Stack LLP	Relative of KMP
Sunset Lands LLP	Common Directorship
Baby Marine Eastern Exports	Relative of KMP
Baby Marine Exports	Relative of KMP
Baby Marine Products	Relative of KMP

List of transactions entered with related parties during the current financial year

(₹In lakhs)

	Key Managerial Person				Directors			Entity in which KMP have significant influence			
	Alex Babu (MD)	Girish Kumar G (CS)	Suraj Ramachandran (CFO)	Vinay Sasidharan	K P Padmakumar (WTD)	Ajith Kumar	John P C	Hedge Equities Ltd	Baby Marine Seafood Retailers Pvt Ltd	Omnicores Solutions Private Limited	Babymarine Exports P Ltd
Salary and allowance	23.29	10.85	13.55	17.41	15.60	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	0.80	0.70	-	-	-	-
Professional Fee	-	-	-	-	-	-	-	-	-	-	-
Rent / maintenance charges paid	-	-	-	-	-	-	-	2.40	-	-	-
Rent received	-	-	-	-	-	-	-	-	-	-	-
Travelling expenses	-	-	0.28	0.10	-	0.09	-	-	-	-	-
Food and lodging	-	-	0.11	-	-	-	-	-	-	-	-
Vaccine reimbursement	-	-	0.02	.008	-	-	-	-	-	-	-
Salary advance	-	-	1.00	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	121.95	-	-	-
Debenture interest	-	-	-	-	56.03	-	-	-	168.00	-	-
Debenture redeemed	-	-	-	-	-	-	-	-	-	-	-
Debenture holdings	-	-	-	-	520.00	-	-	-	1400.00	-	-
Subscription Charges	-	-	-	-	-	-	-	-	-	2.46	-
Loans	-	-	-	-	-	-	-	-	-	-	650.00
Interest on loan	-	-	-	-	-	-	-	-	-	-	61.15

Charge created on assets of related party

Nil

D. Ratings assigned by credit rating agencies and migration of ratings during the year

Name of the credit rating agency	Type of facility	Rating assigned	Remarks
Brickwork Ratings	Non-convertible debenture	BB- Stable	Debentures

E. Revenue Recognition

The company has recognized revenue as per the policy on revenue recognition set out in the Significant Accounting Policies. Apart from the interest on NPAs, there are no other items in respect of which revenue recognition has been postponed pending resolution of significant uncertainties.

4.5 Additional Disclosures

A. Provisions and Contingencies

(₹ In lakhs)

Break up of 'Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	2021-22	2020-21
Provisions for depreciation on Investment	.14	-
Provision towards NPA	68.70	157.25
Provision made towards Income tax	-	-
Provision for gratuity	19.99	16.28
Provision for Standard Assets	265.43	37.12
Provision for MTM loss	-	0.56
Provision for unrecoverable Advances	30.24	30.24

B. Draw Down from Reserves

Nil

5. Disclosure as per the circular no RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 issued by Reserve Bank of India on Implementation of Indian Accounting Standards

(₹ In lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109*	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	10,601.33	145.42	10,455.91	54.21	91.21
	Stage 2	5,120.03	120.01	5000.02	27.55	92.46
Subtotal		15,721.36	265.43	15,455.93	81.76	183.67
Non-Performing Assets (NPA)						
Substandard	Stage 3	376.90	25.45	351.45	37.69	(12.24)
Doubtful - up to 1 year	Stage 3	69.99	3.95	66.04	18.33	(14.38)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	281.85	39.30	242.55	141.93	(102.63)
Subtotal for doubtful		351.84	43.25	308.59	160.26	(117.01)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		728.74	68.70	660.04	197.95	(129.25)
Total	Stage 1	10,601.33	145.42	10,455.91	53.43	91.99
	Stage 2	5,120.03	120.01	5000.02	27.55	92.46
	Stage 3	728.74	68.70	660.04	197.95	(129.25)
	Total	16,450.10	334.13	16,115.97	279.71	(54.42)

HEDGE FINANCE LTD

BALANCE SHEET

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
1 Financial assets			
a) Cash and cash equivalents	1.1	1715.23	1300.64
b) Bank Balance other than (a) above	1.2	25.00	-
c) Receivables			
(I) Trade receivables		20.24	20.24
(II) Other receivables		133.52	24.47
d) Loans	2	16115.97	15095.67
e) Investments	3	1004.87	1120.41
f) Other financial assets	4	534.99	537.41
2 Non-financial Assets			
a) Inventories		-	-
b) Investment Properties		-	-
c) Current tax assets (Net)		-	-
d) Deferred tax assets (Net)		73.28	42.47
e) Property, Plant and Equipment	5	476.58	453.38
f) Other intangible assets	6	22.65	15.82
g) Other non-financial assets	7	243.21	121.94
Total Assets		20365.53	18732.46
II. LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
a) Debt Securities	8	15799.01	15210.49
b) Borrowings (other than debt securities)	9	22.60	12.51
c) Deposits		-	-
d) Subordinated liabilities	10	644.37	609.50
e) Other financial liabilities	11	267.48	304.11
2 Non-financial Liabilities			
a) Provisions	12	50.23	47.08
b) Other non-financial liabilities	13	176.23	69.95
3 EQUITY			
a) Equity share capital	14	2886.65	2247.18
b) Other equity	15	518.96	231.63
Total Liabilities and Equity		20365.53	18732.46

For and on behalf of the Board

sd/-

sd/-

As per our Report of even date attached

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

K P Padmakumar
(Whole Time Director)
DIN:00023176

For MOHANDAS & ASSOCIATES

sd/-

sd/-

sd/-

sd/-

MOHANDAS A
(PARTNER)

CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

Vinay Sasidharan
(Chief Executive Officer)

Suraj Ramachandran
(Chief Financial Officer)

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi

Date: 30-05-2022

HEDGE FINANCE LTD
STATEMENTS OF PROFIT AND LOSS ACCOUNT

(₹ in lakhs)

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
(i) Interest income	16	2870.80	2239.19
(ii) Dividend income		.35	.73
(iii) Rental income		-	-
(iv) Fees and Commission income		-	-
Net gain on derecognition of financial instruments			
(v) under amortised cost category		-	-
(vi) Net gain on fair value changes	17	16.97	18.79
(vii) Other operation Income	18	96.86	39.06
(I) Total Revenue from operations		2984.99	2297.77
(II) Other Income	19	451.86	116.29
(III) Total Income (I + II)		3436.85	2414.06
Expenses			
(i) Finance costs	20	1763.08	1413.21
(ii) Net loss on fair value changes	17	-	-
(iii) Impairment on financial instruments	21	139.35	80.61
(iv) Employee benefits expenses	22	552.83	407.67
(v) Depreciation, amortization and impairment	23	40.28	32.92
(vi) Other expenses	24	571.44	409.69
(IV) Total Expenses (IV)		3066.98	2344.11
(V) Profit before tax (III- IV)		369.87	69.95
(VI)			
Tax Expense:			
(1) Current tax		113.23	29.63
(2) Earlier years adjustments			
(3) Deferred tax		-30.80	-16.71
(VII) Profit for the year (V- VI)		287.44	57.03

A) Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		- .11	-
- Fair value changes on equity instruments through other comprehensive income		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Subtotal (A)		- .11	-
B)			
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
(VIII)	Other Comprehensive Income (A + B) (VIII)	- .11	-
(IX)	Total Comprehensive Income for the year (VII+VIII)	287.33	57.03
Earnings per equity share			
(Face value of ₹ 10/- each)			
	Basic (₹)	25	1.18
	Diluted (₹)	25	1.18

For and on behalf of the Board

As per our Report of even date attached

sd/-

sd/-

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

K P Padmakumar
(Whole Time Director)
DIN:00023176

For MOHANDAS & ASSOCIATES

sd/-

MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

sd/-

sd/-

sd/-

Vinay Sasidharan
(Chief Executive Officer)

Suraj Ramachandran
(Chief Financial Officer)

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi
Date: 30-05-2022

HEDGE FINANCE LTD
CASH FLOW STATEMENT

(₹ in lakhs)

Particulars	For the year Ended 31/03/2022		For the year Ended 31/03/2021	
A. Cash Flow from Operating Activities				
Profit before tax		369.87		69.95
Adjustments for :				
Impairment on financial instruments	139.76		80.05	
Net (Profit) / loss on fair value changes	-16.97		-18.79	
Net (Profit) / Loss on Sale of assets	.63		-1.94	
Finance Costs	1763.08		1413.21	
Depreciation, amortization and impairment	40.28		32.92	
Income from Non-Operating Business				
- Rental Income	-		-	
- Dividend	-0.35	1926.43	-0.73	1504.73
Operating Profit / (Loss) before working capital		2296.30		1574.68
Adjustments				
Adjustments for:				
Loans	-1160.06		-3830.19	
Other financial assets	-106.63		-453.83	
Other non-financial assets	-122.08		49.25	
Bank Balance other than "Cash and cash equivalents"	-1035.00		-	
Provisions	3.04		9.17	
Other financial liabilities	-36.63		99.29	
Other non-financial liabilities	106.27	-2351.09	47.69	-4078.63
Cash Generated from operations		-54.79		-2503.94
Income Tax paid		113.23		29.63
Finance cost paid		1763.08		1413.21
Net Cash Flow from Operating Activity		-1931.10		-3946.79
B. Cash Flow from Investment Activities				
Other Investment	132.52		-876.09	
Purchase of Fixed Assets	-71.12		-77.18	
Sale of asset	.17		4.10	
Dividend Paid	-		-53.23	
Dividend Received	.35	61.92	.73	-1001.68
Net Cash Flow from Investment Activity		61.92		-1001.68

C. Cash Flow from Financing Activity				
Change in capital	639.47			
Net increase/(Decrease) in Borrowings (other than debt securities)	10.10		7.71	
Net increase/(Decrease) in Sub debt	34.87		609.50	
Net increase/(Decrease) in Debt Securities	588.52	1272.95	4175.03	4792.24
Net Cash Flow from Financing Activity		1272.95		4792.24
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)		-596.23		-156.23
Opening Balance of Cash & Cash Equivalents		1300.64		1456.87
Closing Balance of Cash & Cash Equivalents		704.41		1300.64
Components of Cash and Cash Equivalents				
Current Account with Banks		667.14		1274.14
Cash in Hand		37.27		26.50
		704.41		1300.64

For and on behalf of the Board

As per our Report of even date attached

sd/-

sd/-

For MOHANDAS & ASSOCIATES

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

K P Padmakumar
(Whole Time Director)
DIN:00023176

sd/-

sd/-

sd/-

sd/-

MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

Vinay Sasidharan
(Chief Executive Officer)

Suraj Ramachandran
(Chief Financial Officer)

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi
Date: 30-05-2022

STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

Equity shares of ₹ 10/- each issued, subscribed, and fully paid

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
As at the beginning of the period	2247.18	2247.18
Changes in Equity Share Capital due to prior period items	-	-
Restated balance at the beginning of the current reporting period	2247.18	-
Changes in equity share capital during the current year	639.47	-
Balance at the end of current reporting period	2886.65	2247.18

b. Other Equity

Particulars	Reserves and Surplus					Other comprehensive income		Total
	Special Reserve Fund(u/s 45 IC of RBI Act, 1934)	Securities Premium	Debenture Redemption Reserve	Revaluation Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income (Remeasurement of defined benefit plans)	
Balance as at April 01, 2020	179.23	-	-	-	48.60	-	-	227.83
Transfer from Retained earnings	11.41	-	-	-	-11.41	-	-	-
Securities premium on share options exercised during the year	-	-	-	-	-	-	-	-
Amount transferred	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	57.03	-	-	57.03
Transfer to Special Reserve Fund	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-53.23	-	-	-
Transfer from/(to) Debenture Redemption Reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	190.64	-	-	-	40.99	-	-	231.63
Transfer from Retained earnings	57.47	-	-	-	-	-	-	57.47
Securities premium on share options exercised during the year	-	-	-	-	-	-	-	-
Amount transferred	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	287.44	-	-11	287.33
Transfer to Special Reserve Fund	-	-	-	-	-57.47	-	-	-57.47
Dividend	-	-	-	-	-	-	-	-
Transfer from/(to) Debenture Redemption Reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	248.10	-	-	-	270.96	-	-11	518.96

Notes to Ind AS Financial Statements for the Year ended March 31, 2022

Note 1.1: Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash in hand	37.27	26.50
Balances with Banks		
- in current accounts	667.14	1274.14
- in fixed deposit (maturing within a period of three months)	1010.00	-
Stamp in hand	.82	-
Total	1715.23	1300.64

Note 1.2: Bank balance other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposits with bank (maturing after period of three months)	25.00	-
Total	25.00	-

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposits given as security for borrowings	-	-
Fixed deposits given as security for guarantees	-	-
Fixed deposits held for redemption of debentures	-	-
Free held fixed deposits	1035.00	-
Total	1035.00	-

