



# TRANSWARRANTY FINANCE LIMITED

TFL/SEC/2020-21/25

07/09/2020

The Manager,  
Corporate Relations Dept.,  
BSE Ltd.  
P.J. Towers,  
Dalal Street, Fort  
Mumbai 400001

The Manager,  
Listing Compliance Department  
National Stock Exchange of India Ltd.  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400051

**BSE Scrip Code : 532812**

**NSE Scrip Code : TFL**

Dear Sir,

**Sub: Intimation of Annual General Meeting and Book Closure**

This is to inform you that the 26<sup>th</sup> Annual General Meeting (AGM) of the Members of the Company will be held on Wednesday, 30<sup>th</sup> September, 2020 at 4.00 p.m. through Video Conferencing / Other Audio Visual Means, in accordance with the relevant circulars issued by the Ministry of Corporate Affairs ('the MCA') and the Securities and Exchange Board of India ('the SEBI'), in view of the prevailing COVID -19 pandemic.

The Book Closure dates are fixed as below:


<b>Company Scrip Code</b>	<b>Type of Security and Face Value per Share</b>	<b>Book Closure</b>	<b>Purpose</b>
BSE- 532812 NSE- TFL	Equity Shares of Rs. 10/- each	24 <sup>th</sup> September, 2020 to 30 <sup>th</sup> September, 2020 (both days inclusive)	Annual General Meeting

The notice of 26<sup>th</sup> Annual General Meeting and Annual Report of our Company is enclosed herewith.

Kindly take the same on your records.

Yours faithfully,

For Transwarranty Finance Limited

  
Suhas Borgaonkar  
Company Secretary

Encl: As above

**CIN: L65920MH1994PLC080220**

403, Regent Chambers, Nariman Point, Mumbai- 400021 • Tel: 6630 6090 / 2204 7965  
Fax: 6630 0999 / 4001 0999 • e-mail : mail@transwarranty.com • website:www.transwarranty.com



# TRANSWARRANTY FINANCE LIMITED

FINANCIAL ENGINEERS



**26<sup>TH</sup> ANNUAL REPORT 2019-20**

## Board of Directors



**Mr. Kumar Nair**  
Chairman & Managing Director

**Mr. Kumar Nair**, is B.Sc., FCA (ICAI), ACA (ICAEW) & OPM (Harvard Business School). He has over two decades of experience in Financial Services, Capital Market and Investment Banking. Prior to this he was a key member of the core senior management team at Kotak Mahindra Finance Limited.

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**Mr. Ramachandran Unnikrishnan**  
Director & CFO

**Mr. Ramachandran Unnikrishnan**, B.Com, FCA has close to 3 decades experience in Audit and Accounting profession.

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**Mr. Sudharsanan Nair**  
Director

**Mr. Sudharsanan Nair**, is B.Com, (Hons.) from Mumbai University. He started as a Banker with Syndicate Bank foreign exchange department. He was associated in promoting Verdica Marble Pvt. Ltd., a marble mining Company. He was Managing Director of Intellivision Software Ltd., a listed Company, till 2014.

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**Mr. Pravin Khatau**, was a Senior Director in Goldman Sachs & Co., an Barings in London. He has done his Master in Business Administration from Wharton. Presently he is a private investor through his company LRM Holdings, Monaco.

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**Mr. Pravin Khatau**  
Director



**Mrs. Nirmala Parab**  
Director

**Mrs. Nirmala Parab**, B.Com, MBA, has over 10 years experience in project financing with IFCI Ltd.

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## CORPORATE INFORMATION

### Board of Directors

Mr. Kumar Nair	Chairman & Managing Director
Mr. Ramachandran Unnikrishnan	Director & CFO
Mr. Pravin Khatau	Director
Mr. Sudharsanan Nair	Director
Mrs. Nirmala Parab	Director

### Company Secretary

Mr. Sreedhar H. (upto 10<sup>th</sup> January, 2020)  
Mr. Suhas Borgaonkar (w.e.f. 30<sup>th</sup> January, 2020)

### Auditors

#### S.S. Khan & Co.

Chartered Accountants  
24, 1<sup>st</sup> Floor, 5 Malharraowadi,  
Dadi Seth Agiary Lane,  
Kalbadevi, Mumbai - 400 002.

### Secretarial Auditor

#### Yogesh Sharma & Co.

B-1, Neha Apartment,  
Opp. Dr. Badwaik's Hospital,  
LBS Marg, Bhandup (W),  
Mumbai - 400 078.

### Bankers

The Catholic Syrian Bank Limited  
South Indian Bank  
ICICI Bank Limited  
HDFC Bank Limited  
Axis Bank Limited  
The Federal Bank Limited

### Registered and Corporate Office

CIN: L65920MH1994PLC080220  
403, Regent Chambers,  
Nariman Point, Mumbai – 400021.  
Tel. No. : 91-022-66306090, 40010900  
Fax No. : 91-022-66306655  
Website : [www.transwarranty.com](http://www.transwarranty.com)  
e-mail id : [mail@transwarranty.com](mailto:mail@transwarranty.com)

### Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.  
C-101, 247 Park, LBS Marg,  
Vikhroli (W), Mumbai – 400 083.  
Tel. No. 91-022-49186270  
Fax No. 91-022-49186060  
e-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
website: [www.linkintime.co.in](http://www.linkintime.co.in)

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## NOTICE

**NOTICE** is hereby given that the 26<sup>th</sup> Annual General Meeting of Transwarranty Finance Limited will be held through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), on Wednesday, 30<sup>th</sup> September, 2020 at 4.00 pm. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramachandran Unnikrishnan (DIN 00493707), who retires by rotation and being eligible offers himself for re-appointment.

