

10TH

ANNUAL REPORT

2020-21



ANNUAL REPORT 2020-21

BOARD OF DIRECTORS

Alex Kalluvila Babu
Managing Director

K P Padmakumar
Whole Time Director

Rapheal Thomas
Director

Ajit Kumar Kuruppath
Independent Director

P C John
Independent Director

Registered Office
Hedge House, Mamangalam
Kochi-682 025
Kerala

CIN : U65923KL2011PLC027672
www.hedgefinance.com

Statutory Auditors

Manikandan & Associates
Chartered Accountants,
Room: 78, II Floor, DD Oceano Mall,
Marine Drive, Ernakulam,
Kochi-682 011

Secretarial Auditors

SEP & Associates
Company Secretaries,
Building No.Cc 43/2695-A,
Karya Parambil Lane,
SRM Road,
Kochi-68201

Debenture Trustee

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

Bankers

HDFC Bank Ltd
The Federal Bank Ltd
Indian Bank
State Bank of India
Yes Bank Ltd
Indusind Bank Ltd
Axis Bank Ltd

BOARD'S REPORT

To

The Members,

Your Directors have pleasure in presenting the **10th Annual Report** on the business and operations of the company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2021.

Financial Performance:

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

(₹ in Lakhs)

Particulars	Year ended 31st March 2021*	Year ended 31st March 2020**
Total revenue	2414.06	1944.73
Total Expenses	2344.11	1818.13
Profit / (Loss) before taxation	69.95	126.60
Less / Add:		
Current Tax	29.63	30.23
Deferred Tax	(16.71)	(2.99)
Total Tax Expenses	12.92	27.25
Profit / Loss after tax	57.03	99.35
Add: Balance B/F from the previous year	48.60	(27.90)
Less: Dividend paid	(53.23)	-
Less: Transfer to reserve	(11.41)	(22.85)
Balance Profit / (Loss) C/F to the next year after setting off accumulated loss	40.99	48.60

* Prepared in accordance with Ind AS as per regulatory requirements

** Prepared in accordance with Ind AS as per regulatory requirements

State of Company's Affairs and Future Outlook

The year that has gone by;

Financial year 2020-2021 started with vestiges of covid pandemic problems, affecting the economy. Demand recession riding on widespread lock down related production and job losses got accumulated in the second half of the fiscal, severely eroding the growth of loan book of the Company. The situation called for a rejigging of strategies, and we necessarily slowed down disbursement of retail loans and opening new branches.

The need of the hour was to keep the borrowing commerciality keeping in view the moratorium and restructuring plans for the MSME segment announced by the RBI. Wherever available we restructured the borrowal accounts and strengthened the collection machinery.

The collection percentage of the Company thus was far above the peer level numbers reflecting on the quality of the borrower selection.

We could increase the retail loan book to 53.13% of the total loan book of ₹ 152.90 Crores as of 31 March 2021. Total income of the Company grew by 24.13% in the fiscal with the total loan book growing by 32.96 %.

The profitability of operations was sustained with sharp focus on controlling expenses and diligent treasury management. The net profit of the Company was ₹ 57.03 Lakh as of 31 March 2021 as against ₹ 99.35 lakh as of 31st March 2020.

Change in nature of business, if any, during FY 2020-21:

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

Reserves:

During the Financial Year 2020-21, your company has registered a net profit of ₹ 57.03 Lakhs and an ₹ 11.41 Lakhs is transferred to reserves.

Share Capital:

The Capital structure of the Company is as follows:

(₹ in Lakhs)

Share Capital	31.03.2021	31.03.2020
Authorized Share Capital		
55,000,000 Equity Shares of ₹10/- each (25,000,000 Equity shares of ₹ 10/- each)	5500.00	5500.00
20,000,000 Preference Shares of ₹ 10/- each (20,000,000 Preference Shares of ₹10/- each)	2000.00	2000.00
Issued Share Capital		
23,716,544 Equity Shares of ₹ 10/- each	2371.65	2371.65
Subscribed and fully paid-up Share Capital		
21,293,817 Equity Shares of ₹ 10/- each fully paid up	2129.38	2129.38
Subscribed but not fully Paid-up Share Capital		
1,150,000 Equity Shares of ₹ 10/- each in which ₹ 3.05/share paid up	35.08	35.08
1,272,727 Equity Shares of ₹ 10/- each in which ₹ 6.5/share paid up	82.73	82.73
Total	2247.18	2247.18

Changes in Share Capital:

There was no change in the share capital of the company during the Financial Year 2020-21

Debentures Issue

During the financial year 2020-21 the company had issued 3,21,000 Secured Non-Convertible Redeemable Debentures of ₹ 1000/- each aggregating to ₹ 32,10,00,000 /- and 4,22,000 Unsecured Non-Convertible Redeemable Debentures of ₹ 1000/- aggregating to ₹ 42,20,00,000 /- by way of private placement. The Company also issued 50,000 Secured Non-Convertible Redeemable Debentures of ₹ 1000 /- each aggregating to ₹ 5,00,00,000 /-, which were listed on Bombay Stock Exchange.

Revision of Financial Statement:

There was no revision of the Financial Statements of any earlier years during the year under review, however the financials have been worked out for 2020 and 2021, as per Ind AS, as required under listing requirements.

Extract of Annual Return:

As provided under Section 92(3) of the Act, extract of Annual Return for the Financial Year 2020-21, 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 31st March 2021, 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. Alex K Babu (DIN: 01254207), 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 18/09/2020.

Special Resolution was passed for re-appointing Mr. Alex K Babu (DIN: 01254207) as Managing Director of the Company and to fix the remuneration on AGM held on 18/09/2020

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
CIJPS6370Q	Suraj Ramachandran	Chief Financial Officer
ACXPG2744C	Girish Kumar G	Company Secretary
AWVPS6152Q	Vinay Sasidharan	Chief Executive Officer

Meetings of the Board of Directors:

During the Financial Year 2020-21, 39 meetings of Board of Directors of the company were held as detailed below.

Date of the meeting	K P Padmakumar	Alex Kalluvila Babu	Rapheal Thomas	Palathunkal Chacko John	Kuruppath Ajitkumar
16.04.2020	Present	Present	Present	Present	Absent
15.05.2020	Present	Present	Absent	Present	Absent
22.05.2020	Present	Present	Absent	Present	Absent
10.06.2020	Present	Present	Absent	Present	Present
19.06.2020	Present	Present	Absent	Present	Absent
26.06.2020	Present	Present	Absent	Present	Present
27.06.2020	Present	Present	Absent	Present	Absent
22.07.2020	Present	Present	Absent	Present	Absent
23.07.2020	Present	Present	Absent	Present	Absent
14.08.2020	Present	Present	Absent	Present	Present
22.08.2020	Present	Present	Absent	Present	Absent
26.08.2020	Present	Present	Absent	Present	Absent
18.09.2020	Present	Present	Absent	Present	Present

24.09.2020	Present	Present	Absent	Present	Absent
24.10.2020	Present	Present	Absent	Present	Absent
28.10.2020	Present	Present	Absent	Present	Absent
11.11.2020	Present	Present	Absent	Present	Present
24.11.2020	Present	Present	Absent	Present	Absent
26.11.2020	Present	Present	Absent	Present	Absent
27.11.2020	Present	Present	Absent	Present	Present
11.12.2020	Present	Present	Absent	Present	Present
22.12.2020	Present	Present	Absent	Present	Absent
23.12.2020	Present	Present	Absent	Present	Absent
24.12.2020	Present	Present	Absent	Present	Absent
31.12.2020	Present	Present	Absent	Present	Absent
06.01.2021	Present	Present	Absent	Present	Absent
11.01.2021	Present	Present	Absent	Present	Absent
15.01.2021	Present	Present	Absent	Present	Absent
25.01.2021	Present	Present	Absent	Present	Absent
04.02.2021	Present	Present	Absent	Present	Absent
08.02.2021	Present	Present	Absent	Present	Absent
12.02.2021	Present	Present	Absent	Present	Present
20.02.2021	Present	Present	Absent	Present	Absent
25.02.2021	Present	Present	Absent	Present	Absent
05.03.2021	Present	Present	Absent	Present	Absent
17.03.2021	Present	Present	Absent	Present	Absent
20.03.2021	Present	Present	Absent	Present	Absent
26.03.2021	Present	Present	Absent	Present	Absent
30.03.2021	Present	Present	Absent	Present	Absent

Annual General Meeting:

Date of Meeting	Nature of Meeting	No. of Directors attended the meeting	No. of members attended the meeting including Directors
18.09.2020	Annual General Meeting	4	12

Independent Directors Meeting:

Date of Meeting	P C John	Kuruppath Ajitkumar
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 2020-21 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
26.06.2020	Present	Present	Present
11.11.2020	Present	Present	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 14.08.2020 and all its members were present except Mr. Raphel 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
14.08.2020	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. An investment amounting to ₹ 1,21,95,000/- in one of the group company Hedge Equities Ltd existed at the beginning of the financial year and is continuing at the end of the financial year for the same amount as the company has not made any further investment or sale during the period.

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:

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s Manikandan & Associates, Chartered Accountants, having firm registration number 008520S, were appointed by the Company at the 8th Annual General Meeting for a period of Two Years. Hence, they were continuing as the Statutory Auditors of the company during the period under review.

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.

As per Section 139(2) and The Companies (Audit and Auditors) Rules, 2014 a Statutory Auditor can conduct audit of a company for a maximum period of 5 years at a time. Further, as per the Act, an audit - firm can be appointed as Statutory Auditor for not more than two terms of five consecutive years. As the tenure of our existing Auditor as per the Companies Act 2013, as indicated earlier, ends at the ensuing AGM, Board with the approval of Audit Committee recommends the following resolution for the appointment of M/s. Mohandas & Associates, Chartered Accountants, Thrissur, as statutory auditor subject to the approval of members at the ensuing AGM.

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:

With regard to Section 204 of the Companies Act, 2013 Secretarial audit is applicable to your Company during the year under review, since the Company has listed Secured Non-Convertible Redeemable Debentures, and the Board had appointed SEP & Associates, Company Secretaries, Building No.CC 43/2695-A, Karya Parambil Lane, SRM Road, Kochi-682018 as Secretarial Auditors, and their report is also attached as **Annexure III**.

Your Company confirms that there are no qualifications in the secretarial Auditor’s Report for the year under review.

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 not earned any amount of foreign exchange nor had incurred expenditure in foreign exchange.

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:

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 Vigilance Mechanism:

The provisions of Section 177(9) of the Companies Act, 2013 and consequent to the listing of Non-Convertible Debentures in December 2019, the aforesaid provision became applicable. 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 31.03.2021. 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 2021, 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 2021 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) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) 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.

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/-

Alex Kalluvila Babu
Managing Director
DIN: 01254207

sd/-

K P Padmakumar
Director
DIN: 00023176

Place: Kochi
Date: 13/08/2021

Annexure I
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2021

[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	95.18
2	Other Income	66301	4.82

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	5853423	Nil	5853423	24.68	-
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	5853423	Nil	5853423	24.68	-
(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	5853423	Nil	5853423	24.68	-
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	Nil	1000	1000	0.01	Nil
ii. Individual shareholders holding nominal sh. Capital in excess of ₹1 lakh	11245455	6616666	17862121	75.31	12495455	5366666	17862121	75.31	-
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2): -	11245455	6617666	17862121	75.31	12495455	5367666	17863121	75.31	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	11245455	6617666	17863121	75.32	12495455	5367666	17863121	75.31	-
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%	18348878	5367666	23716544	100%	Nil

*Please note the paid-up share capital of the company is ₹ 224718396/-, the difference between the amount of paid-up share capital and the number of shares is due to partly paid-up shares held by Mr. Alex Kalluvila Babu

(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	4589787	19.35	Nil	Nil
2	Pradeep Kumar C	963636	4.06	Nil	963636	4.06	Nil	Nil
3	Nithya Alex	300000	1.26	Nil	300000	1.26	Nil	Nil

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

There is no 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 (01.04.2020)		4589787	19.35	4589787	19.35
		No change				
	At the end of the year (31.03.2021)		4589787	19.35	4589787	19.35
2	Pradeep Kumar C					
	At the beginning of the year (01.04.2020)		963636	4.06	963636	4.06
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		963636	4.06	963636	4.06
3	Nithya Alex					
	At the beginning of the year (01.04.2020)		300000	1.26	300000	1.26
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		300000	1.26	300000	1.26