Particulars	As at March 31, 2022(Audited)					Total
	Amortised Cost	At Fair value			Sub-total	
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
(A)						
i) Loans repayable on demand	-	-	-	-	-	-
ii) Term loans	11188.98	-	-	-	-	11188.98
iii) Leasing	-	-	-	-	-	-
iv) Factoring	-	-	-	-	-	-
v) Others	5261.12	-	-	-	-	5261.12
Total (A) - Gross	16450.10	-	-	-	-	16450.10
Less: Impairment loss allowance	334.13	-	-	-	-	334.13
Total (A) - Net	16115.97	-	-	-	-	16115.97
(B)						
I) Secured by tangible assets						
Business Loan	286.23	-	-	-	-	286.23
Vehicle Loan	5158.12	-	-	-	-	5158.12
Equipment Loan	551.15	-	-	-	-	551.15
Loan against Shares	-	-	-	-	-	-
Mortgage Loan	5560.97	-	-	-	-	5560.97
MSME Loans	3293.71	-	-	-	-	3293.71
Gold Loan	363.45	-	-	-	-	363.45
Total (I) - Gross	15213.62	-	-	-	-	15213.62
Less: Impairment loss allowance	303.91	-	-	-	-	303.91
Total (I) - Net	14909.72	-	-	-	-	14909.72
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
Business Loan	465.52	-	-	-	-	465.52
Consumer Loan	318.46	-	-	-	-	318.46
MSME loan	22.40	-	-	-	-	22.40
Micro Lending	35.93	-	-	-	-	35.93
Personal Loan	372.50	-	-	-	-	372.50
Staff Loan	21.66	-	-	-	-	21.66
Total (III) - Gross	1236.47	-	-	-	-	1236.47
Less: Impairment loss allowance	30.22	-	-	-	-	30.22
Total (III) - Net	1206.25	-	-	-	-	1206.25
Total (B) (I+II+III) - Net	16115.97	-	-	-	-	16115.97
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	16450.10	-	-	-	-	16450.10
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	16450.10	-	-	-	-	16450.10
Less: Impairment loss allowance	334.13	-	-	-	-	334.13
Total (C)- Net	16115.97	-	-	-	-	16115.97

Particulars	As at March 31,2021					Total
	Amortised Cost	At Fair value			Sub-total	
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
(A)						
i) Loans repayable on demand	-	-	-	-	-	-
ii) Term loans	9257.35	-	-	-	-	9257.35
iii) Leasing	-	-	-	-	-	-
iv) Factoring	-	-	-	-	-	-
v) Others	6032.69	-	-	-	-	6032.69
Total (A) - Gross	15290.04	-	-	-	-	15290.04
Less: Impairment loss allowance	194.37	-	-	-	-	194.37
Total (A) - Net	15095.67					15095.67
(B)						
I) Secured by tangible assets						
Business Loan	1532.98	-	-	-	-	1532.98
Vehicle Loan	2333.75	-	-	-	-	2333.75
Equipment Loan	430.59	-	-	-	-	430.59
Loan against Shares	595.13	-	-	-	-	595.13
Mortgage Loan	5036.87	-	-	-	-	5036.87
MSME Loans	3205.83	-	-	-	-	3205.83
Gold loan	411.15	-	-	-	-	411.15
Total (I) - Gross	13546.31	-	-	-	-	13546.31
Less: Impairment loss allowance	187.14	-	-	-	-	187.14
Total (I) - Net	13359.17					13359.17
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
Business Loan	389.29	-	-	-	-	389.29
Consumer Loan	1072.97	-	-	-	-	1072.97
Margin Funding	21.92	-	-	-	-	21.92
MSME loan	82.87	-	-	-	-	82.87
Personal Loan	157.43	-	-	-	-	157.43
Staff Loan	19.26	-	-	-	-	19.26
Total (III) - Gross	1743.73					1743.73
Less: Impairment loss allowance	7.22					7.22
Total (III) - Net	1736.51					1736.51
Total (B) (I+II+III) - Net	15095.67					15095.67
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	15290.04	-	-	-	-	15290.04
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	15290.04	-	-	-	-	15290.04
Less: Impairment loss allowance	194.37	-	-	-	-	194.37
Total (C)- Net	15095.67	-	-	-	-	15095.67

2.1 Expected Credit Loss (ECL)

As required by RBI, the Company is obliged to comply with the extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). ECL computed by the Company as per the policy, laid down under significant accounting policies, is higher than the provision as per IRACP norms.

The Notification RBI/2019-20/170 dated 13 March 2020, states that a comparison to be made between the provisions required under IRACP and impairment allowances made under Ind AS 109 and where the impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the Company shall appropriate the difference from their net profit or loss after tax to a separate 'impairment reserve'.

Since, the ECL provision computed as per the policy laid down under significant accounting policies is higher than the provision as per IRACP norms, the requirement of appropriating the difference from the net profit after tax to a separate 'impairment reserve' does not arise.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

(₹ in lakhs)

Year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Total
Opening Gross carrying amount	14581.43	277.04	431.57	15290.04
Add: New Assets	24551.01	4842.98	297.18	29691.17
Less: Assets repaid	-23390.95	-	-	-23390.95
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-4842.98	-	-	-4842.98
Transfer to Stage 3	-297.18	-	-	-297.18
Less: Write off	-	-	-	-
Closing Gross carrying amount	10601.33	5120.02	728.75	16450.10

Reconciliation of ECL Balance

(₹ in lakhs)

Year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Total
ECL Provision				
Gross carrying amount	84.63	4.45	53.55	142.63
Add: New Assets	191.50	115.55	15.15	322.20
Less: Assets repaid	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-115.55	-	-	-115.55
Transfer to Stage 3	-15.15	-	-	-15.15
Less: Write off	-	-	-	-
Closing carrying amount	145.42	120.01	68.71	334.13

Reconciliation of ECL Balance

(₹ in lakhs)

Year ended March 31, 2022				
ECL	Stage 1	Stage 2	Stage 3	Total
Opening Gross carrying amount (IRACP provision)	36.39	.74	157.24	194.37
Reversal of Provision as per IRACP provision	36.39	.74	157.24	194.37
Provision provided as per ECL	145.42	120.01	68.71	334.13
Closing carrying amount: ECL Provision	145.42	120.01	68.71	334.13

2.2 MOVEMENT OF PROVISION FOR STANDARD AND NON-PERFORMING ASSETS

As per the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Reserve Bank Directions, 2016, the Company has created provision for Standard Assets as well as Non-Performing Assets. Details are as per the table below: -

Particulars	2021-22	2020-21
Provision for Standard Assets	81.78	37.12
Provision at the beginning of the year	37.12	27.93
Additional provision made during the year	44.66	9.19
Provision at the close of the year	81.78	37.12
Non-Performing Assets		
Sub-standard Assets	376.90	146.31
Doubtful Assets (Upto 1year)	69.30	3.38
Doubtful Assets (1 – 3 years)	.69	-
Doubtful Assets (More than 3 years)	281.86	279.85
Loss Assets	-	2.02
Total Non-performing Assets	728.75	431.57
Provision for non-performing assets		
Provision at the beginning of the year	157.24	86.38
Additional provision made during the year	40.71	70.86
Provision at the close of the year	197.96	157.24

2.3 Credit Quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification'

As on 31/03/2022

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	10601.33	-	-	10601.33
Medium grade	-	5120.02	-	5120.02
Low grade	-	-	728.75	728.75
Total	10601.33	5120.02	728.75	16450.10

As on 31/03/2021

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	8,155.50	47.21	25.89	8,228.61
Medium grade	4,660.29	177.05	293.32	5,130.65
Low grade	1,747.60	70.82	112.36	1,930.78
Total	14,563.39	295.08	431.57	15,290.04

Note 3: Investments

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
i) Mutual funds & ETF		163.73		384.62
ii) Government securities		-		-
iii) Debt securities		563.42		234.76
iv) Equity instruments				
Subsidiaries		-		-
Others (at fair value)		75.75		29.60
Others (at cost)		202.11		471.42
Fair value gain				
Total Gross (A)		1005.01		1120.41
i) Investments outside India		-		-
ii) Investments in India		1005.01		1120.41
Total Gross (B)		1005.01		1120.41
Less: Allowance for impairment loss (C)		.14		-
Total - Net D = (A) - (C)		1004.87		1120.41

Equity instruments

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Subsidiaries				
Quoted				
Unquoted				
Subtotal				
Others				
Quoted				
ECAP EQUITIES LIMITED	25	35.69	-	-
HINDALCO	532	3.03	-	-
RSHARES LIQUID BEES	1	.01	-	-
YES BANK LIMITED	1,00,000	12.30	-	-
ACC LTD	100	2.15	-	-
APOLLO HOSPITALS ENTERPRISE LTD	50	2.26	-	-
DEEPAK NITRITE LTD	100	2.24	-	-
DLF LTD	575	2.19	-	-
HDFC BANK LIMITED	150	2.21	-	-
HINDALCO INDUSTRIES LTD	400	2.28	-	-
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	400	2.00	-	-
INFO EDGE INDIA LIMITED	50	2.25	-	-
RELIANCE INDUSTRIES LIMITED	100	2.63	-	-
TATA CONSUMER PRODUCTS LTD	300	2.33	-	-
TATA MOTORS LTD	500	2.17	-	-
ITC LTD	-	-	3200	6.99
NHPC LTD	-	-	25002	6.11
THE SOUTH INDIAN BANK LTD	-	-	200000	16.50
Subtotal		75.75		
Unquoted				
HEDGE EQUITIES LTD	2439000	121.95	2439000	121.95
NATIONAL STOCK EXCHANGE OF INDIA LIMITED			33000	349.47
ONE MOBIKWIK	1,000	6.41	-	-
BASIC ENTERPRISES PRIVATE LIMITED	33	24.75	-	-
INTELLIOAK TECHNOLOGIES PRIVATE LIMITED (PREFERENCE SHARES)	222	48.99	-	-
Subtotal		202.11		
Total		277.86		501.02

Debt Instruments & Mutual Funds

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Quoted				
Canara Robeco Bluechip Equity Reg-G	9,963.45	4.06	-	-
Canara Robeco Emerging Equities Reg-G	2,587.93	4.10	-	-
DSP Overnight Fund Reg-G	11,178.55	126.91	-	-
HDFC Ultra Short Term Fund Reg-G	1,09,317.63	13.42	-	-
Parag Parikh Flexi Cap Reg-G	8,518.27	4.21	-	-
Subtotal		152.70		
ASIRVAD MICRO FINANCE, 13% 30JUN2022	1	10.25	-	-
LENDINGKART FINANCE, 11.25% 6NOV2023	3	30.36	-	-
MFCL 050823 (825MFCL23A)	106	1.05	-	-
MFCL-ZC-6-7-24-NCD	110	1.15	-	-
MFL 020524 (8MFL24)	1,319	12.70	-	-
MFL 090423(94MFL23)	2	.02	-	-
MFL 0MFL22C 170722	828	9.68	-	-
MFL 130524(85MFL24A)	324	3.22	-	-
MFL 280124 (825MFL24)	551	5.39	-	-
MFL 28122024 (850MFL24)	9	.09	-	-
MFL 281223 (945MFL23)	132	1.36	-	-
MFL 281223 (9MFL23B)	685	6.88	-	-
MFL 281224 (MFL291021A)	6	.06	-	-
MFL 290324 (0MFL24D)	187	2.06	-	-
MFL 290423(825MFL23)	1,183	11.59	-	-
MFL 9MFL22 170722	792	7.93	-	-
MFL-8.5%-29-3-24-NCD	3	.03	-	-
MFL-9.15%-16-9-23-NCD	50	.49	-	-
MFL-9.40% 0770722(94MFL22)	236	2.49	-	-
MFL-9.90%-8-4-23-NCD	270	2.72	-	-
MUTHOOT FIN 251022 (10MFL22A)	830	10.56	-	-
MUTHOOT FIN 251022 95MFL22A	1,249	12.51	-	-
MUTHOOT FINC 10MFL22 (25102022)	50	.52	-	-
SOUTH INDIAN BANK LTD. SR I (31/12/9999)	11	11.30	-	-
SSFL-GSEC-161223(SSFL160 621)	10	10.84	-	-
ESAF	-	-	14	150.82
MFL 0MFL22C 170722	-	-	192	2.04
MFL 0MFL22CC 07022022	-	-	60	.65
MFL 130623(0MFL23VI)	-	-	324	3.13
MFL 130623(825MFL23A)	907	8.95	1392	13.36
MFL 280123 (0MFL23C)	-	-	250	2.55
MFL 281223 (0MFL23D)	-	-	90	.93
MFL 290324 (0MFL24D)	-	-	9	.09
MFL 290423 (0MFL23E)	-	-	5	.05
MFL 290423(825MFL23)	-	-	2016	19.27
MUTHOOT FI 925MFL21C251021	-	-	100	1.00
MUTHOOT FIN 08.04.2023(0MFL23CC)	-	-	449	4.97
MUTHOOT FIN 251022 (10MFL22A)	-	-	345	3.93
EDELWEISS-AIF	-	-	-	31.98
D791-DSP Strategic bond Fund	-	-	-	384.62
MUTHOOT FINCORP LTD	940	11.05	-	-
Subtotal		175.26		619.38
Exchange Traded Fund - Quoted				
CPSE ETF	8,500.00	2.85	-	-
MIRAE ASSET HANG SENG TECH ETF	20,000.00	2.93	-	-
NIPPON INDIA ETF GOLD BEES	6,000.00	2.65	-	-
NIPPON INDIA ETF LIQUID BEES	0.25	.00	-	-
NIPPON INDIA ETF NIFTY IT	7,000.00	2.61	-	-
Subtotal		11.03		
Unquoted				
AVENDUS FUTURE LEADERS FUND II	22.5063	22.50	-	-
DCG PAC	3472	20.00	-	-
HELLA INFRA MARKET PRIVATE LIMITED	200	200.00	-	-
TRUE BEACON 17SEP2021 CLASS A TRUE BEACON 484		125.00	-	-
SPANDANA SPHOORTY FINANCIAL 07012023	41	20.67	-	-
Subtotal		388.17		
Total	907	727.15	5246	619.38

Note 4: Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits		
- Rent Deposit	20.62	15.11
- Security Deposit with CDSL	1.50	1.50
- Deposit with BSE	.20	.20
- Interest receivable on Financial Assets	512.68	520.60
Total	534.99	537.41