### Special Business:

3. **Re-appointment of Mr. Kumar Nair as a Managing Director & CEO of the Company for a period of three years**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V of the said Act and as recommended by the Nomination, Remuneration and Compensation Committee and approval of the Board of Directors of the Company, consent and approval of the Members of the Company be and is hereby accorded to the re-appointment of and remuneration to Mr. Kumar Nair (DIN 00320541) as Managing Director and Chief Executive Officer of the Company for a period of three (3) years with effect from 1<sup>st</sup> September, 2020, liable to retire by rotation, subject to approval of Central Government, if any, on the following terms:

### Terms of Remuneration:

- 1) **Salary:** Remuneration not exceeding ₹ 60 lakhs p.a. including perquisites and other allowances as may be determined by the Board of Directors of the Company or Nomination, Remuneration & Compensation Committee.

### 2) Perquisites and other allowances:

- i. Provident Fund-12 % of basic salary
- ii. Company provided furnished accommodation
- iii. Re-imbursment of medical expenses, gas, telephone, society maintenance charges, electricity, water – At actual
- iv. Company provided Car
- v. Leave Travel Concession: Return passage for self and family in accordance with the rules specified by the Company.

### 3) The following perquisites will not be included in the computation of the ceiling of perquisites:

- i. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- ii. Encashment of leave at the end of tenure.
- iii. Performance incentive- As per the rules of the Company

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Kumar Nair's office as Managing Director, the remuneration set out above be paid or granted to Kumar Nair as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in the Schedule V to the Companies Act, 2013 or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactments thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things at its absolute discretion, it may consider necessary or desirable in order to give effect to this resolution.”

4. **Re-appointment of Mr. Ramachandran Unnikrishnan, CFO as a Director for five years w.ef. 25<sup>th</sup> February, 2020**

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152 and 160 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time and other applicable laws, rules and regulations for the time being in force, and based on recommendation of the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company, Mr. Ramachandran Unnikrishnan (DIN 00493707), be and is hereby re-appointed as the Director of the Company with effect from 25<sup>th</sup> February, 2020, for a period of five years, liable to retire by rotation”.

**5. Re-appointment of Mr. Sudharsanan Nair as an independent director for a second term of five consecutive years w.e.f. 9<sup>th</sup> November, 2020**

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the ‘Act’) including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Sudharsanan Nair (DIN 01510505), who was appointed as an independent director of the Company for a term of five years up to 8<sup>th</sup> November, 2020 and who being eligible for re-appointment as an independent director has given his consent alongwith a declaration that he meets criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom a notice in writing pursuant to Section 160 of the Act has been received from a member in the prescribed manner be re-appointed as an independent director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years commencing from 9<sup>th</sup> November, 2020 to 8<sup>th</sup> November, 2025.”

**6. Issuance of Non-Convertible Debentures on Private Placement Basis**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section(s) 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof for the time being in force read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended and the Companies (Share Capital and Debentures) Rules, 2014, as amended, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Memorandum and Articles of Association of the Company; the applicable rules of Reserve Bank of India regarding issue of Non-Convertible Debentures on Private Placement Basis by Non-Banking Financial Companies and subject to such other applicable approval(s), permission(s) and sanction(s), as may be required, the approval of members of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof constituted or to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) (“Board”), to offer or invite subscriptions for secured and/or unsecured redeemable Non-Convertible Debentures including subordinated debt (“NCDs”), in one or more series/ tranches upto an aggregate amount of ₹ 50 Crores (Rupees Fifty Crores Only) within the overall borrowing limits approved by the members from time to time under Section 180(1)(c) of the Act, on a private placement basis and on such terms and conditions as the Board may, from time to time, determine and consider proper and beneficial to the Company.

**RESOLVED FURTHER THAT** approval of the Company be and is hereby given to all offers or invitations to subscribe to the Non-Convertible Debentures to be issued by the Company for a period of one year commencing from 30<sup>th</sup> September, 2020.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of the Company, be and is hereby authorized, to approve, decide, vary or modify the terms and conditions applicable to



the issue of aforesaid Non - Convertible Debentures including the class of investors, securities to be offered, number of securities, series, tranches, issue price, denomination, currency, tenure, interest rate, premium/discount, repayment, listing or otherwise, howsoever, as it may think appropriate and to do all acts, deeds, and things, as it may, in its absolute discretion, consider necessary, expedient or desirable including appointment of intermediaries including Debenture Trustees and to sign and execute any deed(s)/ document (s)/ undertaking (s)/ agreement (s)/ paper(s)/ underwriting (s) and also to delegate all or any of the above powers, as may be required to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company.”

**7. Raising of funds by way of External Commercial Borrowings**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), including any amendment, modification, variation or re-enactment and other applicable guidelines, directions or laws, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, to make offers, invitations and issue of Secured Redeemable Foreign Currency/ Rupee Denominated Bonds or other instruments in one or more tranches/series, on private placement basis or otherwise, with the consent being valid for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium/discount, tenor, listing of Foreign Currency/ Rupee Denominated Bonds, obtaining credit ratings etc., as may be determined by the Board of Directors (or any other person so authorised by the Board of Directors), based on the prevailing market conditions.