(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 (01.04.2020)		6395455	26.97	6395455	26.97
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		6395455	26.97	6395455	26.97
2	DR. P S George					
	At the beginning of the year (01.04.2020)		16,66,666	7.03	16,66,666	7.03
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		16,66,666	7.03	16,66,666	7.03
3	Kiran B					
	At the beginning of the year (01.04.2020)		1200000	5.06	1200000	5.06
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		1200000	5.06	1200000	5.06
4	Dr. Joseph V T & Celine Joseph					
	At the beginning of the year (01.04.2020)		1000000	4.22	1000000	4.22
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		1000000	4.22	1000000	4.22
5	Cheriyath Varghese					
	At the beginning of the year (01.04.2020)		1000000	4.22	1000000	4.22
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		1000000	4.22	1000000	4.22
6	Lissy Mathew					
	At the beginning of the year (01.04.2020)		425000	1.79	425000	1.79
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		425000	1.79	425000	1.79
7	Mathew Philip					
	At the beginning of the year (01.04.2020)		425000	1.79	425000	1.79
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		425000	1.79	425000	1.79
8	Asha John					
	At the beginning of the year (01.04.2020)		250000	1.05	250000	1.05
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		250000	1.05	250000	1.05

9	Aswathi Annie Abraham					
	At the beginning of the year (01.04.2020)		150000	0.63	150000	0.63
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		150000	0.63	150000	0.63
10	Ajit Jones Mathew					
	At the beginning of the year (01.04.2020)		150000	0.63	150000	0.63
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		150000	0.63	150000	0.63

(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 (01.04.2020)		4589787	19.35	4589787	19.35
	At the end of the year (31.03.2021)		4589787	19.35	4589787	19.35
2	P.C John					
	At the beginning of the year (01.04.2020)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		Nil	Nil	Nil	Nil
3	Kuruppath Ajitkumar					
	At the beginning of the year (01.04.2020)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		Nil	Nil	Nil	Nil
4	Suraj Ramachandran					
	At the beginning of the year (01.04.2020)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		Nil	Nil	Nil	Nil
5	Girish Kumar. G					
	At the beginning of the year (01.04.2020)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		Nil	Nil	Nil	Nil

6	Rapheal Thomas					
	At the beginning of the year (01.04.2020)		3500000	14.76	3500000	14.76
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		3500000	14.76	3500000	14.76
7	Vinay Sasidharan					
	At the beginning of the year (01.04.2020)		Nil	Nil	Nil	Nil
		No change	Nil	Nil	Nil	Nil
	At the end of the year (31.03.2021)		Nil	Nil	Nil	Nil

(vi) Indebtedness:

Indebtedness of the company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) principal amount	8447.41	2250.00	-	10697.41
ii) interest due but not paid	29.69	.84	-	30.53
iii) interest accrued but not due	235.16	72.36	-	307.52
Total (i +ii+ iii)	8712.26	2323.20	-	11035.46
Change in Indebtedness during the financial year				
*Addition	3710.00	4820.00	-	8530.00
*Reduction	1712.63	2022.51	-	3735.14
Net changes				
Indebtedness at the end of the financial year				
i) principal amount	10237.80	4920.00	-	15157.80
ii) interest due but not paid	39.56	2.77	-	42.33
iii) interest accrued but not due	432.27	197.92	-	630.19
Total (I + ii + iii)	10709.63	5120.70	-	15830.33

(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)	K P Padmakumar (WTD)	Total Amount
	Gross Salary			
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	20.32	13.80	34.12
	b) Value of perquisites under Section 17(2) Income	-	-	-

	Tax Act 1961			
	c) Profit in lieu of salary under Section 17(3) Income Tax Act 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-As % of profit	-	-	-
	-others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	20.32	13.80	34.12
	Ceiling as per the Act	-	-	-

B. Remuneration to other Directors

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of Director		Total amount
		Ajith Kumar	P C John	
1	Independent Directors			
	-Fee for attending Board and Committee Meetings	.80	.80	1.60
	-Commission	-	-	-
	-Others please specify	-	-	-
	Total (1)	.80	.80	1.60
2	Other Non-Executive Directors			
	-Fee for attending Board and Committee Meetings	-	-	-
	-Commission	-	-	-
	-Others, please specify	-	-	-
	Total (2)	-	-	-
	Total Managerial Remuneration		1.60	1.60
	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	12.35	8.91	9.58	30.85
	b) Value of perquisites under Section 17(2) Income Tax Act 1961	-	-	-	-
	c) Profit in lieu of salary under Section 17(3) Income Tax Act 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-

4	Commission	-	-	-	-
	-As % of profit	-	-	-	-
	-others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	12.35	8.91	9.58	30.85

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: 13/08/2021

Alex Kalluvila Babu
Managing Director
DIN: 01254207

K P Padmakumar
Director
DIN: 00023176

ANNEXURE II
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	1 year (from 01/04/2020 to 31/03/2021)
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/-

Place: Kochi
Date: 13/08/2021

Alex Kalluvila Babu
Managing Director
DIN: 01254207

sd/-

K P Padmakumar
Director
DIN: 00023176

Annexure III
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

To,

The Members,

HEDGE FINANCE LIMITED

Hedge House, Mamangalam

Palarivattom P.O, Kochi KL- 682025

We, SEP & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HEDGE FINANCE LIMITED (CIN: U65923KL2011PLC027672)** (hereinafter called the “Company”). Secretarial Audit was conducted for the financial year ended on 31st March 2021 in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) as amended and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of

India Act, 1992:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(h) The Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994;

(i) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;

(vi) As informed to us, the following other laws are specifically applicable to the Company:

1. Reserve Bank of India Act, 1934;

2. Master Direction- Non- Banking Financial Company- Non-Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

3. Non- Banking Financial Companies- Corporate Governance (Reserve Bank) Directions, 2015 as applicable to non-deposit taking NBFC;

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

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. With regard to the requirement of a woman director, the company has informed that they were on a lookout for a suitable candidate since the listing of its Non-Convertible Debentures, issued on private placement basis, with BSE in December, 2020. However, the definition of 'listed company' under the Companies Act, 2013

was amended vide Notification dated 19.02.2021 whereby the company was exempted from being considered as a listed company under the Act with effect from 01.04.2021. Hence the requirement of appointment of woman director does not apply to the company with effect from 01.04.2021.

Adequate notice is given to all directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority and the same was captured and recorded as part of the minutes. There were no dissenting views by any member of the Board of Directors during the period under review.

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

We further report that during the audit period there were no instances of:

- i.** Issuance of securities including Public/Right/Preferential issue of shares other than issue and listing of Non-Convertible Debentures.
- ii.** Redemption/Buy-back of securities
- iii.** Merger/amalgamation / reconstruction.
- iv.** Foreign technical collaborations.

This report is to be read with Annexure A of even date and the same forms an integral part of this report.

**For SEP & Associates
Company Secretaries
(ICSI Unique Code: P2019KE075600)**

sd/-

**Place: Kochi
Date: 02/08/2021**

**CS Sivakumar P,
Managing Partner,
FCS: F3050, COP No. 2210
UDIN: F003050C000723352**

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members

HEDGE FINANCE LIMITED

Hedge House, Mamangalam

Palarivattom P.O, Kochi KL- 682 025

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of the provisions of all laws, rules, regulations, standards applicable to **HEDGE FINANCE LIMITED** (hereinafter called the “Company”) is the responsibility of management of the Company. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to issue Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.
3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.
4. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management as conducted the affairs of the Company.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2021 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SEP & Associates
Company Secretaries
(ICSI Unique Code: P2019KE075600)

sd/-

Place: Kochi
Date: 02/08/2021

CS Sivakumar P,
Managing Partner,
FCS: F3050, COP No. 2210
UDIN: F003050C000723352

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, 2021, 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 (“IndAS”) and other accounting principles generally accepted as at March 31, 2021, 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 there under 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 Statements.

Emphasis of Matter

We draw attention to the declaration by the World Health Organization on 11 March 2020, of the Novel Corona Virus (COVID 19) outbreak as a pandemic. The impact of and uncertainty related to the COVID-19 pandemic has been identified as a key element for recognition and measurement of impairment on loans and advances, on account of this impact on the company's customers and their ability to repay the dues. The management has taken a thorough analysis of the possible impact of the pandemic and has concluded that the COVID-19 pandemic may have an impact on the Company's financial performance depending on future developments, which are highly uncertain as of now. Our audit opinion on the Financial Statements is not modified in respect of the above matters.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the Key Audit Matters to be communicated in our report

Key Audit Matters	Audit procedures adopted
<p>Ind AS implementation</p> <p>The Company has adopted the Indian Accounting Standards (“Ind AS”) effective from 1st April 2020, as notified by the Ministry of Corporate Affairs with the transition date as 1st April 2019. The impact of the transition is mainly on the following areas:</p> <p>Classification, recognition, measurement and disclosure of Financial Assets and Financial Liabilities.</p> <p>Valuation of Investments under fair value method</p> <p>Measurement of Impairment on Financial Assets (Expected Credit Loss).</p> <p>Accounting for Loan Fees and Cost on Financial Liabilities.</p> <p>Note III to the Financial Statements Significant Accounting Policies and Recent Accounting Pronouncements discloses details of the transition impact on the Financial Statements. As the transition impact involves a significant degree of management judgment and key assumptions on the above matters, we have identified this as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • We have verified the minutes of the Audit Committee, with regard to the approval of the choices made and exemptions claimed by the company for the transition under Ind AS101 • Evaluated the management’s transition date choice under Ind AS101. • We have reviewed the transition date adjustments made to give effect to the change in accounting framework, under the previous GAAP to the new Ind AS Framework
<p>Impairment Loss Allowance</p> <p>Management’s judgments in the calculation of impairment allowances having a significant impact on the financial statements, is included in the significant accounting policies as stated in “Note No – III - B to the Financial Statements”. The estimates regarding impairment allowances are complex and require a significant degree of judgment, which increased with implementation of Expected Credit Loss (“ECL”) approach as required by Ind AS 109 relating to</p>	<ul style="list-style-type: none"> • We obtained an understanding of management’s assessment of impairment of loans and advances including the Ind AS 109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also verified the key judgments and assumptions relating to the macro-economic scenarios including the impact of COVID 19 Pandemic and the associated probability weights. • We also assessed the approach of the Company for

<p>“Financial instruments.”</p> <p>The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgement include:</p> <p>1. Categorization of loans in Stage 1, 2 and 3 based on identification of:</p> <p>a) exposures with significant increase in credit risk since their origination and</p> <p>b) Individually impaired / default exposures.</p> <p>2. Techniques used to determine Loss Given Default (‘LGD’) and Probability of Default (‘PD’) to calculate an ECL by considering present and future macroeconomic conditions such as market scenario and market risk attributable to the industry</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard. The Board of Directors has opted the provision under the IRAC norms as the ECL provision lower than the IRAC provision. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions. Given the significance of judgments and the high complexity related particularly to the calculation of ECL, we considered this area as a Key Audit Matter.</p>	<p>categorization of the loans in various stages reflecting the inherent risk in the respective loans.</p> <ul style="list-style-type: none"> • For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. • We have also verified the compliance of the circulars issued by the Reserve Bank of India from time to time during the year on this subject.
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Information Other Than Financial Statements and Auditors Report Thereon

The Company’s Board of Directors is responsible for other information. The other information comprises 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 related 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. The Board of Directors are also responsible for overseeing the company's financial reporting process and assess the impact if any of the COVID-19 pandemic on the financial statements of the Company. As the matter has been thoroughly examined by the management to decide that there is no threat to the going concern status as of now, we have nothing to report on the matter.

Auditors 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 standards 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures 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.

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, 2016("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure 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 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, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, 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 does not have any pending litigations which would impact its financial statements.

ii. They did 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 and Protection Fund.

For MANIKANDAN & ASSOCIATES

Place : Kochi
Date : 25-06-2021

sd/-

C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN: 21208654AAAAJL5234

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, 2021. We report that:

i.

a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) According to the information and explanation provided by the Management, the Company has a regular program for the verification of its fixed asset. 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 program, 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.

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. The Company has not granted loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Thus, paragraph 3(iii) of the Order is not applicable.

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. Hence this clause not applicable

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from as per the provisions of section 73 to 76 of companies Act and Rules framed there under 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.

viii. 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.

ix. In our opinion and according to the information and explanations given to us, money raised by way of issuing Secured non-convertible debentures have been applied by the Company during the year for the purpose for which they have been raised.

x. According to the information and explanations given to us, fraud on the Company by its officers or employees has not been noticed.

xi. According to the documents provided for our verification, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

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 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in Note No. I in the financial statements of the Company as required by the applicable Ind AS.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of securities during the year under review, has complied with the requirement of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which it was raised.

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. 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.

For MANIKANDAN & ASSOCIATES

Place : Kochi

Date : 25-06-2021

sd/-

**C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN: 21208654AAAAJL5234**

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, 2021, 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, 2021.
- 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 Non systemically important Non-Banking Financial (Non-Deposit Accepting or holding) Companies prudential norms (Reserve bank directions, 2016 during the year ended March 31, 2021).
- vi. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion given.

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 MANIKANDAN & ASSOCIATES

sd/-

Place : Kochi
Date : 25-06-2021

C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN: 21208654AAAAJL5234

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 2021

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, 2021, 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, 2021, 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.