Note 5: Property, plant, and equipment

(₹ in lakhs)

	Buildings	Printer & Scanners	Mobile Phone	Furniture and Fixtures	Computer	Office equipment's	UPS & Battery	Air conditioner	Vehicles	Electrical Installations	Total
Gross block- at cost											
Deemed cost as at April 01, 2020	319.53	1.79	1.92	58.46	45.86	7.40	3.27	12.02	30.22	12.53	493.01
Additions	-	1.02	.07	22.06	8.31	7.81	1.36	2.55	17.08	4.94	65.18
Disposals	-	-	-	-	-	-	-	-	7.88	-	7.88
As at March 31, 2021	319.53	2.81	1.99	80.52	54.17	15.22	4.63	14.57	39.42	17.47	550.32
Additions	-	.66	.02	23.16	7.89	3.32	1.98	1.71	17.76	2.62	59.12
Disposals	-	-	-	1.54	-	-	-	-	-	.48	2.02
As at March 31, 2022	319.53	3.47	2.00	102.14	62.06	18.54	6.61	16.28	57.19	19.61	607.42
Accumulated depreciation											
As at April 01, 2020	9.08	.68	1.88	5.18	31.89	2.23	2.31	3.02	15.67	1.16	73.09
Charge for the period	5.06	.59	.09	6.11	8.62	.82	.54	2.36	4.10	1.26	29.56
Reversal of Depreciation	-	-	-	-	-	-	-	-	5.72	-	5.72
As at March 31, 2021	14.14	1.28	1.97	11.29	40.51	3.05	2.85	5.38	14.05	2.42	96.94
Charge for the period	5.06	.71	.02	8.66	5.96	1.66	.94	2.70	6.62	1.78	34.10
Reversal of Depreciation	-	-	-	.16	-	-	-	-	-	.04	.20
As at March 31, 2022	19.20	1.98	1.99	19.79	46.48	4.70	3.80	8.08	20.67	4.15	130.84
Net Block											
As at April 01, 2020	310.45	1.11	.04	53.27	13.97	5.18	.96	9.00	14.56	11.38	419.91
As at March 31, 2021	305.39	1.53	.02	69.22	13.66	12.17	1.78	9.19	25.37	15.05	453.38
As at March 31, 2022	300.33	1.49	.01	82.35	15.58	13.83	2.82	8.20	36.52	15.46	476.58

Note 6: Other Intangible Assets

(₹ in lakhs)

	Computer Software	Intangible assets under development	Total
Gross block- at cost			
Deemed cost as at April 01, 2020	10.60	-	10.60
Additions	12.00	-	12.00
Disposals	-	-	-
As at March 31, 2021	22.60	-	22.60
Additions	12.00	-	12.00
Disposals	-	-	-
As at March 31, 2022	34.60	-	34.60
Accumulated amortisation			
As at April 01, 2020	3.42	-	3.42
Charge for the period	3.36	-	3.36
As at March 31, 2021	6.78	-	6.78
Charge for the period	5.17	-	5.17
As at March 31, 2022	11.95	-	11.95
Net book value:			
As at April 01, 2020	7.18	-	7.18
As at March 31, 2021	15.82	-	15.82
As at March 31, 2022	22.65	-	22.65

Note 6.1 Intangible assets under development aging schedule

(₹ in lakhs)

Intangible assets under development	Amount of CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-

Note 7: Other Non-financial assets

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with government authorities		
-GST Receivable	5.61	9.11
- Income tax	-	25.10
Other Advances/Receivables	237.60	87.73
Total	243.21	121.94

Note 8: Debt Securities

(₹ in lakhs)

Particulars	As at March 31, 2022			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Debt securities in India				
(i) Secured				-
(a) Privately Placed NCD	11145.05	-	-	11145.05
(b) Public Issue NCD	-	-	-	-
(ii) Unsecured				-
(a) Privately Placed NCD	3950.00	-	-	3950.00
(b) Public Issue NCD	-	-	-	-
(iii) Unclaimed Matured Debentures	2.20	-	-	2.20
(iv) Interest accrued on above	707.04	-	-	707.04
(v) Unamortized transaction cost on NCD	-5.28	-	-	-5.28
Total (A)	15799.01	-	-	15799.01
Debt securities outside India	-	-	-	-
Total (B)	15799.01			15799.01

(₹ in lakhs)

Particulars	As at March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Debt securities in India				
(i) Secured				
(a) Privately Placed NCD	10233.80	-	-	10233.80
(b) Public Issue NCD	-	-	-	-
(ii) Unsecured				
(a) Privately Placed NCD	4320.00	-	-	4320.00
(b) Public Issue NCD	-	-	-	-
(iii) Unclaimed Matured Debentures	4.00	-	-	4.00
(iv) Interest accrued on above	663.03	-	-	663.03
(v) Unamortized transaction cost on NCD	-10.34	-	-	-10.34
Total (A)	15210.49	-	-	15210.49
Debt securities outside India	-	-	-	-
Total (B)	15210.49			15210.49

8.1 Secured Redeemable Non-Convertible Debentures – Unlisted

The outstanding amount of Secured Redeemable Non-Convertible Unlisted Debentures raised through Private Issue stood at ₹ 9145.05 lakhs.

Date of Maturity	Amount in lakhs (₹)	Interest rate
01-05-2022	258.00	11.00% - 11.75%
01-06-2022	267.00	10.00% - 11.75%
01-07-2022	445.50	10.00% - 11.75%
15-07-2022	5.00	10.50%
19-07-2022	137.00	11.00% - 11.75%
31-07-2022	55.00	10.00% - 10.25%
31-08-2022	63.60	10.00% - 10.50%
01-09-2022	67.00	10.00% - 10.75%
06-09-2022	10.00	10.25%
30-09-2022	36.00	10.00% - 10.75%
01-10-2022	110.00	10.25% - 11.75%
15-10-2022	210.00	9.75% - 10.25%
31-10-2022	20.00	10.00% - 10.25%
01-11-2022	352.50	11.00% - 11.75%
15-11-2022	34.35	10.00% - 10.75%
16-11-2022	178.00	9.50% - 10.25%
23-11-2022	53.00	11.75%
30-11-2022	48.00	10.00% - 10.75%
01-12-2022	50.00	11.00%
10-12-2022	50.00	10.00% - 10.75%
27-12-2022	442.00	9.50% - 10.25%

28-12-2022	1.00	10.75%
31-12-2022	5.00	11.00%
27-01-2023	127.00	9.50% - 10.25%
01-02-2023	28.00	11.50% - 11.75%
25-02-2023	155.00	9.50% - 10.25%
24-03-2023	100.00	12.00%
27-03-2023	284.00	9.50% - 12.00%
30-03-2023	25.00	10.75%
28-04-2023	200.00	9.50% - 10.25%
01-05-2023	10.00	10.25%
15-05-2023	30.00	11.25% - 11.50%
26-05-2023	117.00	9.50% - 10.25%
01-06-2023	128.00	10.25% - 11.00%
19-06-2023	154.50	9.50% - 11.75%
30-06-2023	87.00	9.75% - 10.25%
01-07-2023	94.50	10.25% - 11.00%
15-07-2023	32.00	10.25% - 10.75%
22-07-2023	127.00	11.00% - 11.75%
01-08-2023	63.00	10.25% - 11.00%
22-08-2023	276.00	11.00% - 11.75%
01-09-2023	210.00	10.25% - 12.00%
24-09-2023	44.00	10.50% - 10.75%
01-10-2023	52.00	10.25% - 10.50%
24-10-2023	40.00	10.00% - 10.75%
01-11-2023	54.00	10.25% - 11.50%
24-11-2023	107.00	10.25% - 10.75%
01-12-2023	122.00	10.25% - 11.25%
22-12-2023	110.50	11.00% - 11.75%
31-12-2023	68.00	10.25% - 11.00%
25-01-2024	82.00	11.25% - 11.75%
01-02-2024	60.00	10.25% - 10.75%
25-02-2024	91.00	11.00% - 11.75%
30-03-2024	159.00	11.00% - 11.75%
31-03-2024	25.00	10.25% - 10.75%
01-05-2024	90.00	11.00% - 11.75%
01-06-2024	137.60	11.00% - 11.75%
01-07-2024	370.00	11.00% - 11.75%
19-07-2024	77.00	11.00% - 11.75%
01-10-2024	41.00	10.75% - 11.25%
01-11-2024	77.00	11.00% - 11.75%
15-11-2024	10.00	10.25%
23-11-2024	25.00	11.00%
16-12-2024	10.00	10.00%
27-01-2025	83.00	10.00% - 10.50%
01-02-2025	35.00	11.00% - 11.25%
27-02-2025	101.00	10.00% - 10.75%
24-03-2025	120.00	12.00%
25-03-2025	142.00	10.00% - 10.50%
27-04-2025	60.00	10.00% - 10.25%
15-05-2025	20.00	11.25% - 11.75%
28-05-2025	147.50	10.00% - 10.75%
19-06-2025	33.00	11.75%
26-06-2025	30.00	10.50% - 10.75%
19-07-2025	94.00	10.00% - 10.25%
22-07-2025	50.00	11.00% - 11.75%
26-07-2025	50.00	10.50%
31-07-2025	50.00	10.00% - 10.75%
22-08-2025	104.50	11.00% - 11.50%
24-10-2025	31.00	10.00% - 10.25%
24-11-2025	16.00	10.00% - 10.75%
22-12-2025	92.00	11.00% - 11.25%
25-01-2026	60.00	11.00% - 11.75%
25-02-2026	183.00	11.00% - 11.75%
30-03-2026	131.00	11.00% - 11.75%

15-07-2027	51.00	10.00%
16-02-2027	15.00	10.75%
27-03-2027	20.00	10.00%
27-04-2027	40.00	10.00% - 10.50%
25-05-2027	81.00	10.00% - 10.75%
27-06-2027	70.00	10.00% - 10.75%
28-07-2027	15.00	10.25%
26-08-2027	30.00	10.00%
19-09-2027	25.00	10.00% - 10.25%
26-09-2027	70.00	10.75% - 11.00%
30-09-2027	97.00	10.00% - 10.75%
Total	9145.05	

8.2 Secured Redeemable Non-Convertible Debentures – Listed

The Company had privately placed Secured Redeemable Non-Convertible Debentures for a maturity period up to 36 months with an outstanding amount of ₹ 2000.00 lakhs

Series	Redemption Period	Amount in lakhs (₹)	Interest Rate
Tranche 5 - Listed Series I	3 Years	1000.00	11%
Tranche 5 - Listed Series II	3 Years	500.00	11%
Tranche 6 - Listed Series III	3 Years	500.00	11%
Total		2000.00	

Date of Maturity	Interest percentage	Amount in lakhs (₹)
02-12-2022	11%	1000.00
30-03-2023	11%	500.00
24-12-2023	11%	500.00
		2000.00

8.3 Unsecured Debentures – Listed

Date of maturity	Amount in lakhs (₹)	Interest Rate
Total	-	-

8.4 Unsecured Debentures – Unlisted

Date of Maturity	Amount in lakhs (₹)	Interest Rate
23-07-2022	200.00	11%
10-10-2022	100.00	10%
29-11-2022	350.00	10.50%
10-01-2023	200.00	11%
13-01-2023	300.00	11%
20-01-2023	300.00	11%
26-11-2023	100.00	11%
04-02-2024	250.00	11.75%
20-02-2024	150.00	11%
05-03-2024	100.00	11%
20-03-2024	300.00	12%
07-01-2027	200.00	10%
26-01-2027	400.00	12%
30-01-2027	200.00	12%
04-02-2027	400.00	12%
25-02-2027	400.00	12%
Total	3950.00	

8.5 Unclaimed Matured Debentures

Period	Amount in lakhs (₹)
2021-22	2.20
Total	2.20

There are no outstanding dues pending to be transferred to Investor Education and Protection Fund as on 31st March, 2022

Note 9: Borrowings (other than debt securities)

(₹ in lakhs)

Particulars	As at March 31, 2022			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
<i>(i) from banks</i>				
Vehicle Loans	22.60	-	-	22.60
<i>(ii) from others</i>				
(b) Loans from related party	-	-	-	-
(c) Loans repayable on demand				
<i>(i) from banks</i>	-	-	-	-
<i>(ii) from financial institutions</i>				
Aditya Birla Finance Ltd	-	-	-	-
Bajaj Finance Ltd	-	-	-	-
Total (A)	22.60	-	-	22.60
Borrowings in India	22.60	-	-	22.60
Borrowings outside India	-	-	-	-
Total (B)	22.60	-	-	22.60

(₹ in lakhs)

Particulars	As at March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
<i>(i) from banks</i>				
Vehicle Loans	12.51	-	-	12.51
<i>(ii) from others</i>	-	-	-	-
(b) Loans from related party	-	-	-	-
(c) Loans repayable on demand				
<i>(i) from banks</i>	-	-	-	-
<i>(ii) from financial institutions</i>				
Aditya Birla Finance Ltd	-	-	-	-
Bajaj Finance Ltd	-	-	-	-
Total (A)	12.51	-	-	12.51
Borrowings in India	12.51	-	-	12.51
Borrowings outside India	-	-	-	-
Total (B)	12.51	-	-	12.51

9.1 Term Loans

Federal Bank Vehicle Loan - Maruti Ertiga

Amount outstanding - ₹ 9.03 Lakhs Secured by way of first and exclusive charge by Hypothecation of the vehicle for the due payment

Repayment terms: 84 monthly instalments of ₹ 16,442/-

Federal Bank Vehicle Loan - Honda City

Amount outstanding ₹ 13.57 lakhs secured by way of first and exclusive charge by hypothecation of the vehicle for the due payment