**RESOLVED FURTHER THAT** the aggregate amount to be raised through the issuance of Foreign Currency/ Rupee Denominated Bonds or other instruments pursuant to the authority under this Resolution shall not exceed Rupee equivalent to USD 50 MN;

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee(s) constituted/to be

constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof), be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, application, etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution.”

**8. Approval for material related party transactions**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of the Regulation 23 and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) and Section 188 of the Companies Act, 2013 (the “Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014, as applicable and any amendments thereto and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the members of the Company be and is hereby accorded to the Board of Directors (including its committees thereof), for transactions/contracts/arrangements already entered / to enter into any and all transactions/ contracts/arrangements with Vertex Securities Limited, a subsidiary of the Company and a related party as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, inter-alia, relating to making of loan(s) to/borrow from Vertex Securities Limited, and/or giving of guarantee(s) or providing security(ies) on behalf of Vertex Securities Limited and/ or making any investments in the securities of Vertex Securities Limited and/or the purchase from and/or sale to it of any securities and/or providing/availing of any services by the Company to/from Vertex Securities Limited, on such terms and conditions as the Board on its absolute discretion, may deem fit, PROVIDED HOWEVER THAT the total aggregate amount/value of all such transactions/contracts/arrangements that may be entered into by the Company with Vertex Securities Limited and remaining outstanding at any point of time shall not exceed ₹ 50 Crore (Rupees Fifty Crores); during a financial year.

**NOTES:**

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper or expedient to give full effect to the above resolution and matters connected therewith or incidental thereto.”

By Order of the Board of Directors,  
For **Transwarranty Finance Limited**

**Suhas Borgaonkar**  
Company Secretary

Regd Office:  
403, Regent Chambers,  
Nariman Point, Mumbai 400021

Place: Mumbai  
Date : 25<sup>th</sup> August, 2020

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5<sup>th</sup> May, 2020 read together with the circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting (“AGM”/ “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (“ICSI”) read with Clarification/ Guidance on applicability of Secretarial Standards 1 and 2 dated April 15, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company located at 403, Regent Chambers, Nariman Point, Mumbai 400021.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto. The Board of Directors have considered and decided to include Item nos. 3 to 8 of the accompanying Notice as Special Business in the forthcoming AGM, as they are unavoidable in nature. Additional Information required pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with regard to director seeking appointment/ re-appointment at the Annual General Meeting (AGM) is annexed hereto.
4. Generally, **a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the company.**

Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members





will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.

5. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Corporate members who intend to authorize their authorised representative(s) to attend the Meeting through VC/OAVM and participate thereat and cast their votes through remote e-voting or e-voting during the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution at [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com).
7. Members of the Company had approved the appointment of M/s. S.S.Khan & Co., Chartered Accountants, as the Statutory Auditors at the 25<sup>th</sup> AGM of the Company which is valid till the 30<sup>th</sup> AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7<sup>th</sup> May, 2018 by MCA, the appointment of Statutory Auditors is not required to be ratified at every AGM.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24<sup>th</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive).
9. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by notifying the Company at [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com) or Registrar & Share Transfer Agents of the Company, Link Intime India Pvt. Ltd. at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only.
10. In accordance with, the General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
11. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com)
12. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents (RTA), Link Intime India Pvt. Ltd. to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to RTA.

The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA.

13. SEBI had vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 read with BSE circular no. LIST/COMP/15/2018-19 dated July 05, 2018 and NSE circular no. NSE/CML/2018/26 dated July 09, 2018 and as per Regulation 40 of the Listing Regulations, as amended, directed that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. However, Shareholders can continue to hold shares in physical form.

In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Shareholders holding shares in physical form are requested to consider converting their holdings to dematerialized form. Shareholders can contact the Company or RTA for assistance in this regard.

14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link Intime India Pvt. Ltd., for consolidation into a single folio.
15. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The facility of casting the votes by the members using electronic voting system from a place other than venue of the AGM ("remote e-voting") as well as e-voting during the proceeding of the AGM ("e-voting at the AGM") will be provided by National Securities Depository Limited (NSDL).
16. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the cut-off date i.e. Wednesday, 23<sup>rd</sup> September, 2020 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 AM on Saturday, 26<sup>th</sup> September, 2020 and will end at 5.00 PM on Tuesday, 29<sup>th</sup> September, 2020. The Company has appointed Mr. Yogesh Sharma, Practicing Company Secretary (C. P. No.12366) to act as the Scrutinizer, for conducting the scrutiny of

the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

#### 17. PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM:

- I. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- II. For convenience of the Members and proper conduct of AGM, Members can login and join atleast 15 (fifteen) minutes before the time scheduled for the AGM and the window for login shall be kept open throughout the proceedings of the AGM. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 Members on 'first come first serve' basis. This will not include large Members (i.e. Members holding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis
- III. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.