Auditor's 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. pertains 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

Place : Kochi
Date : 25-06-2021

For MANIKANDAN & ASSOCIATES

sd/-

C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN: 21208654AAAAJL5234

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

[as required in terms of paragraph 13 of Non –Systemically Important Non- Banking Financial
(Non Deposit Accepting or Holding)) Companies Prudential Norms (Reserve Bank) Directions, 2016]

(₹ in lakhs)

	Particulars	Amount outstanding	Amount Overdue
	Liabilities side		
(1)	Loans and advances availed by the non-banking financial inclusive of interest accrued thereon but not paid:		
	(a) Debentures: Secured	10237.80	4.00
	:Unsecured	4320.00	Nil
	(Other than falling within the meaning of public deposits)		
	(b) Deferred credits	Nil	Nil
	(c) Term loans	12.51	Nil
	(d) Intercompany loans and borrowing	Nil	Nil
	(e) Commercial paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
	Assets side	Amount outstanding	
(2)	Break up of Loans and Advances including Bills receivable (other than those included in (4) below:		
	(a) Secured		
	(b) Unsecured		
		13546.31	
		1743.73	
(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		
	ii. Stock on hire including hire charges under Sundry debtors”		
	(a) Assets on hire		Nil
	(b) Repossessed Assets		
	iii Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		Nil

	(b) Loans other than (a) above	
	Break – up of Investments:	
	<i>Current Investments:</i>	
	1. Quoted;	
	(i) Shares: (a) Equity	29.61
	(b) Preference	Nil
	(ii) Alternative Investment fund	31.98
	(iii) Units of mutual funds	384.62
	(iv) Government Securities	Nil
	(v) Others	51.96
	2. Unquoted:	Nil
	(i) Shares: (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	150.82
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others	
4	Long term investments:	
	1. Quoted:	
	(i) Shares: (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of Mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others	Nil
	2. Unquoted:	
	(i) Shares: (a) Equity	471.42
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others	Nil

5	Borrower group wise classification of assets financed as in (2) and (3) above	Amount net of Provisions		
		Secured	Unsecured	Total
	Category			
	1.Related Parties			
	(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	13359.17	1736.51	15095.67
	Total	13359.17	1736.51	15095.67
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	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	Nil	Nil	Nil
	Total	Nil	Nil	Nil
7	Other information			
	1) Gross Non-Performing Assets			
	i) Related Parties	Nil	Nil	Nil
	ii) Other than related Parties	420.50	11.06	431.56
	2) Net Non-performing Assets	Nil	Nil	Nil
	i)Related parties			
	ii)Other than related parties	266.17	8.16	274.33
	Assets acquired in satisfaction of debt	Nil	Nil	Nil

For and on behalf of the Board

sd/-

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

sd/-

K P Padmakumar
(Whole Time Director)
DIN:00023176

sd/-

Vinay Sasidharan
(Chief Executive Officer)

sd/-

Suraj Ramachandran
(Chief Financial Officer)

sd/-

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi
Date: 25-06-2021

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

(₹ in lakhs)

Particulars	Gross Loan outstanding		Provision for Assets		Net Loan outstanding	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Business Loan - Secured						
Standard Assets	1,253.13	1,680.80	3.12	4.20	1,250.01	1,676.60
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	279.85	279.85	139.92	83.96	139.93	195.89
Loss Assets	-	-	-	-	-	-
Total	1,532.98	1,960.65	143.04	88.16	1,389.94	1,872.49
Business Loan – Unsecured						
Standard Assets	389.29	269.73	0.97	0.68	388.32	269.05
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	389.29	269.73	0.97	0.68	388.32	269.05
Vehicle Loan						
Standard Assets	2,303.35	1,033.50	5.76	2.58	2,297.59	1,030.91
Sub Standard Assets	30.40	-	3.04	-	27.36	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	2,333.75	1,033.50	8.80	2.58	2,324.95	1,030.91
Equipment Loan						
Standard Assets	413.15	374.26	1.03	0.94	412.12	373.31
Sub Standard Assets	14.07	4.19	1.41	0.42	12.66	3.77
Doubtful Assets	3.37	-	0.68	-	2.69	-
Loss Assets	-	-	-	-	-	-
Total	430.59	378.45	3.12	1.36	427.47	377.08
Loan against Shares						
Standard Assets	594.78	604.33	1.49	1.51	593.29	602.82
Sub Standard Assets	0.35	-	0.04	-	0.32	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	595.13	604.33	1.52	1.51	593.61	602.82
Margin Funding						
Standard Assets	-	0.35	-	0.00	-	0.35
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	-	0.35	-	0.00	-	0.35
Mortgage Loan						
Standard Assets	5,023.40	3,552.99	12.55	8.88	5,010.85	3,544.11
Sub Standard Assets	13.47	-	1.35	-	12.12	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	5,036.87	3,552.99	13.90	8.88	5,022.97	3,544.11
MSME loan - Secured						
Standard Assets	3,126.87	2,418.01	7.81	6.04	3,119.06	2,411.97
Sub Standard Assets	78.96	-	7.90	-	71.06	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	3,205.83	2,418.01	15.71	6.04	3,190.12	2,411.97
GOLD Loan						
Standard Assets	411.15	-	1.03	-	410.12	-
Sub Standard Assets	-	-	-	-	-	-

Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	411.15	-	1.03	-	410.12	-
MSME Loan - Unsecured						
Standard Assets	12.86	18.73	0.03	0.05	12.83	18.68
Sub Standard Assets	9.06	-	0.91	-	8.15	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	21.92	18.73	0.94	0.05	20.98	18.68
Consumer Loan						
Standard Assets	1,072.97	1,160.24	2.68	2.90	1,070.29	1,157.34
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	1,072.97	1,160.24	2.68	2.90	1,070.29	1,157.34
Micro Lending						
Standard Assets	82.87	-	0.21	-	82.66	-
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	82.87	-	0.21	-	82.66	-
Personal Loan						
Standard Assets	157.43	36.19	0.39	0.10	157.04	36.09
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	-	-	-	-	-	-
Loss Assets	-	-	-	-	-	-
Total	157.43	36.19	0.39	0.10	157.04	36.09
Staff Loan						
Standard Assets	17.25	24.66	0.04	0.05	17.21	24.61
Sub Standard Assets	-	-	-	-	-	-
Doubtful Assets	2.01	2.01	2.01	2.01	-	-
Loss Assets	-	-	-	-	-	-
Total	19.26	26.67	2.05	2.06	17.21	24.61
	15,290.04	11,459.84	194.37	114.32	15,095.67	11,345.50

(₹ in Lakhs)

Particulars	Gross Loan outstanding		Provision for Assets		Net Loan outstanding	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Standard Assets	14858.50	11173.79	37.12	27.93	14821.38	11145.84
Sub Standard Assets	146.31	4.19	14.65	0.42	131.67	3.77
Doubtful Assets	285.23	281.86	142.61	85.97	142.62	195.89
Loss Assets	-	-	-	-	-	-
Total	15290.04	11459.84	194.37	114.32	15,095.67	11,345.50

2. Loan to Asset value.

(₹ in Lakhs)

Particulars	2020-21	2019-20
Gold Loan	411.15	-
Total Assets	18732.46	13780.27
% of gold loan to total assets	2.19	-

3. Disclosure with regards to Auction

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
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 31/03/2021 and 31/03/2020

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 31.03.2021	As at 31.03.2020
1. CRAR (%)	17.53	20.32
2. CRAR- Tier I Capital (%)	13.83	20.09
3. CRAR- Tier II Capital (%)	3.70	0.23
4. Amount of subordinated debt raised as tier II Capital	609.49	-
5. Amount raised by issue of Perpetual Debt Instrument	-	-

4.2 Investments

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(1) Value of Investments		
(i) Gross Value of Investments	1120.41	225.53
(a) In India	1120.41	225.53
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	1120.41	225.53
(b) Outside India,	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

4.3 Leverage Ratio

(₹ in Lakhs)

Particulars	2020-21	2019-2020
Total Liabilities	18732.46	13780.27
Less: Share Capital	2247.18	2247.18
Less: Reserves & Surpluses	231.63	227.83
Less: Provision	241.45	152.23
Total Outside liabilities –(A)	16012.20	11153.03
Share Capital	2247.18	2247.18
Reserves and surpluses	231.63	227.83
Less: Deferred Revenue Expenditure	-	-
Less: Intangible assets	15.82	7.18
Less: Deferred tax Assets	42.47	25.77
Total Owned funds – (B)	2420.52	2442.06
Leverage Ratio - (A/B)	6.62	4.57

4.4 Miscellaneous Disclosures

A. Registration obtained from other financial sector regulators

Financial regulators	Certificate number
Reserve Bank of India	N.16.00190
Securities and exchange Board of India	

B. Disclosure of Penalties imposed by RBI and other regulators

Nil

C. Related Party Transactions

Name of related party as on 31/03/2021	Relationship
ALEX KALLUVILA BABU	MANAGING DIRECTOR
K.P. PADMAKUMAR	WHOLE TIME DIRECTOR
RAPHEAL THOMAS	DIRECTOR
SURAJ RAMACHANDRAN	CFO
GIRISH KUMAR.G	CS
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 PRIVATELIMITED	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
OMNICORE 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
MODUS LOGISTICS PRIVATE LIMITED	COMMON DIRECTORSHIP
SUNSET LANDS 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
SHREWSBERRY 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
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)

Particulars	Key Managerial Personnel (KMP)	Director	Relatives of KMP / Director	Entity in which KMP has significant influence
Salary & Allowances	16.20	33.75	-	-
Professional fee	-	2.40	-	-
Incentives	2.29	0.37	-	-
Rent/ Maintenance charges	-	-	-	2.59
Debenture/sub debt interest	-	36.07	115.98	-
Debenture redeemed	-	-	-	-
Debenture holdings*	-	490.00	1400.00	-
Travelling expenses	0.13	-	0.00	-
Investment	-	-	-	121.95
Sitting Fee	-	-	-	-
Dividend	21.41	-	0.75	-

Charge created on assets of related party

The following entities has extended collateral security against the borrowings from banks

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	2020-21	2019-20
Provisions for depreciation on Investment	-	-
Provision towards NPA	70.86	14.59
Provision made towards Income tax	-	-
Provision for gratuity	8.91	14.72
Provision for Standard Assets	9.19	8.17
Provision for MTM loss	0.56	-
Provision for unrecoverable Advances	-	-

B. Draw Down from Reserves

The company has declared dividend during the year amounting to ₹ 53.23 Lakhs from Retained earnings.

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	14581.42	84.65	14496.77	36.45	48.20
	Stage 2	277.04	4.45	272.59	0.68	3.77
Subtotal		14858.47	89.10	14769.36	37.13	51.97
Non-Performing Assets (NPA)						
Substandard	Stage 3	146.31	28.12	118.19	14.63	13.49
Doubtful - up to 1 year	Stage 3	3.38	0.06	3.32	0.68	(0.62)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	281.85	25.38	256.50	141.93	(116.55)
Subtotal for doubtful		285.26	25.44	259.82	142.61	(117.17)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		431.57	53.56	378.01	157.24	(103.68)
Total	Stage 1	14581.43	84.65	14496.77	36.45	48.20
	Stage 2	277.04	4.45	272.59	0.68	3.77
	Stage 3	431.57	53.56	378.01	157.24	(103.68)
	Total	15290.04	142.66	15147.38	194.37	(51.71)

*MTM loss provision not considered

HEDGE FINANCE LTD

BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
I. ASSETS				
1 Financial assets				
a) Cash and cash equivalents	1.1	1300.64	1456.87	186.42
b) Bank Balance other than (a) above	1.2	-	-	-
c) Receivables				
(I) Trade receivables		20.24	20.24	20.24
(II) Other receivables		24.47	36.80	36.80
d) Loans	2	15095.67	11345.54	8093.34
e) Investments	3	1120.41	225.53	252.72
f) Other financial assets	4	537.41	71.25	12.34
2 Non-financial Assets				
a) Inventories		-	-	-
b) Investment Properties		-	-	-
c) Current tax assets (Net)		-	-	-
d) Deferred tax assets (Net)		42.47	25.77	22.78
e) Property, Plant and Equipment	5	453.38	419.91	420.76
f) Other intangible assets	6	15.82	7.18	4.14
g) Other non-financial assets	7	121.94	171.18	160.04
Total Assets		18732.46	13780.27	9209.57
II. LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial Liabilities				
a) Debt Securities	8	15210.49	11035.46	6539.62
b) Borrowings (other than debt securities)	9	12.51	4.79	187.79
c) Deposits		-	-	-
d) Subordinated liabilities	10	609.50	-	-
e) Other financial liabilities	11	304.11	204.82	49.37
2 Non-financial Liabilities				
a) Provisions	12	47.08	37.91	35.91
b) Other non-financial liabilities	13	69.95	22.26	18.50
3 EQUITY				
a) Equity share capital	14	2247.18	2247.18	2247.18
b) Other equity	15	231.63	227.83	131.20
Total Liabilities and Equity		18732.46	13780.27	9209.57