Repayment terms :84 monthly instalments of ₹ 23,459/-

Note 10: Subordinated Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Liabilities in India	644.37	-	-	644.37
Subordinated Liabilities outside India	-	-	-	-
Total	644.37			644.37

(₹ in lakhs)

Particulars	As at March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Liabilities in India	609.50	-	-	609.50
Subordinated Liabilities outside India	-	-	-	-
Total	609.50			609.50

10.1 Subordinate Debt by Private Placement

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital subject to discounting as may be applicable under the applicable Reserve Bank master directions. The outstanding as at the end of the financial year stood at ₹ 644.37 Lakhs (including interest accrued of 44.37 lakhs)

	(₹ In lakhs) *	Interest Rate
	As at 31 st March, 2022	
Maturity Pattern (Interest pay out-Monthly)		
Dec-25	17.50	11.50%
Jan-26	95.06	11.50%
Feb-26	95.75	11.50%
Mar-26	23.00	11.50%
Total	231.31	
Maturity Pattern (Interest Pay out - Yearly)		
Dec-25	19.00	12.00%
Jan-26	34.25	12.00%
Feb-26	20.30	12.00%
Mar-26	7.50	12.00%
Total	81.05	
Maturity Pattern (Interest Pay out - Compounding)		
Dec-26	71.40	12.25%
Jan-27	108.70	12.25%
Feb-27	63.14	12.25%
Mar-27	44.40	12.25%
Total	287.64	
Grand Total	600.00	

* Excluding interest accrued

Note 11: Other Financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Rent Payable	2.01	2.17
Salary Payable	1.17	.88
Other Payables	236.95	289.04
Due to creditors	27.35	12.02
Total	267.48	304.11

Note 12: Provisions

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Advances	30.24	30.24
Provision for employee benefits :		
- Gratuity	19.99	16.28
Provision for MTM loss	-	.56
Total	50.23	47.08

Note 13: Other Non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable		
-ESI, EPF & Staff Welfare Fund	5.97	5.69
-Tax Deducted at Source	17.10	13.09
-Professional tax	.36	.41
-GST Payable	6.68	2.20
-KFC Payable	-	.15
-Provision for income tax	32.67	-
Card Expense Payable	.88	-
Unamortized Processing Fees	112.56	48.41
Total	176.23	69.95

Note 14: Equity share capital

14.1 The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
75000000 Equity Shares of ₹10/- each		
55000000 Equity Shares of ₹10/- each	5500.00	5500.00
20000000 Preference shares of ₹10/- each	2000.00	2000.00
Issued, subscribed and fully paid up		
21293817 Equity shares of ₹ 10/- each fully paid up	2129.38	2129.38
1150000 Equity shares of ₹10/- each	115.00	-
1272727 Equity shares of ₹10/- each	127.27	-
Subscribed but not fully paid up		
1150000 Equity shares of ₹10/- each; ₹ 3.05/- each paid up	-	35.08
1272727 Equity shares of ₹10/- each; ₹6.50/- each paid up	-	82.73
8617620 Equity shares of ₹ 10/each: ₹ 5 paid	430.88	-
1682318 Equity shares of ₹10/each: ₹5 paid	84.12	-
Total Equity	2886.65	2247.18

14.2 Terms/ rights attached to equity shares

The Company has issued only one class of equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

14.3 Reconciliation of the number of Equity shares and of Equity share capital amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	₹ in Lakhs
As at April 01, 2020	23716544	2247.18
Shares issued during the period	-	-
As at March 31, 2021	23716544	2247.18
Shares issued during the period	10299938	639.47
As at March 31, 2022	34016482	2886.65

14.4 Details of Equity shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Alex K Babu	4689787	20.53%	4589787	19.35%
Nithya Alex	2132318	6.27%	-	-
Raphel P Thomas	5250000	15.43%	3500000	14.76%
Dr P S George	-	-	1666666	7.03%
KC Babu	9593182	28.21%	6395455	26.97%

14.5 Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back.

Particulars	Fully paid up pursuant to contract(s) without payment being received in cash	Fully paid up by way of bonus shares	Shares bought back
Equity Shares :			
2018-2019	-	-	-
2017-2018	-	-	-
2016-2017	-	-	-
2015-2016	-	-	-
2014-2015	-	-	-

Note 15: Other equity

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Reserves		
Special Reserve Fund(u/s 45 IC of RBI Act, 1934)		
Balance at the beginning of the year	190.64	179.23
Add: Transfer from Retained earnings	57.47	11.41
Balance at the end of the year	248.10	190.64
Debenture Redemption Reserve		
Balance at the beginning of the year	-	-
Add: Transfer from/(to) Retained earnings	-	-
Balance at the end of the year	-	-
Securities Premium		
Balance at the beginning of the year	-	-
Add: Securities premium on share options exercised during the year	-	-
Balance at the end of the year	-	-
Revaluation Reserve		
Balance at the beginning of the year	-	-
Add: Amount transferred	-	-
Balance at the end of the year	-	-
Retained Earnings		
Balance at the beginning of the year	40.99	48.60
Add: Profit for the period	287.33	57.03
Add/Less: Appropriation: -		
Transfer to Special Reserve Fund	-57.47	-11.41
Dividend	-	-53.23
Transfer from/(to) Debenture Redemption Reserve	-	-
Transfer to Impairment Reserve	-	-
Total appropriations	-57.47	-64.64
Balance at the end of the year	270.86	40.99
Total	518.96	231.63

15.1 Nature and purpose of reserve

Statutory reserve

Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. In current year ₹ 57.47 lakhs is appropriated from statement of profit and loss to the Special Reserve Fund.

Retained Earnings

This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Note 16: Interest income

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	On Financial asset measured at amortised cost	On Financial asset measured at amortised cost
<u>i) Interest on Loans</u>		
Business Loan	253.24	395.18
Vehicle Loan	649.45	283.81
Equipment Loan	106.28	76.45
Loan against Shares	68.14	87.06
Mortgage Loan	799.95	478.83
MSME Loans	686.17	596.04
Personnel Loan	29.22	10.85
Gold Loan	88.58	26.29
Staff Loan	2.47	2.64
Consumer Loan	137.97	256.04
Micro Loan	12.42	5.63
Processing Fee	36.91	20.38
Total	2870.80	2239.19

Note 17: Net gain on fair value changes

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Net gain/loss on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	16.97	18.79
(B) Loss on fair valuation of equity shares		
Total Net gain on fair value changes (C)	16.97	18.79
Fair Value changes:		
- Unrealised	16.97	18.79
Total Net gain on fair value changes	16.97	18.79

Note 18: Other operation Income

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other Operating Income	96.86	39.06
Total	96.86	39.06

Note 19: Other Income

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other non-operating income	451.86	114.35
Profit on sale of Fixed assets	-	1.94
Total	451.86	116.29

Note 20: Finance Costs

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
Interest on borrowings (other than debt securities)	1.75	.27
Interest on debt securities		
-Public issue	-	-
-NCD amortization	-	-
-Private Placement	1685.74	1397.97
Interest on subordinated liabilities	72.25	12.69
Bank Charges	3.34	2.29
Total	1763.08	1413.21

Note 21: Impairment on financial instruments

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	On financial instruments measured at amortised cost	On financial instruments measured at amortised cost
Loans	139.76	80.05
Investments	.14	-
Provision for MTM Loss	-.56	.56
Total	139.35	80.61

Note 22: Employee Benefits Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and Wages	462.01	345.02
Provision for Gratuity	5.69	8.91
Staff Incentive	53.89	27.10
Contributions to Provident and Other Funds	29.22	25.07
Staff Welfare Expenses	2.02	1.58
Total	552.83	407.67

Note 23: Depreciation, amortization, and impairment

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of tangible assets	35.12	29.56
Amortization of intangible assets	5.17	3.36
	40.28	32.92

Note 24: Other Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rent, taxes, and energy costs	87.01	71.27
Repairs and maintenance	6.42	3.60
Communication Costs	4.76	3.96
Printing and stationery	8.27	17.32
Advertisement and publicity	12.21	33.72
Director's fees, allowances, and expenses	39.30	35.64
Auditor's fees and expenses	6.50	6.50
Legal and Professional charges	48.56	14.17
Insurance	2.38	1.04
General Office Expenses	27.70	11.29
Travelling Expenses to Staff	37.23	12.36
Vehicle Running & Maintenance Expenses	1.39	.69
Subscription Charges	24.02	12.01
Other expenditure	265.68	186.12
Total	571.44	409.69

Note 24.1 Auditor's fees and expenses:

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
For Statutory audit	5.00	6.00
For Other Services	1.50	.50
For Reimbursement of Expenses		
Total	6.50	6.50

Note 25: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net profit attributable to ordinary equity holders in lakhs	287.33	57.03
Weighted average number of equity shares for basic earnings per share	24336837.00	22471839
Effect of dilution:		
Weighted average number of equity shares for diluted earnings per share	24336837.00	22471839
Earnings per share:		
Basic earnings per share (₹)	1.18	0.25
Diluted earnings per share (₹)	1.18	0.25

HEDGE FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
(All amounts are in Indian Rupees, unless otherwise stated)

I. Corporate Information

The Company incorporated on **15th February 2011** vide Certificate of Incorporation No. **U65923KL2011PLC027672** issued by the Registrar of Companies, Kerala to carry on the business of lending money either with or without security, carry on the business of hire purchase finance, leasing, gold loan, carry on the business of financiers, but the company shall not do the business of banking within the meaning of Banking Regulation Act, 1949 and subject to the Rules and Regulations issued by the Reserve Bank of India from time to time. The company has obtained Certificate of Commencement of Business on 18th June 2012.

II. Basis of preparation, Critical accounting estimates and judgments

A. Basis for preparation of financial statements

The Financial Statements of the company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the companies (Indian accounting standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2020, the company has prepared these financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or Previous GAAP). The financial statements for the year ended 31 March 2021 are the first financial statement of the company prepared in accordance with Ind AS.

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurement required or allowed by relevant Indian Accounting standards.

Accounting policies have been consistently applied to all periods presented unless otherwise stated. The preparation of financial statements requires the use of, certain critical accounting estimates and assumptions that affect the reported amounts of assets, the liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the company are discussed in note IV – Significant accounting judgments, estimates and provisions

B. Presentation of financial statements

The financial statements of the company are presented as per schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the ministry of corporate affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis excepts when, there is an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event and the parties intend to settle on a net basis.

C. Statement of compliance

These standalone or separate financial statements of the company have been prepared in accordance with Indian Accounting Standards as per the companies (Indian Accounting standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013, and other relevant provisions of the Act

D. New Accounting standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2022.

E. Functional and presentation currency

The financial statements are presented in Indian rupees, which are the functional currency of the company and the currency of the primary economic environment in which the company operates. All values are rounded to the nearest lakhs, except when otherwise indicated.

III. Significant accounting policies

A. Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

a. Interest income

Interest income from financial assets is recognized on an accrual basis using Effective Interest Rate method (EIR). The effective interest rate method is the rate that exactly discounts estimated future cash receipts (Including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition. While estimating future cash receipts, factors like expected behaviour and life cycle of the financial assets, probable fluctuations in collateral value etc. are considered which has an impact on the EIR. In a situation where management believes that the recovery of interest is uncertain due change in the price of the gold

or otherwise, the company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Such interests, where instalments are overdue in respect of nonperforming assets are recognized on realization basis. Any such income recognized and remaining unrealized after the instalments become overdue with respect to Non-Performing Assets is reversed.

b. Dividend

Dividend income on equity shares is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

c. Income from sale of services

Revenue is recognized upon transfer of control of promised services to customer in an amount that reflects the consideration we expect to receive as per the agreement with customer.

When the performance obligation is satisfied over time and when there is no uncertainty as to measurement or collectability of consideration, revenue is recognized as per the percentage of completion method.

The company has applied revenue recognition criteria for each distinct performance obligation in relation to service income. The transaction price is allocated to each performance obligation based on the standalone selling price

Any other revenue from operations is recognized based on a five-step model framework under IND AS 115 elucidated below:

Step 1 Identify the contract with the customer - a contract is considered within the scope when the contract is approved by both the parties, payment terms and parties' rights are identified, and it is probable that the consideration will be collected

Step 2 Identify the performance obligations in the contract

Step 3 Determine the transaction price

Step 4 Allocate the transaction price to the performance obligation in the contracts

Step 5 Recognize revenue when the company satisfies performance obligations.

B. Financial Instruments

(a) Classification of Financial Instruments

Financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets and financial liabilities are recognized on its balance sheet when the company becomes a party to the contractual provisions of the instrument.

(b) Business Model Assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

Financial Assets

Initial Recognition & measurement

Financial asset is initially recognized in the Balance sheet at fair value. Transaction costs directly attributable to the acquisition of the financial asset measured at fair value through profit or loss are recognized immediately in profit or loss. Transaction costs directly attributable to the acquisition or issue of financial asset that are measured at amortized cost are added or deducted from the fair value of the financial asset as appropriate, on initial recognition.

Subsequent measurement

Subsequent to initial recognition, financial assets may be classified as under:

- **Financial assets to be measured at amortized cost**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

- **Financial assets to be measured at fair value through other comprehensive income (FVOCI)**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting the contractual cash flows & selling financial assets and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets to be measured at fair value through profit or loss account**

Where the criteria for the above two methods of classification are not met then the financial assets shall be measured at fair value through profit or loss account.