- IV. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- V. The Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 26<sup>th</sup> September, 2020, by 5.00 p.m. through email on [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com). The same will be replied by / on behalf of the Company suitably. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.
18. The instructions and other information relating to voting through electronic means is given hereunder:
- VOTING TROUGH ELECTRONIC MEANS**
- I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Listing Regulations, the Company is pleased to provide members with the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting. The Company has engaged the services of National Securities Depository Limited (“NSDL”), who will provide the e-voting facility of casting votes to a Member using remote e-voting system (e-voting from a place other than venue of the AGM) (“remote e-voting”) as well as e-voting during the proceeding of the AGM (“e-voting at the AGM”).
- II. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. Only those Members, who will be present at the AGM through VC / OAVM facility and who would not have cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
- III. The remote e-voting period commences at 9.00 AM IST on Saturday, 26<sup>th</sup> September, 2020 and will end at 5.00 PM on Tuesday, 29<sup>th</sup> September, 2020. During this period, the members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, 23<sup>rd</sup> September, 2020 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on resolution is cast by the member, the member shall not be allowed to change it subsequently.

**IV. The instructions for members for remote e-voting are as under:-**

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:*

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

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

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

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

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

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 114299 then user ID is 114299001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.



- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

**How to cast your vote electronically on NSDL e-Voting system?**

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

**Procedure to be followed by those members whose e-mail ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice :**

1. In case shares are held in physical mode please provide folio no., name of Member, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
2. In case shares are held in demat mode, please provide DPID-CLIENT ID (16 digit DPID + CLIENT ID or 16 digit beneficiary ID), name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
3. Alternatively Member may send an e-mail

request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**The instructions for members for e-voting on the day of the AGM are as under:-**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.



4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csymsharma@gmail.com](mailto:csymsharma@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Mr. Pratik Bhatt at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date of Wednesday, 23<sup>rd</sup> September, 2020 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VI. Mr. Yogesh Sharma, Practicing Company Secretary (CP No. 12366) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VII. The Scrutinizer will submit his report to the Chairman of the Company or to any other person

authorized by the Chairman after completion of the scrutiny of e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM.

- VIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.transwarranty.com](http://www.transwarranty.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited & NSE Limited, Mumbai.
- IX. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, shall be available for electronic inspection by the members during the AGM. All documents referred to in the Notice shall also be available for electronic inspection. Members seeking to inspect such documents can send an email to [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com).
- X. **Transfer to Investor Education and Protection Fund:**

Members whose shares or unclaimed dividend has been transferred to the IEPF, may claim the shares or apply for refund of the unclaimed amounts as the case may be, to the IEPF Authority, by making an electronic application in e-Form IEPF-5 as detailed on the website of the Ministry of Corporate Affairs at the web-link: <http://www.iepf.gov.in/IEPF/refund.html>. Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. No claim lies against the Company in respect of the shares/unclaimed amounts so transferred.
- XI. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to

avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Link Intime India Pvt. Ltd. having their office at C-101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility. If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form No. SH-14. Both the forms are also available on the website of the Registrar and Share Transfer Agents of Company at the weblink: <https://linkintime.co.in/downloads.html>.

- XII. Members are requested to address all correspondences, including dividend matters to the Registrars and Transfer Agents of the Company.

- XIII. The Company has designated an exclusive email Id viz. [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com) to enable the investors to post their grievances and monitor its redressal.

By Order of the Board of Directors,  
For **Transwarranty Finance Limited**

**Suhas Borgaonkar**  
Company Secretary

**Regd Office:**  
403, Regent Chambers,  
Nariman Point, Mumbai 400021

Place: Mumbai  
Date : 25<sup>th</sup> August, 2020





**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 & additional information on directors recommended for appointment/re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Item No. 2 and 4**

**Re-appointment of Mr. Ramachandran Unnikrishnan, CFO as Director**

<b>Name of Director</b>	Mr. Ramachandran Unnikrishnan
<b>DIN</b>	00493707
<b>Date of Birth</b>	25/11/1956
<b>Nationality</b>	Indian
<b>Type of Appointment</b>	Director retiring by rotation and re-appointment as director
<b>Date of first appointment by the Board</b>	25/02/2015
<b>Qualification</b>	B. Com (Hons), F.C.A.
<b>No. of Shares held</b>	2,66,909 Equity Shares of ₹ 10 each
<b>Experience in Specific</b>	<p>He is a successful Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India. He was a Senior Partner with M/s. Haridas Associates, a leading firm of Chartered Accountants in Mumbai.</p> <p>He has an excellent knowledge in Audit, Capital Market and Investment Banking.</p> <p>He is also the Managing Director of the subsidiary Company, Vertex Securities Limited and a Director of step down subsidiary Vertex Commodities And Finpro Pvt. Limited.</p>
<b>Directorships held in other companies</b>	<ol style="list-style-type: none"><li>1. Vertex Securities Limited</li><li>2. Vertex Commodities And Finpro Pvt. Ltd.</li><li>3. Transwarranty Capital Market Services Pvt. Ltd.</li><li>4. Suncem Surface Coatings Pvt. Ltd.</li></ol>
<b>Membership of Committees of other listed public companies</b>	Member of Audit Committee and Stakeholders' Relationship Committee in Vertex Securities Limited
<b>Disclosure of relationships between directors inter-se</b>	None of the directors are related to each other
<b>Justification for appointment</b>	Excellent knowledge in Audit and accounting profession, Financial Services and Capital Market.

**Item No. 3****Re-appointment of Mr. Kumar Nair as the Managing Director and Chief Executive Officer of the Company**

The Board of Directors at their meeting held on 25<sup>th</sup> August, 2020 have approved the terms of re-appointment of Mr. Kumar Nair for a further period of three (3) years with effect from 1<sup>st</sup> September, 2020 with a remuneration not exceeding ₹ 60 lakhs p.a. as per the recommendation of the Nomination and Remuneration Committee subject to the further approval by the members of the Company and approval of Central Government, if any.