See accompanying notes to the financial statements

For and on behalf of the Board

As per our Report of even date attached
For, Manikandan & Associates

sd/-

sd/-

sd/-

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

K P Padmakumar
(Whole Time Director)
DIN:00023176

C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN : 21208654AAAAJL5234

sd/-

sd/-

sd/-

Vinay Sasidharan
(Chief Executive Officer)

Suraj Ramachandran
(Chief Financial Officer)

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi
Date: 25-06-2021

HEDGE FINANCE LTD
STATEMENTS OF PROFIT AND LOSS ACCOUNT

(₹ in Lakhs)

Particulars		Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations				
(i)	Interest income	16	2239.19	1785.43
(ii)	Dividend income		.73	-
(iii)	Rental income		-	-
(iv)	Fees and Commission income		-	-
(v)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(vi)	Net gain on fair value changes	17	18.79	-21.62
(vii)	Other operation Income	18	39.06	74.23
(I)	Total Revenue from operations		2297.77	1838.04
(II)	Other Income	19	116.29	106.69
(III)	Total Income (I + II)		2414.06	1944.73
Expenses				
(i)	Finance costs	20	1413.21	957.29
(ii)	Net loss on fair value changes	17	-	-
(iii)	Impairment on financial instruments	21	80.61	22.76
(iv)	Employee benefits expenses	22	407.67	374.84
(v)	Depreciation, amortization and impairment	23	32.92	32.14
(vi)	Other expenses	24	409.69	431.10
(IV)	Total Expenses (IV)		2344.11	1818.13
(V)	Profit before tax (III- IV)		69.95	126.60
(VI)	Tax Expense:			
	(1) Current tax		29.63	30.23
	(2) Earlier years adjustments			
	(3) Deferred tax		-16.71	-2.99
(VII)	Profit for the year (V- VI)		57.03	99.35

A) Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		-	-
- 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)		-	-
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)		-	-
(IX) Total Comprehensive Income for the year (VII+VIII)		57.03	99.35
Earnings per equity share (Face value of ₹ 10/- each)			
Basic (₹)	25	0.25	0.44
Diluted (₹)	25	0.25	0.44

For and on behalf of the Board

sd/-

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

sd/-

K P Padmakumar
(Whole Time Director)
DIN:00023176

As per our Report of even date attached
For, Manikandan & Associates

sd/-

C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN : 21208654AAAAJL5234

sd/-

Vinay Sasidharan
(Chief Executive Officer)

sd/-

Suraj Ramachandran
(Chief Financial Officer)

sd/-

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi
Date: 25-06-2021

HEDGE FINANCE LTD
CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	For the year Ended		For the year Ended	
	31/03/2021		31/03/2020	
A. Cash Flow from Operating Activities				
Profit before tax		69.95		126.60
Adjustments for:				
Impairment on financial instruments	80.05		22.76	
Net (Profit) / loss on fair value changes	-18.79		21.62	
Net (Profit) / Loss on Sale of assets	-1.94		-	
Finance Costs	1413.21		957.29	
Depreciation, amortization, and impairment	32.92		32.14	
Income from Non-Operating Business				
- Rental Income	-		-	
- Dividend	-73	1504.73	-	1033.82
Operating Profit / (Loss) before working capital		1574.68		1160.42
Adjustments				
Adjustments for:				
Loans	-3830.19		-3274.96	
Other financial assets	-453.83		-58.91	
Other non-financial assets	49.25		-11.15	
Bank Balance other than "Cash and cash equivalents"	-		-	
Provisions	9.17		2.00	
Other financial liabilities	99.29		155.45	
Other non-financial liabilities	47.69	-4078.63	3.77	-3183.79
Cash Generated from operations		-2503.94		-2023.37
Income Tax paid		-29.63		-30.23
Finance cost paid		-1413.21		-957.29
Net Cash Flow from Operating Activity		-3946.79		-3010.90
B. Cash Flow from Investment Activities				
Other Investment	-876.09		2.85	
Purchase of Fixed Assets	-77.18		-34.34	
Sale of asset	4.10		-	-31.49
Dividend Paid	-53.23			
Dividend Received	.73	-1001.68		
Net Cash Flow from Investment Activity		-1001.68		-31.49

C. Cash Flow from Financing Activity				
Net increase/(Decrease) in Borrowings (other than debt securities)	7.71		-183.00	
Net increase/(Decrease) in Sub debt	609.50		-	
Net increase/(Decrease) in Debt Securities	4175.03	4792.24	4495.84	4312.85
Net Cash Flow from Financing Activity		4792.24		4312.85
Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)		-156.23		1270.45
Opening Balance of Cash & Cash Equivalents		1456.87		186.42
Closing Balance of Cash & Cash Equivalents		1300.64		1456.87
Components of Cash and Cash Equivalents				
Current Account with Banks		1274.14		1455.66
Cash in Hand		26.50		1.21
		1300.64		1456.87

For and on behalf of the Board

sd/-

Alex Kalluvila Babu
(Managing Director)
DIN:01254207

sd/-

K P Padmakumar
(Whole Time Director)
DIN:00023176

As per our Report of even date attached
For, Manikandan & Associates

sd/-

C.K.MANIKANDAN
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S
UDIN : 21208654AAAAJL5234

sd/-

Vinay Sasidharan
(Chief Executive Officer)

sd/-

Suraj Ramachandran
(Chief Financial Officer)

sd/-

Girish Kumar Ganapathy
(Company Secretary)

Place: Kochi
Date: 25-06-2021

STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

Equity shares 21293817 of ₹ 10 each issued, subscribed and fully paid up, Equity shares of 1150000 of ₹10 each issued, subscribed and partly paid up of ₹3.05 and Equity shares of 1272727 of ₹10 issued, subscribed and partly paid of ₹6.50

(₹ in Lakhs)

Particulars	Number	Amount
As at April 01, 2019	23716544	2247.18
Shares issued during the period	-	-
As at March 31, 2020	23716544	2247.18
Shares issued during the period	-	-
As at March 31, 2021	23716544	2247.18

b. Other Equity

(₹ in Lakhs)

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, 2019	156.38	-	-	-	-27.90	-	-	128.48
Transfer from Retained earnings	22.85	-	-	-	-22.85	-	-	-
Securities premium on share options exercised during the year	-	-	-	-	-	-	-	-

Amount transferred	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	99.35	-	-	99.35
Transfer to Special Reserve Fund	-	-	-	-	-	-	-	-
Transfer from/(to) Debenture Redemption Reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 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	-	-	-53.23
Transfer from/(to) Debenture Redemption Reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	190.64	-	-	-	40.99	-	-	231.63

Notes to Ind AS Financial Statements for the Year ended March 31, 2021

Note 1.1: Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Cash in hand	26.50	1.21	.29
Balances with Banks			
- in current accounts	1274.14	1455.66	186.12
- in fixed deposit (maturing within a period of three months)			
Total	1300.64	1456.87	186.42

Note 1.2: Bank balance other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Fixed deposits with bank (maturing after period of three months)	-	-	-
Total	-	-	-

Note 2: Loans

(₹ in Lakhs)

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
MSME loan	21.92	-	-	-	-	21.92
Micro Lending	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

(₹ in Lakhs)

Particulars	As at March 31,2020					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	5072.14	-	-	-	-	5072.14
iii) Leasing	-	-	-	-	-	-
iv) Factoring	-	-	-	-	-	-
v) Others	6387.72	-	-	-	-	6387.72
Total (A) - Gross	11459.85	-	-	-	-	11459.85
Less: Impairment loss allowance	114.32	-	-	-	-	114.32
Total (A) - Net	11345.54	-	-	-	-	11345.54
(B)						
I) Secured by tangible assets						
Business Loan	1960.31	-	-	-	-	1960.31
Vehicle Loan	1033.50	-	-	-	-	1033.50
Equipment Loan	377.63	-	-	-	-	377.63
Loan against Shares	604.33	-	-	-	-	604.33
Margin Funding	.35	-	-	-	-	.35
Mortgage Loan	3552.99	-	-	-	-	3552.99
MSME Loans	2414.93	-	-	-	-	2414.93
Total (I) – Gross	9944.04	-	-	-	-	9944.04
Less: Impairment loss allowance	108.54	-	-	-	-	108.54
Total (I) – Net	9835.5	-	-	-	-	9835.5
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
Business Loan	269.73	-	-	-	-	269.73

Consumer Loan	1161.39	-	-	-	-	1161.39
MSME loan	18.73	-	-	-	-	18.73
Personal Loan	36.19	-	-	-	-	36.19
Staff Loan	29.76	-	-	-	-	29.76
Total (III) - Gross	1515.8	-	-	-	-	1515.8
Less: Impairment loss allowance	5.78	-	-	-	-	5.78
Total (III) - Net	1510.02	-	-	-	-	1510.02
Total (B) (I+II+III) - Net	11345.52	-	-	-	-	11345.52
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	11459.85	-	-	-	-	11459.85
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	11459.85	-	-	-	-	11459.85
Less: Impairment loss allowance	114.32	-	-	-	-	114.32
Total (C)- Net	11345.54	-	-	-	-	11345.54

(₹ in Lakhs)

Particulars	As at April 1, 2019					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	1239.42	-	-	-	-	1239.42
iii) Leasing	-	-	-	-	-	-
iv) Factoring	-	-	-	-	-	-
v) Others	6945.47	-	-	-	-	6945.47
Total (A) - Gross	8184.90	-	-	-	-	8184.90
Less: Impairment loss allowance	91.56	-	-	-	-	91.56
Total (A) - Net	8093.34	-	-	-	-	8093.34
(B)						
I) Secured by tangible assets						
Business Loan	3195.25	-	-	-	-	3195.25
Vehicle Loan	-	-	-	-	-	-
Equipment Loan	55.67	-	-	-	-	55.67
Loan against Shares	81.19	-	-	-	-	81.19
Margin Funding	247.13	-	-	-	-	247.13
Mortgage Loan	2778.85	-	-	-	-	2778.85
MSME Loans	-	-	-	-	-	-
Total (I) - Gross	6358.09	-	-	-	-	6358.09
Less: Impairment loss allowance	84.91	-	-	-	-	84.91
Total (I) - Net	6273.18	-	-	-	-	6273.18
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
Business Loan	643.06	-	-	-	-	643.06
Consumer Loan	1167.44	-	-	-	-	1167.44
MSME loan	-	-	-	-	-	-
Personal Loan	16.32	-	-	-	-	16.32
Staff Loan	-	-	-	-	-	-

Total (III) - Gross	1826.82	-	-	-	-	1826.82
Less: Impairment loss allowance	6.65	-	-	-	-	6.65
Total (III) - Net	1820.17	-	-	-	-	1820.17
Total (B) (I+II+III) - Net	8093.35	-	-	-	-	8093.35
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	8184.90	-	-	-	-	8184.90
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	8184.90	-	-	-	-	8184.90
Less: Impairment loss allowance	91.56	-	-	-	-	91.56
Total (C)- Net	8093.34	-	-	-	-	8093.34

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 lower than the provision as per IRACP norms. The Board of Directors of the Company has taken a conservative view to maintain the provision as per IRACP as ECL Provision of the Company.

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'.

As the Company is maintaining the IRACP provision as the ECL provision, the requirement as per the RBI notification does not apply to the Company.