Financial Liabilities

Initial Recognition & measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Derecognition of Financial Asset/Liability

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

(c) Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' model (ECL), for evaluating impairment of financial assets other than those measured at Fair value through profit and loss. Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date. The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses”

Based on the above process, the Company categorizes its loans into three stages as described below:

For non-impaired financial assets

- **Stage 1** is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.
- **Stage 2** is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognizes lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL provision.

- For impaired financial assets: Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognizes lifetime ECL for impaired financial assets.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. Since the company has no sufficient history for the present schemes of loans, we use the internal expert's opinion on the future defaults based on the present Covid scenario.
- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The company uses historical information where available to estimate its EAD
- Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macroeconomic trends reasonably.

To mitigate its credit risks on financial assets, the Company uses collateral, where possible. Collateral comes in various forms such as Gold Jewellery in respect of Gold loans, Shares in case of loan against shares, vehicle in respect of vehicle loans, stock in respect of business Loan/MSME loan/Micro loans. However, the fair value of collateral affects the calculation of ECL. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgments.

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any

subsequent recoveries against such loans are credited to the Statement of Profit and Loss. Where the expected credit loss assessed by the company based on the above metrics are lower than the provision required under the RBI norms, an overlay is added to the provision methodology to ensure that the expected credit loss ascertained by the company is always not lower than the minimum regulatory provision required under RBI norms

Determination of Fair Value of Financial instruments

The company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the perception that the transaction to sell the asset or transfer the liability takes place either –

- a. In the principal market for the asset or liability.
- or
- b. In the absence of principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The financial instruments are classified based on hierarchy of valuation techniques, as summarized below.

Level 1 - This level includes financial assets that are measured by reference to quoted prices in active markets for identical assets or liabilities.

Level 2 - This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. derived from prices).

Level 3 - This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs).

Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

C. Retirement and other employee benefits

1. Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognized in the period in which the employee renders the related service.

2. Long term Employee Benefits

All employees who served a minimum of 5 years eligible for the gratuity as per the provisions of gratuity Act. The company doesn't have any group gratuity scheme. And gratuity provision determined by actuary.

D. Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Company as a lessee

The Company has elected not to recognize right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognizes the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition:

- Measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any

reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

- Measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any re measurement of the lease liability specified in Ind AS 116 'Leases'

The Company as a lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases. Lease payments from operating leases are recognized as an income in the Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

E. Taxes

• Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

• Deferred Tax

Deferred tax assets and liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled

Deferred tax assets are only recognized for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilize those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities are realized simultaneously. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss i.e., either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

• **Minimum Alternate Tax**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. As at the reporting date the company opted taxation under section 115BAA, hence MAT applicability not arised.

F. Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss. As at the reporting period the company has no foreign currency transactions.

G. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash in hand, cheque to be realized, bank deposits having a maturity of less than three months from the date of deposit and stamp paper.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

H. Property Plant and Equipment

The Company has elected to choose the cost model as its accounting policy and continue with the carrying value of assets as deemed cost of all its property, plant and equipment on transition date to IndAS.

The property plant and equipment are the assets held for the use in the supply of services. Property, plant and equipment's are stated in the balance sheet at cost (net of duty/tax credit availed) less accumulated depreciation and accumulated impairment losses, where applicable.

The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

I. Depreciation

Depreciation is provided using written down value method as per the Useful life provided in the Schedule II of The Companies Act, 2013.

Particulars	Useful life as per Companies Act (in years)	Useful life estimated by the Company (in years)
Computers and accessories	3	3
Plant and machinery	15	15
Building	60	60
Car	8	8
Furniture and fittings	10	10

Electrical fittings	10	10
Electronic equipment	15	15
Software and licenses	5	5
Video surveillance equipment	15	15
Air conditioner	10	5

J. Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortization on assets acquired/sold during the year is recognized on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale. Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortized on a straight-line basis over a period of 5 years unless it has a shorter useful life.

The Company's intangible assets consist of computer software with definite life. Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

K. Related Party

All related party transactions which were entered into during the year were on an arm's length basis and generally in the ordinary course of business under the Act. The Company has a policy on related party transactions which has been approved by the Board in their meeting held on 27 March 2017. All the transactions which are identified as related party transactions are approved by the Audit Committee/ Board of Directors/ members at the General Meeting as may be deemed necessary and as stipulated in the policy.

Details of transactions entered with the related party is disclosed in Note IV (2) Accompanying notes to the financial statements.

L. Provisions

Provisions are recognized when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.”

M. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

N. Earnings per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

O. Cash Flow

The company is reporting cash flow statement in indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, tax, any deferrals, or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

P. Expenditure on Corporate Social Responsibility (CSR)

Not applicable

Q. Impairment of Non-Financial Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

IV. Significant accounting judgments, estimates and provisions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

(a) Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan is determined using the reliable estimate by the company. The assumptions used for the determination of the plan reviewed annually by the company.

(c) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the Assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(e) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

(f) Effective Interest Rate (EIR) method

The Company's EIR methodology recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty, interest, and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the Instrument.

(g) Determination of lease term

Ind AS 116 "Leases" requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(h) Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

The effective Income Tax rate for FY 2020-21 & 2021-22 : 25.168%

c. Components of deferred tax (assets) and liabilities recognized in Balance Sheet and statement of profit and loss

(₹ in Lakhs)

Sl. No.	Particulars	As at	As at	Year ended	
		31-03-2022	31-03-2021	31-03-2022	
		Balance sheet		Statement of profit and Loss	OCI
(a)	Re measurement gain / (loss) on defined benefit plan	-	-	-	-.11
(b)	Impact of carry forward losses	-	-	-	-
(c)	Difference between book depreciation and tax Depreciation	(5.53)	(4.48)	-	-
(d)	Financial assets measured at Fair value	-	-	-	-
(e)	Net impact of gain on de recognition of financial Instruments	-	-	-	-
	under amortized cost category	-	-	-	-
(f)	Other temporary differences	36.33	21.19	-	-
	Net deferred tax assets/(liabilities)	30.80	16.71	-	-

d. Reconciliation of deferred tax (assets)/liabilities

(₹ in Lakhs)

Sl. No	Particulars	2021-22	2020-21
(a)	Opening balance as at April 1	42.48	25.77
(b)	Deferred Tax income/(expense) during the period recognized in:		
	(i) Statement of Profit and Loss in Profit or Loss section	30.80	16.70
	(ii) Statement of Profit and Loss under OCI section		-
	Closing balance as at March 31	73.28	42.47

VI. NOTES TO THE FINANCIAL STATEMENTS

1. EMPLOYEE BENEFITS

The company has provided the provision for gratuity according to the actuarial valuation. The total gratuity liability determined during the FY 2021-22 ₹ 19.99 lakhs (Previous Year ₹ 16.28 lakhs). The gratuity calculated on a combined basis hence no individual liability ascertained for the Key Managerial persons

2. FOREIGN EXCHANGE TRANSACTIONS

There are no foreign currency transactions during the financial year.

3. RELATED PARTY TRANSACTIONS

A. List of related parties and relationships

Name of related party as on 31/03/2022	Relationship
Alex Kalluvila Babu	Managing Director
K.P. Padmakumar	Whole Time Director
Vinay Sashidharan	CEO
Rapheal Thomas	Director
Suraj Ramachandran	CFO
Girish Kumar.G	CS
Ajit Kumar Kuruppath	Independent Director
P C John	Independent Director
K C Babu	Relative Of MD
Nithya Alex	Relative Of MD

Jacob Kalluvila Babu	Relative Of MD
Nancy Babu	Relative Of MD
Two Star Ajantha Properties Private Limited	Common Directorship
Hedge Equities Limited	Common Directorship
Hedge School Of Applied Economics Limited	Common Directorship
Hedge Commodities Limited	Common Directorship
Anuja Property Developers Private Limited	Common Directorship
Hedge Info Systems Private Limited	Common Directorship
Hedge Properties Private Limited	Common Directorship
Aesthetics Securities Private Limited	Common Directorship
Cordate Property Developers Private Limited	Common Directorship
Trigger Logistics Private Limited	Common Directorship
Omnicores Solutions Private Limited	Common Directorship
Carlton Logistics Private Limited	Common Directorship
Young Presidents Organization (Kerala Chapter)	Common Directorship
Babymarine Seafood Retail Private Limited	Common Directorship
Chef Garden LLP	Common Directorship
Joyalukkas India Limited	Common Directorship
Modus Logistics Private Limited	Common Directorship
West Hill Realtors and Developers LLP	Common Directorship
Alston Builders and Developers Private Limited	Relative of KMP
Caleb Securities Private Limited	Relative of KMP
Baby Memorial Hospital Limited	Relative of KMP
Freo Rentals and Leasing Private Limited	Relative of KMP
Fedex Securities Limited	Relative of KMP
Kadakketh Farm Products Private Limited	Relative of KMP
Anuba Property Developers Private Limited	Relative of KMP
Uniroyal Marine Exports Ltd	Relative of KMP
Casper Securities Private Limited	Relative of KMP
Himax Builders India Private Limited	Relative of KMP
Enso Financial Consultancy Private Limited	Relative of KMP
Niyog Consultancy Services Private Limited	Relative of KMP
Whitefield Dairy Private Limited	Relative of KMP
Babymarine Exports Private Limited	Relative of KMP
Baby Builders Private Limited	Relative of KMP
Jas Culinary Specialities Private Limited	Relative of KMP
Althom Property Developers Private Limited	Relative of KMP
Nithyaja Property Developers Private Limited	Relative of KMP
Anas Property Developers Private Limited	Relative of KMP
Eo Chapter 180 Foundation	Relative of KMP
Kalluvila Agro Products Private Limited	Relative of KMP
Shrewsbury Farm Products Private Limited	Relative of KMP
Eco Malabar Tourism Private Limited	Relative of KMP
Laab M Screens Private Limited	Relative of KMP
Max Lab Cinemas and Entertainment LLP	Relative of KMP
Jems Food Factory Private Limited	Relative of KMP
Epic Stack LLP	Relative of KMP
Sunset Lands LLP	Common Directorship
Baby Marine Eastern Exports	Relative of KMP
Baby Marine Exports	Relative of KMP
Baby Marine Products	Relative of KMP

A. Transactions with Related Parties as on 31.03.2022

(₹ in lakhs)

	Key Managerial Person				Directors			Entity in which KMP have significant influence			
	Alex K Babu (MD)	Girish Kumar G (CS)	Suraj Ramachandran (CFO)	Vinay Sasidharan	K P Padmakumar (WTD)	Ajith Kumar	John P C	Hedge Equities Ltd	Baby Marine Seafood Retails Pvt Ltd	Omni core Solutions Pvt Ltd	Babymarine Exports P Ltd
Salary and allowance	23.29	10.85	13.55	17.41	15.60						
Sitting fee						0.80	0.70				
Professional Fee											
Rent / maintenance charges paid								2.40			
Rent received											
Travelling expenses			0.28	0.10		0.09					
Food and lodging			0.11								
Vaccine reimbursement			0.02	.008							
Salary advance			1.00								
Investments								121.95			
Debenture interest					56.03				168.00		
Debenture redeemed											
Debenture holdings					520				1400.00		
Subscription Charges										2.46	
Loans											*650.00
Interest on loan											61.15

*Outstanding balance Nil as on 31.03.2022

Dividend to Key Managerial persons (KMP) & relatives of KMP

- i. Alex K Babu : Nil
- ii. K C Babu : Nil
- iii. Nithya Alex : Nil

Transactions with related parties as on 31.03.2022

(₹ in lakhs)

	Key Managerial Person			Directors			Entity in which KMP have significant influence	
	Alex K Babu (MD)	Girish Kumar G (CS)	Suraj Ramachandran (CFO)	K P Padmakumar (WTD)	Ajith Kumar	John P C	Hedge Equities Ltd	Baby Marine Seafood Retails Pvt Ltd
Salary and allowance	20.32	8.91	9.58	13.8	-	-	-	-
Sitting fee	-	-	-	-	0.8	0.8	-	-
Professional Fee	-	-	-	2.4	-	-	-	-
Rent / maintenance charges	-	-	-	-	-	-	2.6	-

Rent received	-	-	-	-	-	-	-	-
Travelling expenses	0.25		0.13	-	0.04		-	-
Debenture interest	-	-	-	-	-	-	-	115.98
Debenture redeemed	-	-	-	-	-	-	-	-
Debenture holdings	-	-	-	490	-	-	-	1400

Dividend to Key Managerial persons (KMP) & relatives of KMP

- i. Alex K Babu : ₹ 5.42 lakhs
- ii. K C Babu : ₹ 15.99 lakhs
- iii. Nithya Alex : ₹. 0.75 lakhs

4. MANAGERIAL REMUNERATION

(₹ in lakhs)

Sl. No	Name of the Director	Current Year	Previous Year
I.	Alex K Babu	23.29	20.32
1.	Padmakumar K P	15.6	13.80

5. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies, and processes from the previous years except those incorporated-on account of regulatory amendments. However, they are under constant review by the Board.