A statement containing information required to be provided to the shareholders as per the provisions of Schedule

V in respect of re-appointment of Mr. Kumar Nair (DIN 00320541) is given below:

**I. General Information:**

**Nature of Industry:** The Company is a Reserve Bank of India (RBI) registered Non-banking Finance Company (NBFC) engaged in wide spectrum of financial services, both advisory and fund based lending. The Company has three major business operations in advisory services consisting of Trade Finance, Corporate Finance and Investment Banking.

**Date or expected date of commencement of commercial production:** Not applicable as the company is an existing Company.

**Financial performance based on given indicators:**

(₹ in Lakhs)

Particulars	FY 2019-20	FY 2018-19*	FY 2017-18
	Standalone		
Total Income	168.24	1083.91	962.49
Total Expenditure (including Finance Cost, depreciation and tax and exceptional items)	614.40	1066.53	927.52
Profit/Loss After Tax	(432.73)	13.74	8.12
Earning per share	(1.77)	0.05	0.03

\*as restated as per Ind As



**Foreign investments or collaborations:** No foreign investments or collaborations

**II. Information about appointee:**

1. Background details: Mr. Kumar Nair is BSc., FCA and OPM (Harvard Business School) with over 30 years of experience in Financial Services, Capital Market and Investment Banking. He is a Promoter Director of the Company since inception and prior to starting Transwarranty Finance Limited he was a key member of the core senior management team, in Kotak Mahindra Finance Ltd.

2. Past remuneration: Remuneration drawn by Mr. Kumar Nair in his capacity as Managing Director during the last three years is as follows:

Particulars	2019-20	2018-19	2017-18
Salary drawn (in ₹ )	42,00,008	42,00,008	24,00,008

3. Recognition or rewards: Nil

4. Job profile and suitability: Mr. Kumar Nair is responsible for the overall management of the Company. His qualification, outstanding experience and general management skills are most suitable for the responsibilities shouldered by him.

5. Remuneration proposed: Remuneration not exceeding ₹ 60 lakhs p.a. including perquisites as may be determined by the Board of Directors of the Company or Nomination and Remuneration Committee.

6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person: The remuneration offered to Mr. Kumar Nair is at par with the industry norms considering the industry, size of the Company, profile of the position and person.

7. Pecuniary Relationship directly or indirectly with the company, or relationship with the managerial personnel: Mr. Kumar Nair is a promoter director of the Company holding 1,27,08,694 equity shares in the Company. He has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration and shareholdings in the Company.

**III. Other information:**

(1) Reasons of loss or inadequate profits: The Company has three major business operations consisting of Trade Finance, Corporate Finance and Investment Banking. Investment Banking continues to have deals. However, due to unforeseen circumstances, the Company could not close all the deals in pipeline. The lending business, which is providing loans to the economically challenged sections of the society against security of gold jewelry, is losing its shine and the company is exploring other innovative lending products.

(2) Steps taken or proposed to be taken for improvement: The Company has taken various measures for achieving the aspiration and goals of the organization.

(3) Expected increase in productivity and profits in measurable terms: The Company will be committed to its vision which will increase the productivity and profitability of the Company

Mr. Kumar Nair is a director of following Companies:

- Vertex Securities Limited
- Vertex Commodities & Finpro Pvt. Ltd.
- Transwarranty Capital Market Services Pvt. Ltd.
- Consolidated Eutectics (Kolhapur) Pvt. Ltd.

The Managing Director shall not be paid sitting fees for attending the meetings of the Board or any Committee.

Except Mr. Kumar Nair, none of the directors or Key Managerial Personnel and their relatives is interested or concerned in the resolution as set out in item No. 3 of the Notice.

Mr. Kumar Nair is not debarred or disqualified from continuing to act as a director of companies by SEBI, MCA or any other statutory authority.

Pursuant to provisions of Section 160 of the Companies Act, 2013 read with the relevant Rules the Company has received notice in writing from a member proposing the candidature of Mr. Kumar Nair as a Managing Director and CEO of the Company.

The Board recommends the Special Resolution as set out in Item no. 3 for approval of members.

Other details of Mr. Kumar Nair are as under:

<b>Name of Director</b>	Mr. Kumar Nair
<b>DIN</b>	00320541
<b>Date of Birth</b>	24/03/1962
<b>Nationality</b>	Foreign
<b>Type of Appointment</b>	Re-appointment as Managing Director & CEO
<b>Date of first Appointment on Board</b>	09/08/1994
<b>Qualification</b>	B.Sc., F.C.A. & OPM (Harvard Business School)
<b>No. of Shares held</b>	1,27,08,694 Equity Shares of ₹ 10 each
<b>Experience in Specific</b>	He has over 30 years of experience in Financial Services, Capital Market and Investment Banking. He was a key member of the core senior management team in Kotak Mahindra Finance Ltd. He is also the Managing Director & CEO of the Holding Company, Transwarranty Finance Limited.
<b>Directorships held in other companies</b>	1. Vertex Securities Limited 2. Vertex Commodities & Finpro Pvt. Ltd. 3. Transwarranty Capital Market Services Pvt. Ltd. 4. Consolidated Eutectics (Kolhapur) Pvt. Ltd.
<b>Membership of Committees of listed public companies</b>	Member of Nomination, Remuneration & Compensation Committee in Vertex Securities Limited
<b>Disclosure of relationships between directors inter-se</b>	None of the directors are related to each other
<b>Justification for appointment</b>	Excellent knowledge in Financial Services, Capital Market and Investment Banking.