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, 2021				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	11173.80	-	286.05	11459.85
Add: New Assets	18673.91	277.04	145.51	19096.46
Less: Assets repaid	14843.72	-	-	14843.72
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	277.04	-	-	277.04
Transfer to Stage 3	145.51	-	-	145.51
Less: Write off	-	-	-	-
Closing carrying amount	14581.43	277.04	431.57	15290.04

Reconciliation of ECL Balance

(₹ in Lakhs)

Year ended March 31, 2021				
ECL	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	64.38	-	25.93	90.31
Add: New Assets	110.34	4.45	27.62	142.41
Less: Assets repaid	58.02	-	-	58.02

Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	4.45	-	-	4.45
Transfer to Stage 3	27.62	-	-	27.62
Less: Write off	-	-	-	-
Closing carrying amount	84.63	4.45	53.55	142.63

Reconciliation of ECL Balance

(₹ in Lakhs)

Year ended March 31, 2021				
ECL	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	84.63	4.45	53.55	142.63
Reversal of Provision as per ECL provision	84.63	4.45	53.55	142.63
Provision provided as per IRACP	36.39	.74	157.24	194.37
Closing carrying amount	36.39	.74	157.24	194.37

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: -

(₹ in Lakhs)

Particulars	2020-21	2019-20
Provision for Standard Assets	37.12	27.93
Provision at the beginning of the year	27.93	19.76
Additional provision made during the year	9.19	8.17
Provision at the close of the year	37.12	27.93
Non-Performing Assets		
Sub-standard Assets	146.31	4.19
Doubtful Assets (Upto 1year)	3.38	-
Doubtful Assets (1 – 3 years)	-	279.85
Doubtful Assets (More than 3 years)	279.85	-
Loss Assets	2.02	2.01
Total Non-performing Assets	431.57	286.05
Provision for non-performing assets		
Provision at the beginning of the year	86.38	71.79
Additional provision made during the year	70.86	14.59
Provision at the close of the year	157.24	86.38

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

(₹ in Lakhs)

As on 31/03/2021

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	8156	47	26	8229
Medium grade	4660	177	293	5131
Low grade	1748	71	112	1931
Total	14563	295	432	15290

As on 31/03/2020

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	6389	49	-	6438
Medium grade	3314	152	280	3746
Low grade	1199	71	5	1275
Total	10903	272	285	11460

As on 01/04/2019

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	5518	21	-	5539
Medium grade	1831	20	280	2131
Low grade	506	7	2	515
Total	7854	49	282	8185

Note 3: Investments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
i) Mutual funds	384.62	10.00	49.31
ii) Government securities	-	-	-
iii) Debt securities	234.76	23.70	24.18
iv) Equity instruments			
<i>Subsidiaries</i>	-	-	-
<i>Others (at fair value)</i>	29.60	69.88	57.27
<i>Others (at cost)</i>	471.42	121.95	121.95
Total Gross (A)	1120.41	225.53	252.72
i) Investments outside India	-	-	-
ii) Investments in India	1120.41	225.53	252.72
Total Gross (B)	1120.41	225.53	252.72
Less: Allowance for impairment loss (C)	-	-	-
Total - Net D = (A) - (C)	1120.41	225.53	252.72

(₹ in Lakhs)

Equity instruments

Particulars	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	Number	Amount	Number	Amount	Number	Amount
<u>Subsidiaries</u>						
Quoted	-	-	-	-	-	-
Unquoted	-	-	-	-	-	-
Subtotal						
<u>Others</u>						
Quoted						
ITC LTD	3200	6.99	-	-	-	-
NHPC LTD	25002	6.11	-	-	-	-
THE SOUTH INDIAN BANK LTD	200000	16.50	-	-	33141	5.47

IDFC FIRST BANK LTD	-	-	12000	2.53	6000	3.33
INDRAPRASTHA GAS LTD	-	-	2750	10.67	-	-
LARSEN & TOUBRO LTD	-	-	750	6.06	-	-
MARUTI SUZUKI INDIA LIMITED	-	-	100	4.29	75	5.00
MUTHOOT FINANCE LTD	-	-	3000	18.39	-	-
RELIANCE INDUSTRIES LTD	-	-	1000	11.14	-	-
STATE BANK OF INDIA	-	-	3000	5.91	3000	9.62
SUN PHARMA	-	-	1250	4.40	1100	5.27
ULTRATECH CEMENT LTD	-	-	200	6.49	-	-
ADITYA BIRLA CAPITAL	-	-	-	-	5000	4.86
CONTAINER CORPORATION	-	-	-	-	375	1.97
OF INDIA	-	-	-	-	-	-
FEDERAL BANK	-	-	-	-	5000	4.82
GABRIEL INDIA	-	-	-	-	3500	5.06
HDFC STANDARD LIFE	-	-	-	-	-	-
INSURANCE COMPANY	-	-	-	-	1000	3.79
LIMITED	-	-	-	-	-	-
ICICI LOMBARD	-	-	-	-	500	5.17
SBI LIFE INSURANCE	-	-	-	-	500	2.92
COMPANY LIMITED	-	-	-	-	-	-
Unquoted						
HEDGE EQUITIES LTD	2439000	121.95	2439000	121.95	2439000	121.95
NATIONAL STOCK EXCHANGE	-	-	-	-	-	-
OF INDIA LIMITED	33000	349.47	-	-	-	-
<i>Subtotal</i>						
Total	2700202	501.02	2463050	191.83	2498191	179.22

Debt Instruments & Mutual Funds

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	Number	Amount	Number	Amount	Number	Amount
Quoted						
ESAF	14	150.82	-	-	-	-
MFL 0MFL22C 170722	192	2.04	-	-	-	-
MFL 0MFL22CC 07022022	60	.65	-	-	-	-
MFL 130623(0MFL23VI)	324	3.13	-	-	-	-
MFL 130623(825MFL23A)	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	-	23.70	-	24.18
D791-DSP Strategic bond Fund		384.62	-	10.00	-	49.31
Total	5246	619.38	-	33.70	-	73.49

Note 4: Other financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Security deposits			
- Rent Deposit	15.11	11.21	.53
- Security Deposit with NSE, BSE & CDSL	1.50	1.50	1.50
- Deposit with BSE	.20	-	-
- Interest receivable on Financial Assets	520.60	58.54	10.31
Total	537.41	71.25	12.34

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, 2019	319.53	.78	1.78	42.57	40.74	7.17	2.43	9.52	30.22	8.93	463.67
Additions	-	1.02	.14	15.88	5.12	.23	.84	2.50	-	3.60	29.34
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 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
Accumulated depreciation											
As at April 01, 2019	3.24	.32	1.32	.65	20.48	1.54	2.19	.98	12.02	.16	42.91
Charge for the period	5.84	.36	.56	4.53	11.41	.69	.12	2.04	3.64	.99	30.19
As at March 31, 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
Net Block											
As at April 01, 2019	316.29	.45	.46	41.92	20.26	5.64	.24	8.54	18.20	8.77	420.76
As at March 31, 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

Note 6: Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Total	Intangible assets under development
Gross block- at cost			
Deemed cost as at April 01, 2019	5.60	5.60	-
Additions	5.00	5.00	-
Disposals	-	-	-
As at March 31, 2020	10.60	10.60	-
Additions	12.00	12.00	-
Disposals	-	-	-
As at March 31, 2021	22.60	22.60	-
Accumulated amortisation			
As at April 01, 2019	1.46	1.46	-
Charge for the period	1.96	1.96	-
As at March 31, 2020	3.42	3.42	-
Charge for the period	3.36	3.36	-
As at March 31, 2021	6.78	6.78	-
Net book value:			
As at April 01, 2019	4.14	4.14	-
As at March 31, 2020	7.18	7.18	-
As at March 31, 2021	15.82	15.82	-

Note 7: Other Non-financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Balances with government authorities			
-GST Receivable	9.11	5.57	-
- Income tax	25.10	106.60	50.50
Other Advances/Receivables	87.73	59.01	109.54
Total	121.94	171.18	160.04

Note 8: Debt Securities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
	At amortised cost	At amortised cost	At amortised cost
Debt securities in India			
(i) Secured			
(a) Privately Placed NCD	10233.80	8433.83	4813.08
(b) Public Issue NCD	-	-	-
(ii) Unsecured			
(a) Privately Placed NCD	4320.00	2250.00	1500.00
(b) Public Issue NCD	-	-	-

(iii) Unclaimed Matured Debentures	4.00	13.58	36.04
(iv) Interest accrued on above	663.03	338.05	190.50
(v) Unamortized transaction cost on NCD	-10.34	-	-
Total (A)	15210.49	11035.46	6539.62
Debt securities outside India			
(i) Secured, Privately Placed NCD	-	-	-
(ii) Secured, Redeemable NCD Public Issue	-	-	-
(iii) Unsecured, Privately Placed NCD	-	-	-
(iv) Unsecured Public Placed NCD	-	-	-
(v) Unclaimed Matured Debentures	-	-	-
Total (B)	-	-	-

8.1 Secured Redeemable Non-Convertible Debentures – Unlisted

The outstanding amount of Secured Redeemable Non-Convertible Unlisted Debentures raised through Private Issue stood at ₹ 8233.80 lakhs.

(₹ in Lakhs)

Date of Maturity	Amount	Interest rate
01-05-2021	6.00	9.50% - 11.50%
15-05-2021	138.50	9.50% - 11.50%
01-06-2021	5.00	9.00% - 11.00%
19-06-2021	154.00	9.60% - 11.60%
20-06-2021	6.50	10.80% - 12.25%
30-06-2021	21.00	9.30% - 11.30%
13-07-2021	5.00	10.80% - 12.25%
15-07-2021	5.00	9.30% - 11.30%
22-07-2021	201.00	9.70% - 11.70%
28-07-2021	10.00	10.30% - 12.25%
01-08-2021	20.00	9.00% - 10.80%
17-08-2021	10.00	10.00% - 12.00%
22-08-2021	253.00	9.50% - 11.50%
23-08-2021	7.00	10.00% - 12.00%
25-08-2021	6.00	10.30% - 12.25%
31-08-2021	21.05	9.40% - 11.40%
01-09-2021	40.00	9.10% - 11.10%
02-09-2021	5.00	10.50% - 12.25%
24-09-2021	104.00	9.00% - 10.60%
30-09-2021	5.00	10.00% - 12.00%
01-10-2021	53.50	9.00% - 11.00%
24-10-2021	56.50	9.00% - 10.40%
31-10-2021	22.00	9.40% - 11.40%
01-11-2021	30.00	10.20% - 12.20%
24-11-2021	49.75	9.00% - 10.50%
30-11-2021	32.50	10.40% - 12.25%
01-12-2021	50.00	9.10% - 11.10%
10-12-2021	23.00	9.60% - 11.60%
22-12-2021	124.50	9.60% - 11.60%
28-12-2021	8.50	9.60% - 11.60%
31-12-2021	35.00	9.10% - 11.10%
06-01-2022	1.00	9.80% - 11.80%
25-01-2022	62.50	9.30% - 11.30%
31-01-2022	33.00	9.40% - 11.40%

01-02-2022	30.00	9.50% - 11.50%
25-02-2022	79.00	9.40% - 11.40%
28-02-2022	59.00	9.10% - 11.10%
24-03-2022	40.00	11.00% - 12.25%
30-03-2022	138.70	9.40% - 11.40%
31-03-2022	52.00	10.20% - 12.20%
01-05-2022	258.00	10.40% - 12.25%
01-06-2022	277.00	10.40% - 12.25%
01-07-2022	445.50	10.30% - 12.25%
15-07-2022	5.00	9.50% - 11.50%
19-07-2022	137.00	10.40% - 12.25%
31-07-2022	55.00	9.20% - 11.20%
31-08-2022	63.60	9.20% - 11.20%
01-09-2022	67.00	9.40% - 11.40%
06-09-2022	10.00	9.30% - 11.30%
30-09-2022	36.00	9.30% - 11.30%
01-10-2022	110.00	10.10% - 12.10%
31-10-2022	20.00	9.20% - 11.20%
01-11-2022	352.50	10.00% - 12.00%
15-11-2022	40.35	9.30% - 11.30%
23-11-2022	53.00	10.80% - 12.25%
30-11-2022	48.00	9.40% - 11.40%
01-12-2022	50.00	10.00% - 12.00%
10-12-2022	50.00	9.40% - 11.40%
28-12-2022	1.00	9.80% - 11.80%
31-12-2022	5.00	10.00% - 12.00%
01-02-2023	28.00	10.60% - 12.25%
24-03-2023	150.00	11.00% - 12.25%
27-03-2023	100.00	11.00% - 12.25%
30-03-2023	25.00	9.80% - 11.80%
01-05-2023	10.00	9.30% - 11.30%
15-05-2023	30.00	10.40% - 12.25%
01-06-2023	128.00	9.40% - 11.40%
19-06-2023	77.00	10.30% - 12.25%
01-07-2023	94.50	9.70% - 11.70%
15-07-2023	32.00	9.40% - 11.40%
22-07-2023	127.00	10.50% - 12.25%
01-08-2023	63.00	9.60% - 11.60%
22-08-2023	276.00	10.20% - 12.20%
01-09-2023	210.00	10.00% - 12.00%
24-09-2023	44.00	9.60% - 11.60%
01-10-2023	52.00	9.30% - 11.30%
24-10-2023	40.00	9.30% - 11.30%
01-11-2023	54.00	9.90% - 11.90%
24-11-2023	107.00	9.50% - 11.50%
01-12-2023	122.00	9.70% - 11.70%
22-12-2023	110.50	10.30% - 12.25%
31-12-2023	88.00	9.50% - 11.50%
25-01-2024	82.00	10.40% - 12.25%
01-02-2024	60.00	9.50% - 11.50%
25-02-2024	91.00	10.40% - 12.25%
30-03-2024	159.00	10.40% - 12.25%
31-03-2024	55.00	9.60% - 11.60%
01-05-2024	102.00	10.40% - 12.25%
01-06-2024	137.60	10.30% - 12.25%

01-07-2024	380.00	10.40% - 12.25%
19-07-2024	77.00	10.30% - 12.25%
01-10-2024	41.00	10.10% - 12.10%
01-11-2024	82.50	10.30% - 12.25%
23-11-2024	25.00	10.00% - 12.00%
01-02-2025	35.00	10.10% - 12.10%
24-03-2025	120.00	11.00% - 12.25%
15-05-2025	20.00	10.50% - 12.25%
19-06-2025	33.00	10.80% - 12.25%
22-07-2025	50.00	10.40% - 12.25%
22-08-2025	104.50	10.20% - 12.20%
24-10-2025	31.00	9.20% - 11.20%
24-11-2025	16.00	9.50% - 11.50%
22-12-2025	92.00	10.10% - 12.10%
25-01-2026	70.75	10.40% - 12.25%
25-02-2026	183.00	10.40% - 12.25%
30-03-2026	131.00	10.40% - 12.25%
Total	8233.80	