Particulars	As at 31.03.2022	As at 31.03.2021
1. CRAR- Tier I Capital	3292.71	2420.52
2. CRAR- Tier II Capital	649.86	646.62
3. Total Capital	3942.57	3067.14
4. Risk Weighted Assets	18709.89	17498.07
5. CRAR- Tier I Capital (%)	17.60%	13.83%
6. CRAR- Tier II Capital (%)	3.47%	3.70%
7. Total CRAR (%)	21.07%	17.53%

6. Liquidity Coverage Ratio

Particulars	As at 31.03.2022	As at 31.03.2021
Stock of High-quality Liquid Assets (HQLAs)	1740.22	1300.64
Total Net cash outflows over the next 30 calendar days	617.90	325.65
Liquidity Coverage Ratio	2.82	3.99

7. Fair value measurement

a. Valuation Principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, explained in the note - “Determination of fair value of Financial Instruments” (Note No: III)

b. Valuation Hierarchy: Investments

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable

(₹ in lakhs)

Particulars	31-03-2022				31-03-2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis	-	-	-	-	-	-	-	-
Financial investment held for trading	727.01			727.01	619.38	-	-	619.38
Equity Shares	75.75		202.11	277.86	29.6	-	471.43	501.03
Total Assets measured at fair value on a recurring Basis	802.90		202.11	1004.87	648.99	-	471.43	1120.41
Assets measured at fair value on a non-recurring Basis	-	-	-	-	-	-	-	-
Liabilities measured at fair value on a recurring Basis	-	-	-	-	-	-	-	-
Derivative financial Instruments	-	-	-	-	-	-	-	-
-Forward contracts	-	-	-	-	-	-	-	-
-Cross Currency Swaps	-	-	-	-	-	-	-	-
Total derivative financial Instruments	-	-	-	-	-	-	-	-
Total Liabilities measured at fair value on recurring Basis	-	-	-	-	-	-	-	-

Liabilities measured at fair value on anon-recurring Basis	-	-	-	-	-	-	-	-
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c. Valuation Techniques

Equity Instruments: Equity instruments in listed entities are measured at the latest available listed market price as at the end of the reporting date.

Mutual funds: these were measured at the latest available market price as at the end of the reporting date

Debt Instruments: Debt instruments in listed entities are measured at the latest available market price as at the end of the reporting date

d. Transfer between Level 1, Level2 and Level 3 during the reporting period

During the year there have been no transfers between level 1 and level 2. Similarly, there were no transfers from or to level 3

e. Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial Assets and non-financial liabilities.

(₹ in lakhs)

Particulars	Level	Carrying Value		Fair Value	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
Financial Assets					
Cash and cash equivalents	1	1715.23	26.50	1715.23	26.50
Bank Balance other than (a) above	1	25.00	1274.14	25.00	1274.14
Loans	3	16115.97	15095.67	16115.97	15095.67
Investments	3	202.11	471.42	802.76	648.99
Other financial assets	3	534.99	537.41	534.99	537.41
Total Financial assets		18593.30	17405.14	19193.95	17582.71
Financial liabilities					
Debt Securities	2	15799.01	15210.49	15799.01	15210.49
Borrowings (other than debt securities)	2	22.60	12.51	22.60	12.51
Subordinated liabilities	2	644.37	609.50	644.37	609.50
Other financial Liabilities	2	267.48	304.11	267.48	304.11
Total Financial liabilities		16733.46	16136.61	16733.46	16136.61
Off Balance sheet Commitments		-	-	-	-

f. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include cash and bank balances, balances other than cash and cash equivalents, trade payables, other financial liabilities, and other financial assets without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.”

Borrowings

The floating rate loans are fair valued on the basis of MCLR+ spread. For fixed rate loans, the carrying values are a reasonable approximation of their fair value.”

8. Risk Management

Introduction and Risk Profile

As a lending institution, the Company is exposed to various risks that are related to gold lending business, micro finance business and operating environment. Risk management forms an integral element of the business. The objective in the risk management process is to appraise, measure and monitor the various risks that are subject to and to follow policies and procedures to address these risks. The Company manages it through the risk management architecture. The Company continues to improve the policies and procedures and to implement these rigorously, for the efficient functioning of the business. This also helps in managing the risks, associated with the business

Risk management structure

The Company has constituted Executive Risk Management Committee to assist the Board of Directors in the execution of its risk management accountabilities. The Committee provides the Risk Committee of the Board of Directors an independent and objective oversight view of the information to review Company’s financial risk activities and provide an assurance to the Board of Directors that the Company

has implemented an effective ongoing process to identify the risk, to measure the potential impact and proactively manage these risks and to decide the tolerance for the risk.

Risk mitigation and risk culture

The following risk mitigation measure has been suggested at each stage of loan life cycle:

- **Loan Origination** - site screening, independent visit by manager, adequate training to officers.
- **Loan underwriting** - Risk rating, independent assessment, etc.
- **Loan Pre and Post Disbursement** - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- **Loan monitoring** - credit officers to attend Company meeting, reminder of payment of EMI on time, etc.
- **Loan collection and recovery** - monitor repayments, confirmation of balances, overdue and non-performing assets

Risk measurement and reporting systems

In order to address the risks that are inherent to the business, the Company has developed a risk management architecture that includes a Risk Management Committee, of the Board of Directors, internal audit department, and an Executive Risk Management Committee comprising senior management. The Risk Management Committee oversees the risk management policies, which helps to identify, measure, monitor and mitigate the various risks in the businesses. The terms of reference of Risk Management Committee are as follows:

- a. To assist the Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.
- b. To review and assess the nature, role, responsibility, and authority of the risk management function within the Company and outline the scope of risk management work; and
- c. To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed

Internal Audit Department & Risk Audit

Our internal audit department assists in the management of operational risk.

Assets-Liabilities Management Policy

Our Board adopted the asset-liability management policy (“ALM Policy”) on 10 June 2019 which is periodically reviewed.

Analysis of risk concentration

1. Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us.

We believe that the credit risk in our Gold Loan business is relatively low because all our loans are generally over collateralized by pledged gold ornaments. We aim to reduce credit risk through a rigorous loan approval and gold appraisal process, KYC compliance procedures, and a strong non-performing asset (“NPA”) monitoring and recovery mechanism. The credit risk is diminished because the gold jewelry used as security for our loans can be readily liquidated, and the possibility of recovering less than the amount due to us is relatively low. We mitigate credit risk by not disbursing loans in excess of specified limits, as fixed by our Company from time to time, to the same customer, and for high value loans, we undertake a credit check or profiling of the borrower before a loan is approved. We have developed methods to peg the value of the loan amount to the moving average price of gold. We also decrease credit risk by focusing on the quality of the pledged gold. Our internal control system ensures independent verification of the gold by at least two officials at the branch level. The level of verification at the branch level increases as the loan value increases. In addition, the quality of gold is checked by the inspecting officers of the Company through random checks and by gold auditors through a detailed check

Credit risk other than gold loan business is generally higher than our Gold Loan business. However, our product is designed in such a way that minimizes the risk. We have a detailed internal rating system with credit score card helps us to categorize customers based on credit risk and it will help us to take risk mitigation measures accordingly. Most of the lending is in secured nature. We introduced multi-level credit scrutiny measures like Field verification on customer residence, business location, collateral location, etc. from branch level, verification officer level, and random verification from internal audit officer. we have a strong collection process for delinquent accounts by categorizing customers in different buckets based on the frequency of delinquency. The entire collection process is coordinated by our internal collection team.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

The table below discloses the maximum exposure to credit risk by class of financial asset. They also disclose the quantitative information of collateral held including surplus collateral (the extent to which the value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk based on Loan to Value at the point of origination of loans.

As on 31/03/2022

(₹ in lakhs)

Particulars	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used gold ornaments	Book debts, Inventory, and others	Surplus collateral	Total Collateral	Net Exposure
ASSETS									
Financial assets									
(a) Cash and Cash Equivalents	1715.23	1715.23	-	-	-	-	-	1715.23	-
Bank Balance Other than above	25.00	25.00	-	-	-	-	-	25.00	-
Loans	-	-	-	-	-	-	-	-	-
a) Gold Loan	363.45	-	-	-	596.23	-	-	596.23	-
b) Business Loan	751.75	-	-	-	-	1415.89	-	1415.89	-
c) Vehicle Loan	5158.12	-	-	-	-	9231.81	-	9231.81	-
d) Equipment Loan	551.15	-	-	-	-	1275.22	-	1275.22	-
e) Loan Against Shares	0.00	-	-	-	-	-	-	-	-
d) Mortgage Loan	5560.97	-	-	-	-	12856.24	-	12856.24	-
f) MSME Loan	3316.11	-	-	-	-	12131.06	-	12131.06	-
g) Consumer Loan	318.46	-	-	-	-	-	-	-	318.46
i) Micro Lending	35.93	-	-	-	-	-	-	-	35.93
j) Personal Loan	372.5	-	-	-	-	-	-	-	372.5
k) Staff Loan	21.66	-	-	-	-	-	-	-	21.66
Investments	1004.87	-	1004.87	-	-	-	-	1004.87	-
Other Financial Assets	534.99	-	-	-	-	-	-	-	534.99
Total	19730.19	1740.23	1004.87		596.23	36910.22		40,251.55	1283.54

As on 31/03/2021

(₹ in lakhs)

Particulars	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used gold ornaments	Book debts, Inventory, and others	Surplus collateral	Total Collateral	Net Exposure
ASSETS									
Financial assets									
(a) Cash and Cash Equivalents	26.50	26.50	-	-	-	-	-	26.50	-
Bank Balance Other than above	1274.14	1274.14	-	-	-	-	-	1274.14	-
Loans	-	-	-	-	-	-	-	-	-
a) Gold Loan	411.15	-	-	-	531.68	-	-	531.68	-
b) Business Loan	1922.27	-	-	-	-	4260.89	-	4260.89	-
c) Vehicle Loan	2333.75	-	-	-	-	3242.82	-	3242.82	-
d) Equipment Loan	430.59	-	-	-	-	851.53	-	851.53	-
e) Loan Against Shares	595.13	-	1357.25	-	-	-	-	1357.25	-
d) Mortgage Loan	5036.87	-	-	-	-	10818.76	-	10818.76	-
f) MSME Loan	3227.75	-	-	-	-	4659.30	-	4659.30	-
g) Consumer Loan	1072.97	-	-	-	-	-	-	-	1072.97
i) Micro Lending	82.87	-	-	-	-	101.05	-	101.05	-
j) Personnel Loan	157.43	-	-	-	-	-	-	-	157.43
k) Staff Loan	19.26	-	-	-	-	-	-	-	19.26
Investments	1120.41	-	1120.41	-	-	-	-	1120.41	-
Other Financial Assets	537.41	-	-	-	-	-	-	-	537.41
Total	18248.5	1300.64	2477.66	0.00	531.68	23934.35	0.00	28244.33	1787.07

2. Liquidity Risk

Our business is cash intensive and requires substantial funds, on an ongoing basis, to finance the loan portfolio and to grow it. Any disruption in the funding sources would have a material adverse effect on our liquidity and financial condition. The Company is proactively pursuing a system of identifying and accessing newer and cheaper sources of funds, to finance the AUM and to grow the business. There is a regular meeting of our asset liability management committee which reviews the liquidity position of the Company and arranges for sufficient funding in advance, for growth.

3. Market Risk

Market risk arises in gold loan and Loan Against Shares. In gold loan, this is due to the probable decline in the value of the pledged gold and in Loan against share, the cause would be fluctuation in share price. The risk in gold loan part mitigated by linking the LTV to the 30-day average price of gold. This risk is further reduced because we appraise the gold jewellery and fund loans based solely on the weight of gold content without considering design cost, production cost or value of gemstones. In addition, we believe that the sentimental value of the gold jewellery to the customers may induce repayment and

redemption of the pledged gold even if the value of the pledged gold falls below the value of the repayment amount. We believe that a prompt and effective recovery mechanism also helps us deal with this risk.

The risk in loan against shares is mitigated by classifying shares based on their valuation like A,B& C and a hair-cut applicable on them. In addition, the MTM risk on these loan portfolios are tracked daily.

4. Operational Risk

Operational risk broadly covers the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. We have instituted a series of checks and balances and audit reviews to address the various operational risks. We have clearly defined appraisal methods to mitigate appraisal risk. Inaccurate appraisal of the pledged gold may lead to funds being advanced against low value or spurious gold. This risk is mitigated by our policies on internal control, generation of alert reports and additional requirements for high value loans. We also have detailed guidelines on movement of cash or gold to address custodial risk, which is the risk associated with the safety and security of our gold inventory. In addition, we have installed surveillance cameras across of all our branches, and security guards are present at night at certain sensitive branches. We undertake significant employee profiling and background verification checks before hiring and continuously monitor their lifestyle changes. We are also maintaining insurance cover for our gold stock and cash with our branches, and cash in transit, against theft, loss or damage by fire as well as against natural calamities including earthquake and floods.

Rating Loans Days past due (DPD) Stages with regard to quality of assets

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit- impaired) for Expected credit Loss (ECL) calculations in all cases when the borrower becomes 181 days past due on its contractual payments.

Rating	Days Past Due (DPD)	Stages
High grade	Not yet due	Stage 1
High grade	1-30 DPD	Stage 1
Medium grade	31-90 DPD	Stage 2
Medium grade	91-180 DPD	Stage 2
Low grade	181 DPD or More	Stage 3

Liquidity risk and funding management

The table below summarizes the maturity profile of the undiscounted cash flows of the company's financial assets and liabilities as at March 31.