#### Item No.4

##### **Re-appointment of Mr. Ramachandran Unnikrishnan, CFO as a Director for five years w.ef. 25<sup>th</sup> February, 2020**

The Board at its meeting held on 29<sup>th</sup> July, 2020, has approved the re-appointment of Mr. Ramachandran Unnikrishnan (DIN 00493707), CFO as executive director for a period of 5 (five) years with effect from 25<sup>th</sup> February, 2020, liable to retire by rotation. The Board also approved terms and conditions of his appointment, as recommended by the Nomination, Remuneration and Compensation Committee, in accordance with Section 149, 152 and 160 of the Companies Act, 2013 and other applicable provisions of the Act; read with the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or re-enactment thereof), and SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 for the time being in force, and subject to the approval of the shareholders at the ensuing AGM.

Pursuant to provisions of Section 160 of the Companies Act, 2013 read with the relevant Rules the Company has received notice in writing from a member proposing the candidature of Mr. Ramachandran Unnikrishnan as a Director of the Company.

Mr. Ramachandran Unnikrishnan is not debarred or disqualified from continuing to act as a director of companies by SEBI, MCA or any other statutory authority.

No director and key managerial personnel or their relatives other than Mr. Ramachandran Unnikrishnan is concerned or interested in the Resolution.

The Board recommends the Ordinary resolution set out at Item No. 4 of the Notice for approval by the shareholders.



**Item No.5**

**Re-appointment of Mr. Sudharsanan Nair as Independent Director**

Mr. Sudharsanan Nair was appointed as the Independent Director of the Company for a first term of five consecutive years from 9<sup>th</sup> November, 2015 up to 8<sup>th</sup> November, 2020 by the Board of Directors of the Company. This appointment was also approved by the members at twenty second AGM of the Company held on 19<sup>th</sup> September, 2016.

Since the first term of Mr. Sudharsanan Nair is due for expiry, based on the recommendation of the Nomination and Remuneration Committee, considering the skills, experience, knowledge he possess and the report of performance evaluation, the Board, at its meeting held on 29<sup>th</sup> July, 2020, recommended for the approval of the members, re-appointment of Mr. Sudharsanan Nair for a second term of five consecutive years with effect from 9<sup>th</sup> November, 2020 up to 8<sup>th</sup> November, 2025 in terms of Section 149 read with Schedule IV to the Act and the Listing Regulations including any amendment thereto or modification thereof.

In accordance with Section 149(10) and (11) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. Mr. Sudharsanan Nair fulfils the requirement of an independent director as laid down under Section 149(6) of the Act and Regulation 16 of the Listing Regulations.

In respect of the appointment of the aforesaid director, notice in writing in the prescribed manner as required by Section 160 of the Act and rules made thereunder, has been received by the Company, regarding candidature of each of these directors for the office of the director.

Mr. Sudharsanan Nair has accorded his consent to act as director and has also submitted the declaration of independence, stating that he meets the criteria of independence as provided in section 149(6) of the Act and regulation 16 of Listing Regulations and is not disqualified from being appointed as a director in terms of Section 164 of the Act.

The terms and conditions of appointment of independent directors is available on the Company's website <http://www.transwarranty.com/Investorrelation.aspx?page=Polices>

The Board is of the opinion that Mr. Sudharsanan Nair possess requisite skills, experience and knowledge relevant to the Company's business.

Mr. Sudharsanan Nair is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority pursuant to circulars dated 20<sup>th</sup> June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies, and has given his consent in writing to act as Director of the Company.

Pursuant to Section 152 read with Schedule IV to the Companies Act,2013 in the opinion of the Board, the proposed re-appointment fulfils the conditions specified under the Act and the rules made thereunder and the applicable provisions of Listing Regulations and are independent of the Management.

Mr. Sudharsanan Nair is not related any director.

None of the directors, other than the director proposed to be re-appointed, key managerial personnel of the Company and their relatives are, directly or indirectly concerned or interested, financially or otherwise in these resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends passing of the special resolutions set out in items nos. 5 of this notice.

**Information about the appointees is given below:**

<b>Name of Director</b>	Mr. Sudharsanan Nair
<b>DIN</b>	01510505
<b>Date of Birth</b>	02/09/1956
<b>Nationality</b>	Indian
<b>Type of Appointment</b>	Re-appointment as Independent Director
<b>Date of first appointment on the Board</b>	09/11/2015
<b>Qualification</b>	B.Com (Hons.)
<b>Brief Resume</b>	Mr. Sudharsnan Nair started as a Banker with Syndicate Bank foreign exchange department. He was associated in promoting Verdia Marble Pvt.Ltd.
<b>No. of Shares held</b>	500 Equity Shares of ₹ 10 each
<b>Experience in Specific</b>	He was a Managing Director of Intellivisions Software Ltd. till 2014
<b>Directorships held in other companies</b>	Accord Wechs India LLP Riddhi Siddhi Infrastructure LLP Sportinglions Foundation
<b>Membership of Committees of other listed public companies</b>	Nil
<b>Disclosure of relationships between directors inter-se</b>	None of the directors are related to each other
<b>Details of sitting fees paid during FY 2019-20</b>	₹ 2,30,000
<b>Justification for appointment</b>	Excellent knowledge in the Banking Field and Finance.