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

(₹ in Lakhs)

Series	Redemption Period	Amount	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	

(₹ in Lakhs)

Year of Maturity	Interest percentage	Amount
2022	11%	1000.00
2023	11%	1000.00
		2000.00

8.3 Unsecured Debentures – Listed

(₹ in Lakhs)

Date of Maturity	Amount	Interest Rate
	-	-
Total	-	-

8.4 Unsecured Debentures - Unlisted

(₹ in Lakhs)

Date of Maturity	Amount	Interest Rate
23-07-2021	1600.00	12.00%
26-11-2021	350.00	10.75%
06-01-2022	200.00	12.00%
11-01-2022	300.00	12.00%
15-01-2022	300.00	12.00%
08-02-2022	370.00	11.75%
17-03-2022	100.00	11.00%
26-03-2022	100.00	11.00%
02-07-2022	100.00	11.75%

26-11-2023	100.00	11.00%
04-02-2024	250.00	11.75%
20-02-2024	150.00	11.00%
05-03-2024	100.00	11.00%
20-03-2024	300.00	12.00%
Total	4320.00	

8.5 Unclaimed Matured Debentures

(₹ in Lakhs)

Period	Amount
2020-21	400000
Total	400000

8.6 ISIN wise details: Listed Debentures

(₹ in Lakhs)

Sl. No.	ISIN	Private Placement / Public Issue	Facility	Type of charge	Sanctioned Amount	Outstanding Amount As on 31-03-2021	Cover Required	Assets Required	Coverage as at 31.03.2021
1	INE01ZK07838	Private Placement	NCD	Pari-passu	1000.00 (Ten Crores)	1000.00 (Ten Crores)	1000.00 (Ten Crores)	Loans Receivables (Both present and future)	Fully covered
2	INE01ZK07AB8	Private Placement	NCD	Pari-passu	500.00 (Five Crores)	500.00 (Five Crores)	500.00 (Five Crores)	Loans Receivables (Both present and future)	Fully covered
3	INE01ZK07CB4	Private Placement	NCD	Pari-passu	500.00 (Five Crores)	500.00 (Five Crores)	500.00 (Five Crores)	Loans Receivables (Both present and future)	Fully covered

ISIN	Allotment date	Maturity date	Mode of int payment	Last int payment date	Next int payment date
INE01ZK07838	02-12-2019	02-12-2022	Annual	02-12-2020	20-12-2021
INE01ZK07AB8	30-03-2020	30-03-2023	Annual	30-03-2021	30-03-2022
INE01ZK07CB4	24-12-2020	24-12-2023	Annual	-	24-12-2021

Note 9: Borrowings (other than debt securities)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
	At amortised cost	At amortised cost	At amortised cost
(a) Term loan			
<i>(i) from banks</i>			
Vehicle Loans	12.51	4.79	7.35
<i>(ii) from others</i>			
(b) Loans from related party			
(c) Loans repayable on demand			
<i>(i) from banks</i>	-	-	.15
<i>(ii) from financial institutions</i>			
Aditya Birla Finance Ltd	-	-	-
Bajaj Finance Ltd	-	-	180.30
Total (A)	12.51	4.79	187.79
Borrowings in India	12.51	4.79	187.79
Borrowings outside India	-	-	-
Total (B)	12.51	4.79	187.79

9.1 Term Loans

Federal Bank Vehicle Loan - Maruti Ertiga

Amount outstanding ₹ 10.26 Lakhs Secured by way of first and exclusive charge by Hypothecation of the vehicle for the due payment

Repayment terms: 84 monthly instalments of ₹ 16443/-

Federal Bank Vehicle Loan 14217400002576

Amount outstanding ₹ 2.24 lakhs secured by way of first and exclusive charge by hypothecation of the vehicle for the due payment

Repayment terms :60 monthly instalments of ₹ 21094.50

Note 10: Subordinated Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
	At amortised cost	At amortised cost	At amortised cost
Subordinated Liabilities in India	609.50	-	-
Subordinated Liabilities outside India	-	-	-
Total	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 ₹ 609.49 Lakhs (including interest accrued of ₹ 9.49 lakhs)

(₹ in Lakhs)

	Amount*	Interest Rate
	As at 31 st March, 2021	
Interest pay out-Monthly		
Dec-25	17.50	11.50%
Feb-26	95.75	11.50%
Jan-26	95.06	11.50%
Mar-26	23.00	11.50%
Total	231.31	
Interest Pay out - Yearly		
Dec-25	19.00	12.00%
Feb-26	20.30	12.00%
Jan-26	34.25	12.00%
Mar-26	7.50	12.00%
Total	81.05	
Interest Pay out - Compounding		
Dec-26	71.40	12.25%
Feb-27	63.14	12.25%
Jan-27	108.70	12.25%
Mar-27	44.40	12.25%
Total	287.64	

* Excluding interest accrued

Note 11: Other Financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Rent Payable	2.17	1.39	-
Salary Payable	.88	.57	.04
Other Payables	289.04	72.97	17.60
Due to creditors	12.02	129.89	31.74
Total	304.11	204.82	49.37

Note 12: Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Provision for Advances	30.24	30.24	30.24
Provision for employee benefits:			
- Gratuity	16.28	7.67	5.67
Provision for MTM loss	.56	-	-
Total	47.08	37.91	35.91

Note 13: Other Non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Statutory dues payable			
-ESI, EPF & Staff Welfare Fund	5.69	5.56	2.74
-Tax Deducted at Source	13.09	13.33	8.58
-Professional tax	.41	.15	.08
-GST Payable	2.20	3.17	7.09
-KFC Payable	.15	.06	-
Card Expense Payable	-	-	-
Unamortized Processing Fees	48.41	-	-
Total	69.95	22.26	18.50

Note 14: Equity share capital

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Authorised			
75000000 Equity Shares of ₹10/- each			7500.00
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 ₹ 100/- each fully paid up	2129.38	2129.38	2129.38
Subscribed but not fully paid up			
1150000 Equity shares of ₹10/- each; ₹3.05/- each paid up	35.08	35.08	35.08
1272727 Equity shares of ₹10/- each; ₹.6.50/- each paid up	82.73	82.73	82.73
Total Equity	2247.18	2247.18	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 ₹ 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

(₹ in Lakhs)

Particulars	In Numbers	Amount
As at April 01, 2019	23716544	2247.18
Shares issued during the period	-	-
As at March 31, 2020	23716544	2247.18
Shares issued during the period	-	-
As at March 31, 2021	23716544	2247.18

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% Holding in the class	No. of shares held	% Holding in the class
Alex K Babu	4589787	19.35%	4589787	19.35%
Raphel P Thomas	3500000	14.76%	3500000	14.76%
Dr P S George	1666666	7.03%	1666666	7.03%
KC Babu	6395455	26.97%	6395455	26.97%

Particulars	As at April 01, 2019	
	No. of shares held	% holding in the class
Alex K Babu	4489787	19.00%
Raphel P Thomas	3500000	15.00%
Dr P S George	1666666	7.00%
KC Babu	6395455	27.00%

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, 2021	As at March 31, 2020
Statutory Reserves		
Special Reserve Fund (u/s 45 IC of RBI Act, 1934)		
Balance at the beginning of the year	179.23	156.38
Add: Transfer from Retained earnings	11.41	22.85
Balance at the end of the year	190.64	179.23
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	48.60	-27.90
Add: Profit for the period	57.03	99.35
Add/Less: Appropriation: -		
Transfer to Special Reserve Fund	-11.41	-22.85
Dividend	-53.23	-
Transfer from/(to) Debenture Redemption Reserve	-	-
Transfer to Impairment Reserve	-	-
Total appropriations	-64.64	-22.85
Balance at the end of the year	40.99	48.60
Total	231.63	227.83

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 ₹ 11.41 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	Year ended March 31, 2021	Year ended March 31, 2020
	On Financial asset measured at amortised cost	On Financial asset measured at amortised cost
i) Interest on Loans		
Business Loan	395.18	569.32
Vehicle Loan	283.81	46.21
Equipment Loan	76.45	35.78
Loan against Shares	87.06	175.36
Mortgage Loan	478.83	296.37
MSME Loans	596.04	-
Personnel Loan	10.85	108.58
Gold Loan	26.29	-
Staff Loan	2.64	1.48
Consumer Loan	256.04	460.25
Margin Funding	-	37.09
Micro Loan	5.63	-
Processing Fee	20.38	54.99
Total	2239.19	1785.43

Note 17: Net gain on fair value changes

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net gain/loss on financial instruments at fair value through profit or loss		
(A) On trading portfolio		
- Investments	18.79	-21.62
(B) Loss on fair valuation of equity shares	-	-
Total Net gain on fair value changes (C)	18.79	-21.62
Fair Value changes:		
- Unrealised	18.79	-21.62
Total Net gain on fair value changes	18.79	-21.62

Note 18: Other operation Income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other Operating Income	39.06	74.23
Total	39.06	74.23

Note 19: Other Income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other non-operating income	114.35	106.69
Profit on sale of Fixed assets	1.94	-
Total	116.29	106.69

Note 20: Finance Costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
Interest on borrowings (other than debt securities)	.27	4.66
Interest on debt securities		
-Public issue	-	-
-NCD amortization	-	-
-Private Placement	1397.97	951.52
Interest on subordinated liabilities	12.69	-
Bank Charges	2.29	1.11
Total	1413.21	957.29

Note 21: Impairment on financial instruments

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On financial instruments measured at amortised cost	On financial instruments measured at amortised cost
Loans	80.05	22.76
Provision for MTM Loss	.56	-
Total	80.61	22.76

Note 22: Employee Benefits Expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and Wages	345.02	320.99
Provision for Gratuity	8.91	14.73
Staff Incentive	27.10	17.33
Contributions to Provident and Other Funds	25.07	20.92
Staff Welfare Expenses	1.58	.88
Total	407.67	374.84

Note 23: Depreciation, amortization, and impairment

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of tangible assets	29.56	30.19
Amortization of intangible assets	3.36	1.96
	32.92	32.14

Note 24: Other Expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent, taxes and energy costs	71.27	45.94
Repairs and maintenance	3.60	3.51
Communication Costs	3.96	1.37
Printing and stationery	17.32	6.63
Advertisement and publicity	33.72	20.87
Director's fees, allowances, and expenses	35.64	24.57
Auditor's fees and expenses	6.50	6.50
Professional charges	14.17	26.27
Insurance	1.04	.42
General Office Expenses	11.29	3.16
Travelling Expenses	12.36	13.80
Subscription Charges	12.01	24.07
Other expenditure	186.81	254.00
Total	409.69	431.10

Note 24.1 Auditor's fees and expenses:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
For Statutory audit	6.00	6.00
For Other Services	.50	.50
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.

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net profit attributable to ordinary equity holders in lakhs	57.03	99.35
Weighted average number of equity shares for basic earnings per share	22471839	22471839
Effect of dilution:		
Weighted average number of equity shares for diluted earnings per share	22471839	22471839
Earnings per share:		
Basic earnings per share (₹)	0.25	0.44
Diluted earnings per share (₹)	0.25	0.44

HEDGE FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 *(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 upto 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. Refer to note V First time adoption to IND AS for information on adoption of Ind AS by the company.

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, 2021.

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. Revenues 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 INDAS 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 I - 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. 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.

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.

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.

E. 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.

F. 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

G. 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.

H. 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.

I. 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."

J. 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. As at the reporting date the Company does not recognize a contingent liability.

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.

K. 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.

L. 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.

M. Expenditure on Corporate Social Responsibility (CSR)

Not applicable

N. 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.

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.

(b) 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.

(c) 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.

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.

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.

V. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2021, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2020, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending

on March 31, 2021, together with the comparative period data as at and for the year ended March 31, 2020 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2019 the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2019 and the financial statements as at and for the year ended March 31, 2020

A. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Property, plant, equipment & intangible assets: On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2019 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 01, 2019.
2. Derecognition of Previously recognized financial instruments: As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of “derecognition of financial assets and financial liabilities” wherein a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. For example, if a first-time adopter derecognized non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind AS, it shall not recognize those assets and liabilities in accordance with Ind AS (unless they qualify for recognition as a result of a later transaction or event). The Company has opted not to re-evaluate financial assets derecognized in the past. However, for loans and advances securitized, the Company has applied the derecognition requirements retrospectively.
3. The company has used IND AS 101 exemption and has assessed embedded leases based on conditions in place as at the date of transition.