Maturity pattern of assets and liabilities as on March 31, 2022

(₹ in lakhs)

Particulars	As at March 31, 2022	Up to 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1year	Over 1 year & up to 3 years	Over 3 year & up to 5 years	Over 5 years
Financial assets									
Cash and cash equivalents	1715.23	705.23	-	1010		-	-	-	-
Trade Receivable	20.24	-	-	-	-	-	20.24	-	-
Other Receivable	133.52	-	-	133.52	-	-	-	-	-
Loans	16450.10	731.03	216.25	397.83	954.54	6674.22	5983.80	748.33	744.10
Investments	1004.87	163.73				291.12	428.07		121.95
Other financial Assets	534.99	166.89	169.75	33.60	142.42	5.52	1.70	15.11	0.00
Total financial Assets	19858.95	1766.88	386.00	1574.95	1096.96	6970.86	6433.81	763.44	866.05
Financial Liabilities									
Debt Securities	15799.01	2.77	291.26	292.25	1087.93	5193.25	5604.04	2894.29	433.22
Borrowings (other than debt securities)	22.60	0.40	0.40	0.40	1.2	2.4	9.6	8.2	-
Subordinated liabilities	644.37	-	-	-	-	-	-	644.37	-
Other financial liabilities	267.48	30.53	-	236.95	-	-	-	-	-
Total Financial Liabilities	16733.46	33.70	291.66	529.60	1089.13	5195.65	5613.64	3546.86	433.22
Net Undiscounted Asset/(Liabilities)	3125.49	1733.18	94.34	1045.35	7.83	1775.21	820.17	(2783.42)	432.83

Maturity pattern of assets and liabilities as on March 31, 2021

(₹ in lakhs)

Particulars	As at March 31, 2021	Upto 1 month	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
Financial assets									
Cash and cash equivalents	1300.64	-	-	1300.64	-	-	-	-	-
Trade Receivable	20.24	-	-	-	-	-	20.24	-	-
Other Receivable	24.47	-	-	24.47	-	-	-	-	-
Loans	15290.04	1585.75	80.99	187.37	1135.57	1192.45	4936.87	1248.29	4922.73
Investments	1120.41		384.62	113.55	-	150.82	-	349.47	121.95
Other financial Assets	537.41	160.96	95.67	54.85	125.47	83.65	1.70	15.11	0.00
Total financial Assets	18293.21	1746.71	561.28	1680.88	1261.04	1426.92	4958.81	1612.87	5044.68
Financial Liabilities									
Debt Securities	15210.49	44.14	144.50	165.50	2308.05	3323.28	7438.67	1786.35	-
Borrowings (other than debt securities)	12.51	-	-	-	-	2.24	-	10.26	-
Subordinated liabilities	609.50	2.19	-	-	-	7.31	-	312.36	287.64
Other financial Liabilities	304.11	6.33	-	297.79	-	-	-	-	-
Total Financial Liabilities	16136.61	52.66	144.50	463.29	2308.05	3332.83	7438.67	2108.97	287.64
Net Undiscounted Asset/(Liabilities)	2156.60	1694.05	416.78	1217.59	(1047.01)	(1905.91)	(2479.86)	(496.10)	4757.04

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments

(₹ in lakhs)

Particulars	Up to 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 2 years & up to 5 years	Over 5 years
As at March 31, 2022								
Income tax demands						3.75		
As at March 31, 2021								
Income tax demands								

Interest Rate Risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability is on fixed rate basis and hence not subject to interest rate risk. Some of the borrowings of the Company are linked to rate benchmarks hence subject to interest rate risk.

5. CRAR (Capital to Risk Asset Ratio)

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The company reports CRAR (Capital to Risk Asset Ratio) as per RBI guidelines. CRAR have been computed by dividing total of Tier-1 and Tier-2 capital by total of risk weighted asset.

Particulars	As on 31/03/2022	As on 31/03/2021
CRAR – Tier I Capital (%)	17.60%	13.83%
CRAR – Tier II Capital (%)	3.47%	3.70%
CRAR (%)	21.07%	17.53%

6. Maturity pattern of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

Particulars	As at March 31, 2022	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	1715.23	1715.23	-
Bank Balance other than (a) above	25.00	25.00	-
Loans*	16450.1	8973.87	7476.23
Investments	1004.87	454.85	550.02
Other financial assets	534.99	518.18	16.81
Non-financial Assets			
Current tax assets (Net)	-	-	-
Deferred tax assets (Net)	73.28	73.28	-
Property, Plant and Equipment	476.58	0.00	476.58
Other intangible assets	22.65	-	22.65
Other non-financial assets	243.21	138.96	104.25
Total Assets	20545.91	11687.13	8646.54
LIABILITIES			
Financial Liabilities			
Debt Securities	15799.01	6867.46	8931.55
Borrowings (other than debt securities)	22.60	4.80	17.80
Subordinated liabilities	644.37	-	644.37
Other financial liabilities	267.48	267.48	-
Non-financial Liabilities			
Provisions other than loans	50.23	19.99	30.24
Impairment loss allowance*	334.13	265.42	68.71
Other non-financial liabilities	176.23	63.67	112.56
Total Liabilities	17294.05	7488.82	9805.23
Net Undiscounted Asset/(Liabilities)	3251.86	4198.31	(1158.69)

(₹ in lakhs)

Particulars	As at March 31, 2021	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	1300.64	1300.64	-
Bank Balance other than (a) above	-	-	-
Loans*	15290.04	1900.89	13389.15
Investments	1120.41	623.45	496.96
Other financial assets	582.12	545.07	37.05
Non-financial Assets			
Current tax assets (Net)	-	-	-
Deferred tax assets (Net)	42.47	42.47	-
Property, Plant and Equipment	453.38	0.00	453.38
Other intangible assets	15.82	-	15.82
Other non-financial assets	121.94	86.16	35.78
Total Assets	18926.82	4498.68	14428.14
LIABILITIES			
Financial Liabilities			
Debt Securities	15210.49	5323.50	9230.30
Borrowings (other than debt securities)	12.51	2.24	10.26
Subordinated liabilities	609.50	312.36	287.64
Other financial liabilities	304.11	304.11	-
Non-financial Liabilities			

Provisions other than loans	47.08	16.84	30.24
Impairment loss allowance*	194.37	37.12	157.25
Other non-financial liabilities	69.95	21.54	48.41
Total Liabilities	16448.01	6017.71	9764.10
Net Undiscounted Asset/(Liabilities)	2478.81	(1519.03)	4664.04

*Loans represent the gross loan outstanding and impairment allowances provided on gross loans are separately shown under the head non-financial liability

7. Change in liabilities arising from financing activities disclosed as per Ind AS 7, Cash flow statement

(₹ in lakhs)

Particulars	As at 31 March 2021	Cash flows	Change in Fair Value	Others	As at 31 March 2022
Borrowings (other than debt securities)	12.51	10.09	-	-	22.60
Subordinated liabilities	609.50	34.87	-	-	644.37
Debt Securities	15210.49	588.52	-	-	15799.01
Total	15832.50	633.48	-	-	16465.98

(₹ in lakhs)

Particulars	As at 31 March 2020	Cash flows	Change in Fair Value	Others	As at 31 March 2021
Borrowings (other than debt securities)	4.79	7.72	-	-	12.51
Subordinated liabilities	-	609.50	-	-	609.50
Debt Securities	11035.46	4175.03	-	-	15210.49
Total	11040.25	4792.25	-	-	15832.50

8. List of statutory dues outstanding for a period of more than 6 months from the due date

Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
NA	NA	NA	NA

9. Contingent Liability

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
Claims against the company not acknowledged as debts	NIL	NIL
- Income tax demands	3.75	NIL
- Service tax demands	NIL	NIL
- Others	NIL	NIL

a) Claims against the company not acknowledged as debts

(₹ in lakhs)

Sl. No	A.Y	Section	Tax Demand	Total Tax Paid	Bank Guarantee given	Forum where dispute is pending
1	2018 - 19	143 (3)	28.39	24.64	Nil	CIT (Appeal)

10. The Code on Social Security, 2020

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

11. Guarantee For Loans Taken By Others

The Company has not given any guarantee for loans taken by others from banks or financial institutions.

12. Disclosure under the MSME Act 2006 (as preintimation received from vendor)

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2022 together with interest paid /payable are required to be furnished

13. Segment Reporting

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

14. Previous Year Figures

Previous year figures have been regrouped, reclassified, and rearranged, where necessary, to conform to the current year’s classification.

15. Registration of charges or satisfaction with Registrar of Companies (ROC)

All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2022 and March 31, 2021. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

16. Compliance with number of layers of companies

The company does not come under the purview of clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2022 and March 31, 2021

17. Analytical Ratios

(₹ in lakhs)

Particulars	As at 31.03.2022			As at 31.03.2021	% Variance	Reasons for variance if above 25%
	Numerator	Denominator	Ratio	Ratio		
1. CRAR	3942.57	18709.89	21.07%	17.53%	3.54%	
2. Tier I CRAR	3292.71	18709.89	17.60%	13.83%	3.79%	
3. Tier II CRAR	649.86	18709.89	3.47%	3.70%	(.23%)	
4. Liquidity Coverage Ratio	1740.23	617.90	2.82	3.99	(1.17)	

18. Title Deeds of Immovable properties not held in the name of company

The company does not possess any immovable property (other than properties where the company is the lessee, and the lease agreement are duly executed in favour of lessee) then whose title deeds are not held in the name of company during the FY ended 31/03/2022 and 31/03/2021.

19. Details of Crypto currency or Virtual Currency

The company has not traded or invested in crypto currency or virtual currency during the FY 31/03/2022 and 31/03/2021.

20. Details of Benami property held

No proceeding have been initiated or pending against the company for holding any Benami property under the Benami Transaction (Prohibition) Act 1988 (45 of 1988) and rules made thereunder in the FY ended 31/03/2022 and 31/03/2021.

21. Quarterly returns or statements of current assets

The company does not have borrowings from banks or financial institutions on the basis of security of current assets during the FY 31/03/2022 and 31/03/2021

22. Wilful defaulter

The company has not been declared as a wilful defaulter by any bank or financial institutions or other lender in the financial year ended 31/03/2022 and 31/03/2021.

23. Relationship with Struck off Companies

The Company has not had any relation with struck off companies as on 31/03/2022 and 31/03/2021.

24. Compliance with approved scheme of Arrangements

The Company does not have active approved scheme of arrangements as on 31/03/2022 and 31/03/2021.

25. Utilisation of Borrowed fund and share premium

As part of normal course of business, the Company grants loans and make investments to various persons and borrow funds in adherence to all regulatory compliances.

Other than the above, the Company has not advanced or loaned or invested fund (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entities, including foreign entities (“intermediaries”) with the understanding, whether recorded in writing or otherwise, that the intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the ultimate Beneficiaries or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries. The Company has also not received any fund from any person or entities, including foreign entities (funding party) with the understanding (whether recorded or in writing or otherwise that the Company shall whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.

26. Undisclosed Income

There are no transactions not recorded in the books of accounts.

For and on behalf of the Board

As per our Report of even date attached

sd/-

sd/-

For MOHANDAS & ASSOCIATES

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

K P Padmakumar
(Whole Time Director)
DIN:00023176

sd/-

MOHANDAS A
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 036726
FIRM REG NO: 02116S
UDIN: 22036726AJXYXZ2265

sd/-

sd/-

sd/-

Vinay Sasidharan
(Chief Executive

Suraj Ramachandran
(Chief Financial Officer)

Girish Kumar Ganapathy
(Company Secretary)

:

Place: Kochi

Date: 30-05-2022

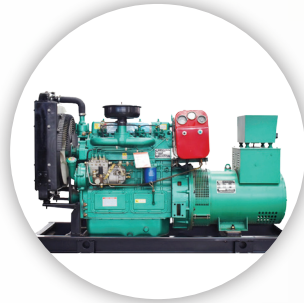
**GOLD
LOANS** >>>



**BUSINESS
LOANS** >>>



**EQUIPMENT
LOANS** >>>



**CAR
LOANS** >>>



HEDGE FINANCE LIMITED

HEDGE HOUSE, MAMANGALAM, KOCHI 682025, KERALA
+91 93493 12345, +91 484 6130400
info@hedgefinance.com www.hedgefinance.com

NOTICE FOR ELEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the **11th Annual General Meeting** of the members of Hedge Finance Limited will be held as shown below:

Date: 21st September 2022

Day: Wednesday

Time: 11.00 A.M

Venue: At the registered office of the company situated at Hedge House Mamangalam, Palarivattom P.O, Kochi, Ernakulam KL 682025 IN. The facility of Video Conferencing (WC) or Other Audio-Visual Means (OAVM) is available to the members at their option, to attend the Meeting and cast their vote electronically.

To transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31 March 2022, together with the Reports of Board and Auditors thereon and in this regard, to pass the following resolution as **Ordinary Resolution:**

"RESOLVED THAT the audited financial statements including Balance Sheet of the Company as at March 31, 2022, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date together with all the notes annexed and the Directors' and Auditors' Reports thereon, placed before the meeting, be and are hereby considered and adopted."

2. To appoint a Director in place Mr. Alex K Babu, (DIN: 01254207), who retires by rotation and being eligible for reappointment offers himself for appointment, and to pass the following resolution as **Ordinary Resolution.**

"RESOLVED THAT in accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Alex K Babu, (DIN: 01254207), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation".

Special Business

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** for appointment of Mr. Kiliyanat Puliasseri Padmakumar (DIN:00023176) as Whole Time Director:

"RESOLVED THAT pursuant to the provisions Section 196, 197 and 203 read with the Rules made there-under along with Schedule V and other applicable provisions if any, of the Companies Act, 2013 and subject to such other approvals as may be necessary, consent of the members be and is hereby accord-ed to appoint Mr. Kiliyanat Puliasseri Padmakumar (DIN : 00023176), as the Whole Time Director of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company to be held by the company, on a monthly remuneration of Rs. 1,30,000/- (Rupees One Lakh Thirty Thousand only), inclusive of all, and within the overall limit of Section 197 of the Companies Act 2013 (read with Schedule V), or any amendments thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Mr. Kiliyanat Puliasseri Padmakumar."

RESOLVED FURTHER THAT during the currency of his tenure, if the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Kiliyanat Puliasseri Padmakumar, Whole Time Director by way of salary, perquisites and allowances shall not exceed the maximum remuneration payable in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 with liberty to the Board / Committee to decide the breakup of the remuneration from time to time in consultation with the Whole Time Director.