**Item No. 6**

**Issuance of Non-Convertible Debentures on Private Placement Basis**

The Company, in the ordinary course of its business, is required to borrow from time to time, by way of loans, issue of debentures (secured or unsecured) or other debt instruments, on private placement basis or otherwise. The inter-mix of borrowings by the Company depends upon the market conditions, cost of funds, tenor and security available in case of loans to be disbursed to customers, etc. The Company may issue secured and/or unsecured redeemable Non-convertible Debentures including subordinated debt ("NCDs") of upto ₹ 50 crores (Rupees Fifty Crores only within the borrowing limits of the Company to banks/ financial institutions/mutual funds/body corporate(s) and/ or to other persons. The Company may offer or invite subscription for NCDs including subordinated debt, in one

or more series and/ or tranches through private placement on preferential basis with authority to the Board of Directors (the "Board") to determine the terms and conditions, including the issue price, interest rate, repayment, security, currency or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit.

As per section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, (the 'Companies PAS Rules') a company may make an offer or invitation to subscribe to the debentures through an issue of a private placement offer with a previous special resolution of its members approving offer(s) or invitation(s) to subscribe to the non-convertible debentures of the Company on private placement basis. In case of non-convertible debentures (NCDs) where the proposed



amount to be raised through such offer or invitation exceeds the limit specified in 180(1)(c) of the Act, a company may pass a special resolution once a year for all the offers or invitations to be made for such debentures during the year.

In terms of section 180(1)(c) of the Act, the shareholders had authorised the Board to borrow up to ₹ 250 crore. Pursuant to the said authority, the Board of Directors, at their meeting held on 25<sup>th</sup> August 2020, approved issue of NCDs for an aggregate amount not exceeding ₹ 50 crore. The proposed issue of NCDs will be within the aforesaid Board approved borrowing limits as may be decided by the Board from time to time.

The shareholders, at the Annual General Meeting held on 27<sup>th</sup> September, 2019 had accorded their approval to the Company for issuance of NCDs up to a limit of ₹ 50 crore. As on 31<sup>st</sup> March, 2020 the Company had raised NCDs of ₹ 253 Lakhs and total ₹ 275 Lakhs upto June 2020. The Company has successfully completed the redemption of NCDs due for redemption on respective due dates during the year.

The NCDs would be issued at face value with different coupon rates for different tenures. The issue price and rate of interest depends, inter alia, on the market rates, tenor and security. The debentures will be issued on private placement basis in accordance with the provisions of the Act and applicable RBI guidelines

In case of secured NCDs, principal amount of the Secured NCDs issued/ to be issued together with interest due on the Secured NCDs, is secured by way of first ranking pari passu charge with the existing secured creditors on the movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the Secured NCDs outstanding plus interest accrued thereon.

The purpose of NCDs issue is to augment long term resources for the purpose of onward lending, repayment/ prepayment of principal and interest of existing borrowings and/or for general corporate purposes. The consent of the Members is being sought by way of a Special resolution.

Approval of the members is, therefore, sought under section 42 of the Act read with Rule 14 of the Companies PAS Rules, by way of a special resolution for making offer(s) or invitation(s) to eligible persons to subscribe to the non-convertible debentures of the Company on private

placement basis for a period of one year commencing from 30<sup>th</sup> September, 2020.

The Board recommends passing of the special resolution as set out in item no. 6 of this notice.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially, or otherwise in the said resolution, except to the extent of NCDs that may be subscribed by them/their relatives/ companies/firms in which they are interested.

#### **Item No. 7:**

#### **Raising of funds by way of External Commercial Borrowings:**

The Company has been raising funds through various modes in order to fulfil its working capital requirements. Recently RBI has relaxed end-use restrictions for the ECB, enabling the Companies to borrow for working capital, general corporate purpose & on-lending for the same, subject to certain conditions.

Pursuant to Section 42 of the Companies Act, 2013, read with the Rules made thereunder, the Company is required to obtain approval of its Members by way of a special resolution, before making any offer or invitation for issue of Foreign Currency/ Rupee Denominated Bonds on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of Bonds by the Company for a period of 1 (One) year from the date on which the Members have provided the approval by way of the special resolution.

In view of the above Board of Directors at its meeting held on 25<sup>th</sup> August, 2020, has approved issue of Foreign Currency/ Rupee Denominated Bonds or other instruments, in one or more tranches, on private placement basis, up to Rupee equivalent USD 50 MN and within the overall borrowing limit of ₹ 250 crores (Rupees Two Hundred and Fifty crores Only), subject to the approval of the Members.

In this regard, the approval of the Members is sought for issue of Foreign Currency/ Rupee Denominated Bonds on a private placement basis, whether listed or not, rated or not in one or more tranches, for a period of 1 (one) year from the date of passing the Resolution, on such terms and conditions including the price, coupon, premium/ discount, tenor etc., as may be determined by the Board of Directors (or any other person authorised by the Board of Directors), at the prevailing market condition.

Accordingly, the Board recommends the Special resolution as set out at Item No. 7 of the accompanying Notice for the approval of the Members.