B. Mandatory Exceptions

(a) Estimates:

The estimates at April 1 2019 and as at March 31 2020 are consistent with those made for the same date in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). Apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Fair valuation of financial instruments carried at FVTPL
- Determination of discounted value for financial instruments carried at amortized cost
- Investments in equity instruments carried at FVOCI and FVTPL

The estimates used by the company to present these amounts in accordance with IND AS reflect conditions at April 1 2019 (date of transition) and as at March 31 2020

(b) Classification and measurement of Financial Instruments:

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

C. Reconciliation between Previous GAAP and Ind AS

a. Effect of Ind AS adoption on cash flow statement for the year ended 31st March 2020

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flow from operating activities	(1937.11)	(1631.54)	(3568.65)
Net Cash flow from investing activities	(6.28)	(25.21)	(31.49)
Net Cash flow from financing activities	3213.77	1099.08	4312.85
Effect of foreign exchange rates	-	-	-
Net increase in cash and cash equivalents	1270.38	0.07	1270.45
Cash and cash equivalents at the beginning of the year	186.58	(0.16)	186.42
Cash and cash equivalents at the end of the year	1456.96	(0.09)	1456.87

The adjustment to the Cash and cash equivalents at the end of the year due to the following reasons –

- a. Regrouping of stamp paper of ₹ 9500 (PY ₹ 16454) from cash and cash equivalents to other receivables on transition to IND AS

b. Equity reconciliation as on 01/04/2019

Particulars	Previous GAAP*	Adjustments	IND AS
Financial assets			
Cash and cash equivalents	186.58	-0.16	186.42
Bank Balance other than (a) above	-	-	0
Loans	8184.89	-91.55	8093.34
Investments	250	2.72	252.72

Other financial assets	69.38	-	69.38
Non-financial Assets			
Deferred tax assets (Net)	22.78	-	22.78
Property, Plant and Equipment	420.76	-	420.76
Other intangible assets	4.14	-	4.14
Other non-financial assets	159.88	0.16	160.04
Total Assets	9298.41	-88.83	9209.57
Financial Liabilities			
Debt Securities	6539.62	-	6539.62
Borrowings (other than debt securities)	187.79	-	187.79
Subordinated liabilities	-	-	-
Other financial liabilities	49.37	-	49.37
Provisions	1,27.46	-91.55	35.91
Other non-financial liabilities	18.5	-	18.5
EQUITY			
Equity share capital	2247.18	-	2247.18
Other equity	128.48	2.72	131.2
Total Liabilities and Equity	9298.41	-88.83	9209.57

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation has been summarized below

Particulars	01.04.2019 (Amount in lakhs)
Equity as per previous GAAP	2375.66
Net Gain / Loss on change in fair value of financial assets / Liabilities measured at Fair value through Profit & Loss	2.72
Impact on account of Expected Credit Loss	-
Tax adjustments on above items	-
Total	2.72
Equity as reported under Ind AS	2378.38

c. Equity reconciliation as on 31/03/2020

Particulars	Previous GAAP*	Adjustments	IND AS
Financial assets			
Cash and cash equivalents	1456.97	(0.10)	1456.87
Bank Balance other than (a) above	-	-	-
Loans	11459.85	(114.31)	11345.54
Investments	247.15	(21.62)	225.53
Other financial assets	69.75	58.54	128.29
Non-financial Assets			
Deferred tax assets (Net)	25.77	-	25.77
Property, Plant and Equipment	419.91	-	419.91
Other intangible assets	7.18	-	7.18
Other non-financial assets	229.62	(58.44)	171.18
Total Assets	13916.20	(135.93)	13780.27
Financial Liabilities			
Debt Securities	11035.46	-	11035.46
Borrowings (other than debt securities)	4.79	-	4.79
Subordinated liabilities	-	-	-
Other financial liabilities	204.78	-	204.82
Non-financial Liabilities			
Provisions	158.97	(121.04)	37.91
Other non-financial liabilities	22.31	-	22.26
EQUITY			
Equity share capital	2247.18	-	2247.18
Other equity	242.72	(14.89)	227.83
Total Liabilities and Equity	13916.20	(135.93)	13780.27

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation has been summarized below

Particulars	31.03.2020 (Amount in lakhs)
Equity as per previous GAAP	2489.90
Net Gain / Loss on change in fair value of financial assets / Liabilities measured at Fair value through Profit & Loss	(14.89)
Recognition / (Reversal) of net service income on assignment transactions (net of related ECL provision)	-
Remeasurement of defined Benefit Plans	-
Tax adjustments on above items	-
Total	-
Other Comprehensive Income	-
Equity as reported under Ind AS	2475.01

d. Statement of Profit and Loss reconciliation for the year ended 31/03/2020

Particulars	Previous GAAP*	Adjustments	IND AS
Revenue from operations			
Interest income	1751.48	33.95	1785.43
Dividend income	-	-	-
Rental income	-	-	-
Fees and Commission income	-	-	-
Net gain on derecognition of financial instruments under amortized cost category	-	-	-
Net gain on fair value changes	-	(21.62)	(21.62)
Other operating Income	53.19	21.04	74.23
Total Revenue from operations	1804.67	33.37	1838.04
Other Income	161.68	(54.99)	106.69
Total Income (I + II)	1966.35	(21.62)	1944.73
Expenses			
Finance costs	957.29	-	957.29
Net loss on fair value changes	-	-	-
Impairment on financial instruments	-	22.76	22.76
Employee benefits expenses	397.01	(22.17)	374.84
Depreciation, amortization, and impairment	32.14	-	32.14
Other expenses	438.42	(7.32)	431.10
Total Expenses (IV)	1824.86	(6.73)	1818.13
Profit before tax (II -IV)	141.49	(14.89)	126.60
Tax Expense:			
(1) Current tax	30.23	-	30.23
(2) Earlier year adjustments	-	-	-
(3)Deferred t ax	(2.99)	-	(2.99)
Profit for the year (V- VI)	114.24	(14.89)	99.35
Other Comprehensive Income			
i) Items that will not be reclassified to profit or loss	-	-	-
- Remeasurement of defined benefit plans	-	-	-
- 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)	-	-	-
(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)	-	-	-
Other Comprehensive Income (A + B) (VIII)	-	-	-
Total Comprehensive Income for the year (VII+VIII)	114.24	(14.89)	99.35

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Profit reconciliation has been summarized as below

Particulars	For the year ended 31/03/2020 (Amount in lakhs)
Profit as per previous GAAP	114.24
Adjustments increasing / (decreasing) net profit after tax as reported in the previous GAAP:	-
Impact on application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109	-
Net gain/(loss) on change in Fair Value of Financial assets /Liabilities measured at fair value	-
Recognition / (Reversal) of net service income on assignment transactions	(14.89)
Remeasurement of defined Benefit Plans	0.00
Tax adjustments on above items	-
Net Profit after tax as per Ind AS	99.35
Other Comprehensive income (net of taxes)	-
Total Comprehensive income as per Ind AS	-

e. Notes to Reconciliation between Previous GAAP and INDAS

Impairment Allowance

Under Ind AS, impairment loss is provided on Financial Assets as per the expected credit loss method prescribed under Ind AS 109, whereas under Previous GAAP the provisioning was as per management estimate subject to the minimum provision as required under the RBI guidelines.

Net gain / Loss on fair value changes

Under Ind AS, investments in equity instruments not irrevocably designated at fair value through OCI on inception, are measured at fair value through profit or loss (FVTPL), whereas under Previous GAAP, current investments were measured at lower of cost or net realizable value and non-current investments were measured at cost except when the domination in value of investment was considered to be of permanent nature.

Securitization transactions not supported by credit enhancements

Under IND AS, direct assignment transactions not involving credit enhancements meets the criteria for de-recognition of financial assets under IND AS 109 and accordingly are de-recognized from the books of accounts . Under the previous GAAP, the company had not de-recognized the assigned assets and consideration received on such assignment was accounted in books as a liability. Further, under Previous GAAP, income arising from direct assignment transactions were being

recognized over the tenure of the underlying asset, whereas under IND AS net gain/loss on de-recognition is to be recognized upfront. Reclassification of actuarial loss / (gain), arising out of employee benefit schemes, to Other Comprehensive Income (OCI)

Under Ind AS, re-measurements i.e Actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expenses on the net defined benefit liability are recognized in Other Comprehensive income instead of profit and loss account as accounted in Previous GAAP

Deferred Tax adjustments

Deferred tax effect of all adjustments has been recognized on transition date and during the year ended 31 March 2021.

f. Major components of tax expense/(income)

Particulars	2020-21	2019-20
Profit or Loss section:		
(i) Current income tax:	-	-
Current income tax expense	29.63	30.23
Tax expense of prior periods	-	-
(ii) Deferred tax:	-	-
Tax expense on origination and reversal of temporary differences	(16.71)	(2.99)
Income tax expense reported in Profit or Loss [(i) + (ii)]	12.92	27.24
Other Comprehensive Income (OCI) section:		
(i) Items that will not be reclassified to profit or loss	-	-
- Remeasurement of defined benefit plans	-	-
(ii) Items to be reclassified to profit or loss in subsequent periods:	-	-
Income tax expense reported in Other Comprehensive Income[(i)+(ii)]	-	-
Retained earnings:		
Current income tax	29.63	30.23
Previous year tax	-	-
Deferred tax	(16.71)	(2.99)
Income tax expense reported in retained earnings	12.92	27.24

g. Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

(₹ in Lakhs)

Particulars	2020-21	2019-20
Accounting profit before tax as per Ind AS	69.95	126.60
At India's Statutory Income Tax rate of 25.168%	29.63	30.23
Add/(Less): Ind AS adjustments on PBT	-	(14.89)
Add/(Less): Allowances / disallowances (Net) for which deferred	-	-

Tax not taken		
Add: Tax paid as per MAT and interest thereof	-	-
Add: Adjustment of prior year tax	-	-
Tax paid as per MAT and interest thereof	-	-
Adjustment of prior year tax and MAT Credit	-	-
Deferred tax	(16.71)	(2.99)
Total tax expenses in books	12.92	27.24

The effective Income Tax rate for FY 2019-20 & 2020-21: 25.168%

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

Sl. No.	Particulars	Balance Sheet		
		As at 31-03-2021	As at 31-03-2020	As at 01-04-2019
(a)	Re measurement gain / (loss) on defined benefit plan	-	-	-
(b)	Impact of carry forward losses	-	-	-
(c)	Difference between book depreciation and tax depreciation	(4.48)	(4.68)	(5.15)
(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	21.19	7.67	18.06
	Net deferred tax assets/(liabilities)	16.71	2.99	12.91

Reconciliation of deferred tax (assets)/liabilities

Sl. No	Particulars	2020-21	2019-20
(a)	Opening balance as at April 1	25.77	22.78
(b)	Deferred Tax income/(expense) during the period recognized in :		
	(i) Statement of Profit and Loss in Profit or Loss section	16.71	2.99
	(ii) Statement of Profit and Loss under OCI section	-	-
	Closing balance as at March 31	42.47	25.77

VI. ACCOMPANYING 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 2020-21 ₹ 16.28 (Previous Year ₹ 7.67). 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 31/03/2021	Relationship
ALEX KALLUVILA BABU	MANAGING DIRECTOR
K.P. PADMAKUMAR	WHOLE TIME DIRECTOR
RAPHEAL THOMAS	DIRECTOR
SURAJ RAMACHANDRAN	CFO
GIRISH KUMAR.G	CS
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
OMNICORE 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
MODUS LOGISTICS PRIVATE LIMITED	COMMON DIRECTORSHIP
SUNSET LANDS 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
SHREWSBERRY 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
BABY MARINE EASTERN EXPORTS	RELATIVE OF KMP
BABY MARINE EXPORTS	RELATIVE OF KMP
BABY MARINE PRODUCTS	RELATIVE OF KMP

A. Transactions with Related Parties

	Key Managerial Person			Directors			Entity in which KMP have significant influence	
	Alex K Babu (MD)	Girish Kumar G (CS)	Suraj Ramachandran (CFO)	K P 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 REMENURATION

Sl. No	Name of the Director	Current Year	Previous Year
I.	Alex K Babu	19.94	22.16
1.	Padmakumar K P	13.80	13.50

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.