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** for authorization to Board of Directors to borrow money:

"RESOLVED THAT pursuant to the provisions of Sections 42, 179, 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Memorandum and Articles of Association of the Company and subject to such approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall include

any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to borrow such sums of money including money raised by issue of any securities, debentures, through Private Placement of Unsecured / Secured Redeemable Non-Convertible Debentures, whether listed or otherwise including through privately placed/ public issue, of listed Secured Redeemable Non-Convertible Debentures, on such terms and conditions and at such times at par or at such premium, as may be decided by the Board/Committee of Directors to eligible investors (whether residents, institutions, statutory corporations, commercial banks, insurance companies, incorporated bodies, mutual funds, venture capital funds, financial institutions, individuals, trustees, stabilizing agents or otherwise and whether or not such investors are members of the Company), in one or more tranches during the period of existence of this resolution till the next Annual General Meeting, from the date of passing of Special Resolution by the shareholders or till the said limit of borrowing is reached, on such terms and conditions as the Board may from time to time determine proper and beneficial, as deemed necessary, for retiring existing debt, for the general business/corporate purposes of the Company, from time to time with or without security and upon such terms and conditions as they may think fit, from time to time, provided that the total borrowing apart from the temporary loans taken from the Company's bankers or any other banks, financial institutions or any lending institutions or from shareholders or any other person, company, firm or body corporate, shall not exceed a sum of Rs. 250,00,00,000/- (Rupees Two Hundred And Fifty Crore only) outstanding at any one-time excluding interest thereon, and this resolution to be in force till the next Annual General Meeting of the shareholders of the Company, or till such time that the powers of the Board are further enhanced by the shareholders.

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, invitation, issue or allotment through private placement of NCD or other securities, or for listed issue of NCDs, the Board or any Committee of Board duly constituted by the Board, be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalizing the form / placement documents / offer letter, timing of the issue(s), including the class of investors to whom the NCDs/ securities are to be allotted, number of NCDs/securities are to be allotted in each tranche, issue price, redemption, rate of interest, redemption period, allotment of NCDs/ securities, appointment of debenture trustees and other agencies, entering into arrangements for managing the issue, issue placement documents and to sign all deeds, documents and writings and to pay any fees, remuneration, expenses relating

thereto and for other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby severally authorized to finalize, settle and execute such documents/ deeds/ writings/ papers/ agreements and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable in this regard, for the purpose of giving effect to this resolution."

Place: Kochi

Date: 12 August 2022

**By Order of the Board of Directors
For Hedge Finance Limited
s/d
Alex Kalluvila Babu
Managing Director
(DIN: 01254207)**

Notes

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular No.02/2021 dated 13th January 2021 permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members. Considering the current situation and to encourage the participation by members following the social distancing norms, and in compliance with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the AGM of the company is being held along with the facility through VC / OAVM.

2. A member of the company who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. Further since the facility to attend the AGM through VC/OAVM is provided, physical attendance of such members who are attending through VC/OAVM is dispensed with. Accordingly, the facility for appointment of proxies by such members who are attending through VC/OAVM will not be available.

3. Instrument of proxies, in order to be effective, must be received at the registered office of the company, duly completed and signed, not later than 48 hours before time fixed for commencement of the meeting.

4. The facility for members to join the AGM through VC/OAVM shall be kept open at least 15 minutes before the time scheduled to start the meeting and shall not be closed till the expiry of 15 minutes after such scheduled time by following the procedure mentioned in the Notice.

5. In terms of Sections 101 and 136 of the Act, read together with the Rules made thereunder, companies may send the notice of Annual General Meeting and the annual report, including Financial Statements, Board Report etc. by electronic mode. In compliance with the provisions of the Act and aforesaid MCA Circulars, Notice of the 11th AGM along with the Annual Report for FY 2021-2022 is being sent only through electronic mode to those members whose email addresses are registered with the Company.

6. Members who have not yet registered their email addresses are requested to register the same with the Company email id at girish.kg@hedgegroup.in, at least ten days before the date of the AGM.

7. Relevant documents referred to in the Act, and statutory registers will be available for inspection at the registered office of the company at any day during business hours except on holidays up to and including the date of Annual General Meeting. Members can inspect the same in electronic means by sending an email to Company at girish.kg@hedgegroup.in

In accordance with the MCA circulars, the said registers shall be made accessible for inspection through electronic mode, which shall remain open and be accessible to any member during the continuance of the meeting.

8. Instructions for Members attending the AGM through VC/OAVM are as under: a. During the meeting held through VC or OAVM facility, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending e-mails through their e-mail addresses which are registered with the company. The said e-mails shall only be sent to the designated e-mail of the company ie. girish.kg@hedgegroup.in. b. AGM through VC or OAVM facility will be conducted through Google Meet and the link to participate the same will be provided at least seven days before the date of meeting. c. Members shall click on URL received in their registered mail ID and shall key in the unique username and Password disclosed in the mail d. The attendance of the Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. e. Members are encouraged to join the Meeting through Laptops / IPads for better experience. f. Further members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. g. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/ video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

9. The Statutory Registers will be available for inspection by the Members at the venue of the Annual General Meeting or at the registered office of the Company during business hours, except on holidays up to and including the date of the Annual General Meeting of the Company.

10. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the item nos. 3, and 4 is annexed and forms a part of this Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013. in respect of items 3 and 4 in this notice.

Item No.3: Mr. Kiliyanat Puliasseri Padmakumar (DIN : 00023176) was reappointed as Whole-Time Director of the company for a period of one year effective from the date of 10th Annual General Meeting held by the company on 17 September 2021. Since the afore said period of appointment is expiring with the conclusion of the ensuing Annual General Meeting, it is proposed to re-appoint him as Whole-Time Director of the company for a period of one year from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

Mr. Kiliyanat Puliasseri Padmakumar has attained the age of 78 years, and as per the proviso to Section 196 3(a), the Company has to obtain consent of the members by way of special resolution for appointing a person aged above 70 years to the office of Whole-Time Director of the Company. The Company would benefit from his expertise in the field of its operations, keeping in view that he has more than three decades of rich and varied experience in Banking and Non-Banking financial sectors, and the proposal for his appointment seems completely justified by the Board of Directors.

The terms and conditions of his re-appointment are as under:-

1. The remuneration payable to Mr. Kiliyanat Puliasseri Padmakumar as described in the resolution as decided and approved by the Nomination & Remuneration Committee of the Company is inclusive and no further monetary benefits will be advanced.
2. The term of appointment shall be for a period of one year commencing from the date of this Annual General meeting and ending by the date of Annual General Meeting to be held for the Financial Year 21-22.
3. Mr. Kiliyanat Puliasseri Padmakumar shall not be entitled to any sitting fees for attending meetings of the Board or Committees thereof

Mr. Kiliyanat Puliasseri Padmakumar being an appointee is interested in the resolution. Save as aforesaid, none of the Company's Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in this resolution. The Board accordingly recommends the special resolution as set out in Item No. 3 of the notice for approval of the members.

The brief profile of the director and the additional information as required under schedule V is mentioned below:

Name of the Director	Mr. Kiliyanat Puliasseri Padmakumar
Age	78 years
DIN	00023176
Category	Whole Time Director
Date of first appointment on the Board as Director	1st July 2019
Qualification(s)	BSC Agriculture CAIIB
Expertise in Specific Functional Area	Financial expertise
Terms & conditions of re-appointment	As per resolution mentioned in Item No. 3 of the Notice
Details of remuneration sought to be paid and remuneration last drawn	For remuneration sought to be paid, and last drawn, please refer resolution mentioned in item No.3
Relationship with other Directors, Manager, and other Key Managerial Personnel of the company	NIL
Number of Board Meetings attended during the year 21-22	38
Directorships held in other public Companies, including listed Companies [excluding foreign private Companies and deemed public Company] as on 31st March, 2022	NIL
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees of other Public Companies as on 31st March, 2022	NIL
Number of shares held in the Company as on 31st March, 2022	NIL

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013

III General Information

4. Nature of Industry :NBFC

5. Date of commencement of commercial production:18th June 2012

6. Financial performance based on given indicators: Rs in lakhs

Particulars	*Year ended. 31 st March, 2022	*Year ended. 31 st March, 2021
Revenue from operations	34,36,84,917	22,97,77,000
Profit/(Loss) before tax	3,69,86,524	69,95,000
Profit / Loss after tax	2,87,33,332	57,03,000

IV Information about Mr. Kiliyanat Puliasseri Padmakumar:

Particulars	
Background details	Mr. Kiliyanat Puliasseri Padmakumar is a Banker with nearly 52 years of experience in India and abroad in commercial banking, treasury management, capital markets, mutual funds and NBFCs.
Past remuneration	Rs. 1,30,000 per Month
Recognition or awards	Management leadership award instituted by Kerala Management Association Lifetime Achievement Award by Kerala Darsana Vedi and State of Forum of Bankers Club
Job profile and his suitability	Mr. Kiliyanat Puliasseri Padmakumar (Former Chairman Federal Bank), with his wide knowledge and experience in the banking community has held various positions like member of IBA Managing Committee, President of IBA Kerala Chapter, Member in the Managing Committee of Cochin Chamber of Commerce and Industry
Remuneration proposed	As stated in Item No.3 of this Notice

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration of Mr. Kiliyanat Puliasseri Padmakumar is in line with the nature of Industry, size of Company, responsibilities entrusted and peer remuneration. The Nomination Committee after considering all aforesaid factors has recommended the remuneration specified in Item No. 3 of the notice
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	NIL

Item No.4: As the business requirements of the Company is growing and to enable to access funds at most competitive rates, the Company may consider undertaking different forms of borrowings including but not limit-ed to term loan(s), working capital facilities, securities, non-convertible, or convertible debt instruments and/ or other fund-based facilities whether secured or unsecured as may be allowable to be mobilized by the Company. In this regard, it is, therefore, proposed to increase the present borrowing limits of the Company by authorizing the Board of Directors of your Company or any Committee of the Board to borrow from time to time any amount, secured or unsecured, as it may deem requisite for the purpose of the business of the Company which shall not exceed the sum of Rs 250,00, 00,000. /- (Rupees Two Hundred And Fifty Crore only).

Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 and other applicable provisions, if any, of the Companies Act, 2013 of the Act deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for securities on private placement, the company shall obtain previous approval of its members by means of a special resolution. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures.

As per Sections 42, 179, 180(1)(c) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 the company can borrow money by way of non-convertible debentures (NCDs) by means of a special resolution. In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, the Board, which term shall include any Committee constituted by the Board shall have the power to include raising of funds at an appropriate time by offer or invite subscription for unsecured/ secured, redeemable nonconvertible debentures in one or more series / tranches on private placement or as listed instruments, at a face value of Rs. 1000/- per NCD, or by way of any other

securities. Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 4 of the Notice. This resolution is an enabling resolution and authorizes the Board of Directors of the Company to offer or invite subscription for non-convertible debentures or by way of any other securities as may be required by the Company, from time to time for a year from the date of passing this resolution.

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, approval of the Members at a General Meeting is required if the monies to be borrowed, together with the monies already borrowed by a Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceed the aggregate of the paid-up share capital of the Company and its free reserves. Your directors recommend the Special resolution set out in item No.4 of the Notice for the approval of the members.

None of the Directors, Key Managerial Personnel and Relatives of the Directors / Key Managerial Personnel of the Company are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4. The Board recommends the Special Resolution as set out at item no.4 for approval by the Members.

By Order of the Board of Directors
s/d
For Hedge Finance Limited
Alex Kalluvila Babu
Managing Director
(DIN: 01254207)

Place: Kochi

Date: 12/ 08 /2022



**ATTENDANCE SLIP FOR THE 11TH ANNUAL GENERAL MEETING OF THE
COMPANY**

Hedge Finance Limited

CIN:U65923KL2011PLCO27672

Registered Office: HEDGE HOUSE, MAMANGALAM, PALARIVATTOM P.O KOCHI
ERNAKULAM, KERALA 682025

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

Folio No.:

No. of shares :

Name(s) in Full Company	Father's/Husband's Name	Address as Regd. with the
1.
2.
3.

**I/We hereby record our presence at the Annual General Meeting of the Company being held
on 21st September 2022 at 11:00 A.M. at the registered office of the company.**

Please in the box

Member Proxy

Member's/Proxy's Signature

Hedge Finance Limited

CIN:U65923KL2011PLCO27672

Registered Office: HEDGE HOUSE, MAMANGALAM, PALARIVATTOM P.O KOCHI ERNAKULAM, KERALA 682025

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s)	
Registered Address:	
E-mail id:	
Folio No/Client ID:	

I/We are-----being a Member/Members of Hedge Finance Limited, hereby appoint:

1.residing athaving e-mail id or failing him; and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on 21st September 2022 at 11:00 A.M at registered office of the company situated at Hedge House, Mamangalam, Palarivattom P.O Kochi, Ernakulam, Kerala 682025.

RESOLUTIONS

1. To adopt the Audited Financial Statements for the year ended 31 March 2022, together with the Reports of Board and Auditors
2.To re- appoint Mr. Alex K Babu, (DIN : 01254207), Director
3.To re- appoint Mr. Kiliyanat Pulliasseri Padmakumar (DIN: 00023176) as a Whole Time Director
4.Approval for enhancing Borrowing Limit

As witness my/our hand(s), this 21st day of September 2022

Signature of the Shareholder

Affix Revenue Stamp Here

Signature of first proxy holder holder

Signature of second proxy holder

Signature of third proxy holder

Notes: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.