6. 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)

Valuation Hierarchy:

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

Particulars	31-03-2021				31-03-2020				01-04-2019			
	Level 1	Level 2	Level 3	Total	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	619.38	-	-	619.38	33.7	-	-	33.7	73.49	-	-	73.49
Equity Shares	29.6	-	-	29.6	69.88	-	-	69.88	57.27	-	-	57.27
Total Assets measured at fair value on a recurring Basis	648.99	-	-	648.99	103.58	-	-	103.58	130.76	-	-	130.76
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	-	-	-	-	-	-	-	-	-	-	-	-

B. 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

C. 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

D. 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.

Particulars	Level	Carrying Value			Fair Value		
		31-03-2021	31-03-2020	01-04-2019	31-03-2021	31-03-2020	01-04-2019
Financial assets							
Cash and cash equivalents	1	26.50	1.21	0.30	26.50	1.21	0.30
Bank Balance other than (a) above	1	1274.14	1455.66	186.12	1274.14	1455.66	186.12
Loans	3	15095.67	11345.54	8093.34	15095.67	11345.54	8093.34
Investments	3	622.24	121.95	121.95	622.24	121.95	121.95
Other financial assets	3	537.41	71.25	12.34	537.41	71.25	12.34
Total Financial assets		17555.96	12995.61	8414.05	17555.96	12995.61	8414.05
Financial liabilities							
Debt Securities	2	15210.49	11035.46	6539.62	15210.49	11035.46	6539.62
Borrowings (other than debt securities)	2	12.51	4.79	187.79	12.51	4.79	187.79
Subordinated liabilities	2	609.50	-	-	609.50	-	-
Other financial Liabilities	2	304.11	204.82	49.37	304.11	204.82	49.37
Total Financial liabilities		16136.61	11245.07	6776.78	16136.61	11245.07	6776.78
Off Balance sheet Commitments		-	-	-	-	-	-

E. 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.”

7. 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 31/03/2021

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	582.12	-	-	-	-	-	-	-	582.12
Total	18293.21	1300.64	2477.66	0.00	531.68	23934.35	0.00	28244.33	1831.78

As on 31/03/2020

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	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	1.21	1.21	-	-	-	-	-	1.21	-
Bank Balance Other Than Above	1455.66	1455.66	-	-	-	-	-	1455.66	-
Loans	-	-	-	-	-	-	-	-	-
a) Gold Loan	-	-	-	-	-	-	-	-	-
b) Business Loan	2230.04	-	-	-	-	5240.59	-	5240.59	-
c) Vehicle Loan	1033.49	-	-	-	-	1498.56	-	1498.56	-

d) Equipment Loan	377.63	-	-	-	-	679.73	-	679.73	-
e) Loan Against Shares	604.33	-	1335.57	-	-	-	-	-	-
d) Mortgage Loan	3552.99	-	-	-	-	8100.82	-	8100.82	-
f) MSME Loan	2433.66	-	-	-	-	3650.49	-	1650.49	-
g) Consumer Loan	1161.39	-	-	-	-	-	-	-	1161.39
h) Margin Funding	0.35	-	-	-	-	0.73	-	0.73	-
j) Personnel Loan	36.19	-	-	-	-	-	-	-	36.19
k) Staff Loan	29.76	-	-	-	-	-	-	-	29.76
Investments	225.53	-	-	-	-	-	-	-	-
Other Financial Assets	128.29	-	-	-	-	-	-	128.29	-
Total	13270.52	1456.87	1335.57	-	-	19170.92	-	18756.08	1227.34

As at 01/04/2019

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	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	0.29	0.29	-	-	-	-	-	0.29	-
Bank Balance Other Than Above	186.12	186.12	-	-	-	-	-	186.12	-
Loans	-	-	-	-	-	-	-	-	-
a) Gold Loan	-	-	-	-	-	-	-	-	-
b) Business Loan	3838.31	-	-	-	-	9595.78	-	9595.78	-
c) Vehicle Loan	-	-	-	-	-	-	-	-	-
d) Equipment Loan	55.67	-	-	-	-	108.54	-	108.54	-
e) Loan Against Shares	81.19	-	162.38	-	-	-	-	-	-
d) Mortgage Loan	2778.85	-	-	-	-	6113.47	-	6113.47	-
f) MSME Loan	-	-	-	-	-	-	-	-	-
g) Consumer Loan	1167.44	-	-	-	-	-	-	-	1167.44
h) Margin Funding	247.13	-	-	-	-	432.46	-	432.46	-
i) Micro Lendings	-	-	-	-	-	-	-	-	-
j) Personnel Loan	16.32	-	-	-	-	-	-	16.32	16.32
k) Staff Loan	-	-	-	-	-	-	-	-	-
Investments	252.72	-	-	-	-	-	-	252.72	-
Other Financial Assets	69.38	-	-	-	-	-	-	69.38	-
Total	8693.42	186.41	162.38	-	-	16250.25	-	16775.08	1183.76

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.

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

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 Group's financial assets and liabilities as at March 31.

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

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 1 year	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

Maturity pattern of assets and liabilities as on March 31, 2020

Particulars	As at March 31, 2020	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 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
Financial assets									
Cash and cash equivalents	1456.87	1.21	-	1455.66	-	-	-	-	-
Trade Receivable	20.24	-	-	-	-	-	20.24	-	-
Other Receivable	36.80	-	-	36.80	-	-	-	-	-
Loans	11459.85	356.88	83.57	88.53	280.29	6909.26	3023.26	665.52	52.53
Investments	225.53	-	-	-	103.58	-	-	-	121.95
Other financial assets	71.25	29.27	17.56	11.71	-	-	-	12.71	-
Total Financial Assets	13270.54	367.09	83.57	1580.99	383.87	6909.26	3043.50	678.23	174.48
Financial Liabilities									
Debt Securities	11035.46	351.63	172.00	167.50	651.27	2722.49	4833.28	2137.29	
Borrowings (other than debt securities)	4.79	-	-	-	-	-	4.79	-	-
Subordinated liabilities	0.00	-	-	-	-	-	-	-	-
Other financial liabilities	204.82	1.96	-	-	202.86	-	-	-	-
Total Financial Liabilities	11245.07	353.59	172.00	167.50	854.13	2722.49	4838.07	2137.29	0.00
Net Undiscounted Asset/(Liabilities)	-	13.50	(88.43)	1413.48	(470.26)	4186.77	(1794.57)	(1459.06)	174.48

Maturity pattern of assets and liabilities as on April 1, 2019

Particulars	As at April 1, 2019	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 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
Financial assets									
Cash and cash equivalents	186.42	0.30	-	186.12	-	-	-	-	-
Bank Balance other than (a) above	-	-	-	-	-	-	-	-	-
Receivables		-	-	-	-	-	-	-	-
(I) Trade receivables	20.24	-	-	-	-	-	20.24	-	-

(II) Other receivables	36.80	-	-	36.80	-	-	-	-	-
Loans	8184.90	887.90	118.48	576.09	2165.06	2235.96	2201.40	0.00	0.00
Investments	252.72	-	-	-	-	130.76	-	-	121.95
Other financial Assets	12.34	5.16	3.09	2.07	-	-	-	2.03	-
Total Financial Assets	8693.42	0.30	0.00	222.92	0.00	130.76	20.24	12.34	121.95
Financial Liabilities									
Debt Securities	6539.62	3365.16	-	41.00	138.51	464.01	1409.18	1121.75	-
Borrowings (other than debt securities)	187.79	-	-	-	-	180.45	7.34	-	-
Deposits	-	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Other financial liabilities	49.37	0.04	-	-	49.33	-	-	-	-
Total Financial Liabilities	6776.78	3365.20	0.00	41.00	187.84	644.46	1416.52	1121.75	-
Net Undiscounted Asset/(Liabilities)	-	3364.90	0.00	181.92	(187.84)	(513.70)	(1396.28)	(1109.41)	121.95

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

Particulars	Upto1 month	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
AS at March 31, 2021	NIL							
Income tax demands								
AS at March 31, 2020								
Income tax demands								
AS at 1 April, 2019								
Income tax demands								
Service 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 31/03/2021	As on 31/03/2020
CRAR – Tier I Capital (%)	13.83%	20.09%
CRAR – Tier II Capital (%)	3.70%	0.23%
CRAR (%)	17.53%	20.32%

6. Maturity pattern of Assets and Liabilities

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

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

Particulars	As at March 31, 2020	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	1456.94	1456.94	-
Bank Balance other than above	-	-	-
Loans*	11459.85	3741.32	7718.53
Investments	225.53	103.58	121.95
Other financial assets	128.29	95.34	32.95
Non-financial Assets			
Deferred tax assets (Net)	25.77	25.76	-
Property, Plant and Equipment	419.91	-	419.91
Other intangible assets	7.18	-	7.18
Other non-financial assets	171.18	161.18	10.00
Total Assets	13894.65	5584.12	8310.52
LIABILITIES			
Financial Liabilities			
Debt Securities	11035.46	4064.90	6970.56
Borrowings (other than debt securities)	4.79	-	4.79
Subordinated liabilities	-	-	-
Other financial liabilities	204.82	204.82	-
Non-financial Liabilities			
Provisions other than loans	37.91	7.67	30.24
Impairment loss allowance*	114.32	27.93	86.38
Other non-financial liabilities	22.26	22.26	0.00
Total Liabilities	11419.56	4327.58	7091.97
Net Undiscounted Asset/(Liabilities)	2475.09	1256.54	1218.55

Particulars	As at April 1, 2019	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	186.42	186.42	-
Bank Balance other than (a) above	-	-	-
Loans*	8184.90	5983.50	2201.40
Investments	252.72	130.77	121.95
Other financial assets	69.38	47.10	22.28

Non-financial Assets			
Current tax assets (Net)	-	-	-
Deferred tax assets (Net)	22.78	22.78	0.00
Property, Plant and Equipment	420.76	0.46	420.30
Other intangible assets	4.14	-	4.14
Other non-financial assets	160.04	150.04	10.00
Total Assets	9301.14	6521.07	2780.07
LIABILITIES			
Financial Liabilities			
Debt Securities	6539.62	4008.69	2530.94
Borrowings (other than debt securities)	187.79	180.44	7.35
Subordinated liabilities	-	-	-
Other financial liabilities	49.37	49.37	-
Non-financial Liabilities			
Provisions- other than loans	35.91	5.67	30.24
Impairment loss allowance*	91.56	19.76	71.80
Other non-financial liabilities	18.50	18.50	-
Total Liabilities	6922.75	4282.43	2640.33
Net Undiscounted Asset/(Liabilities)	2378.39	2238.64	139.74

*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

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	-	6.09	-	-	6.09
Debt Securities	11035.46	4175.03	-	-	15210.49
Total	11040.25	4188.84	-	-	15229.09

Particulars	As at 01 April 2019	Cash flows	Change in Fair Value	Others	As at 31 March 2020
Borrowings (other than debt securities)	187.79	(183.00)	-	-	4.79
Subordinated liabilities	-	-	-	-	-
Debt Securities	6539.62	4495.84	-	-	11035.46
Total	6727.41	4312.84	-	-	11040.25

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

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

9. Contingent Liability

Particulars	31.03.2021	31.03.2020	01.04.2019
Claims against the company not acknowledged as debts	NIL	NIL	NIL
- Income tax demands	NIL	NIL	NIL
- Service tax demands	NIL	NIL	NIL
- Others	NIL	NIL	NIL

a. Claims against the company not acknowledged as debts

Sl. No	A.Y	Section	Tax Demand	Total Tax Paid	Bank Guarantee given	Forum where dispute is pending
1					NIL	
Total					NIL	

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. Note on Covid-19

The impact of Covid 19 pandemic on the company's financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of Covid 19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

The company has assessed the impact of the Covid-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs,

current status and outcome of Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In accordance with the Reserve Bank of India's guidelines relating to Covid -19 Regulatory package dated 27 March 2020 and 17 April 2020, and press release dated 22 May, 2020, the Company has granted moratorium of three months on the payment of all installments falling due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers for the moratorium, as per its moratorium policy. In accordance with the guidance from the ICAI and in management's view, the extension of the moratorium to the Company's borrowers by the Company pursuant to the RBI guidelines relating to Covid 19 Regulatory Package dated 27 March 2020 and 17 April 2020 and RBI press release by itself is not considered to result in significant credit risk to such borrowers.

13. In accordance with instructions contained in RBI circulars dated March 27, 2020 and May 23, 2020, Hedge Finance Limited has extended the moratorium to all borrowers of all segments. As per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, provisioning in respect of COVID -19 Regulatory Package is as below: -

(₹ in Lakhs)

Particulars	Amount
Respective amounts, where the moratorium/deferment was extended (Outstanding as on June 30, 2020)	54.29
Respective amount where asset classification benefits is extended (Outstanding as on June 30, 2020)	54.29
Provisions made during the Q4FY2020	0.00
Provisions made during the Q1FY2021	5.42
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	5.42
Residual provision as on March 31, 2021	0.00

14. In terms of RBI circular DOR. No. BP. BC/3/21.04.048/2020-21 dated August 6, 2020, the detailed requirement as per Resolution Framework for COVID-19 related Stress:

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personnel Loans (A)	NIL				
Corporate Loans (B)					
Of (B), MSME loans (D)					
Others (E)					

15. 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, 2021 together with interest paid /payable are required to be furnished

16. 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.

17. Previous Year Figures

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

For and on behalf of the Board		As per our Report of even date attached For, Manikandan & Associates	
sd/-	sd/-	sd/-	
Alex Kalluvila Babu (Managing Director) DIN:01254207	K P Padmakumar (Whole Time Director) DIN:00023176	C.K.MANIKANDAN (PARTNER) CHARTERED ACCOUNTANTS MEMBERSHIP NO: 208654 FIRM REG NO: 008520S UDIN : 21208654AAAAJL5234	
sd/-	sd/-	sd/-	
Vinay Sasidharan (Chief Executive Officer)	Suraj Ramachandran (Chief Financial Officer)	Girish Kumar Ganapathy (Company Secretary)	

Place: Kochi
Date: 25-06-2021

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HEDGE FINANCE LIMITED

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