Save and except for the shares of the Company held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way concerned or interested, financially or otherwise, in the said resolution.

#### Item No. 8

##### Approval for material Related Party Transactions

Pursuant to the Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the "Listing Regulations"), all related party transactions shall require prior approval of the Audit Committee. Also, all material transactions with related parties shall require approval of the members of a public listed company through an ordinary resolution and the related parties shall not vote to approve such resolutions. Additionally, as per the provisions of Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), all related party transactions beyond the threshold mentioned in sub-rule (3)(a) of the said Rule 15, shall require prior approval of the members at a general meeting.

"Material Related Party Transaction" under the Listing Regulations means any transaction(s) entered into individually or taken together with previous transactions during a financial year exceeding 10% of the annual consolidated turnover of a listed company as per its last audited financial statements.

The annual consolidated turnover of the Company for the financial year 2019-20 is ₹ 8.11 Crores. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 0.81 crores (being 10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, prior approval of the members will be required for the same.

The Company has made investments in its group companies and it may also make further investments and/or may lend funds in/to its group entities from time to time as and when they require funds for their business activities/working capital needs.

Considering that the aggregate amount/value of transactions entered/ to be entered into by the Company with Vertex Securities Limited may exceed ₹ 0.81 Crores, it is proposed to obtain the members' approval in respect of the following transactions during the financial year:

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of Transactions	Amount*
1.	Vertex Securities Limited	Subsidiary Company	Loans/Inter-corporate Deposits/ Investment, purchase and/or sale of securities, transfer of assets from and to, providing/ availing of services, etc	Not exceeding ₹ 50 Crores

\* The ceiling on the amount of transactions specified as above would mean the transactions, if any, entered into and remaining outstanding at any point of time during a financial year

The members at the Twenty Fifth AGM had accorded their approval for the Company to enter into various transactions as mentioned above with its related party, viz., Vertex Securities Limited for an amount of up to ₹ 50 Crore. Pursuant to the said approval, the Company has done transactions with Vertex Securities Limited for an amount aggregating ₹ 12.01 Crores during the financial year 2019-20. Apart from the above, no other transactions have been entered into by the Company with these companies.

Vertex Securities Limited is a SEBI licensed stock broker and Merchant Banker. It is one of the foremost brokerage houses, being a member of various exchanges in the capital market. It is also a member in the commodity markets through its subsidiary company. It is a member of the National Stock Exchange of India (NSE) and the Bombay Stock Exchange. It is a full-fledged depository participant of the National Securities Depository Ltd. As on 31<sup>st</sup> March, 2020, the Company holds 53.04% equity stake of the total paid up share capital in Vertex Securities Limited. The Company continues to have control of Vertex Securities Limited pursuant to Section 2(87)(i) by having majority directors of Vertex Securities Limited.

The above transactions, which are enabling in nature, have been approved by the Audit Committee of the Board of the Company in terms of the requirements of Regulation 23(3) of the Listing Regulations.





The approval of the shareholders is being sought by way of an ordinary resolution for the existing/proposed material related party transactions entered/to be entered during the financial year.

The contracts/ arrangements/ transactions with the above entities are necessary in the ordinary course and have a significant role in the Company's operations. Therefore, the Board of Directors commends the resolution as set-out at item no. 8 for approval of the shareholders as an Ordinary Resolution.

The Directors, Key Managerial Personnel or their respective relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution set-out at item no. 8.

By Order of the Board of Directors,  
For **Transwarranty Finance Limited**

**Suhas Borgaonkar**  
Company Secretary

Place : Mumbai  
Date : 25<sup>th</sup> August, 2020

Regd: Office:  
403, Regent Chambers, Nariman Point,  
Mumbai 400021

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report of the Company along with the audited financial statements for the year ended 31<sup>st</sup> March, 2020.

### Financial Highlights

The table below gives the standalone financial highlights of the Company for the year ended 31<sup>st</sup> March, 2020, as compared to the previous year.

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019*
Total Income	168.24	1083.91
Total Expenditure	614.40	1066.53
Profit / (Loss) but before Exceptional Items and Tax	(446.16)	17.38
Exceptional Items	-	-
Total tax Expenses	(13.43)	(5.66)
Profit/(Loss) for the Year	(432.73)	13.74
Other Comprehensive Income	(0.28)	(0.63)
Total Comprehensive Income	(433.01)	13.11
<b>Appropriations:</b>		
Reserves u/s.45 IC of RBI Act	-	2.53

\* recast as per Ind AS

### Implementation of Ind AS:

The Company has adopted IND AS from 1<sup>st</sup> April, 2019 with effective transition date of 1<sup>st</sup> April, 2018. The financial statements of the Company for the year have been prepared in accordance with the Ind AS. The corresponding figures for the year ended 31<sup>st</sup> March 2019 and opening Balance Sheet as on 1<sup>st</sup> April 2018 have been recast as per Ind AS. The Company has applied Ind AS 101 'First time adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company, is detailed in the notes to the financial statements of the Company.

### Performance Review:

During the year ended 31<sup>st</sup> March, 2020, your Company earned revenue of ₹ 168.24 Lakhs as compared to ₹ 1083.91 Lakhs in the previous year. The operations have

recorded a loss of ₹ 432.73 Lakhs as compared to a profit of ₹ 13.74 Lakhs in the previous year.

During the year ended 31<sup>st</sup> March, 2020, your Company earned consolidated revenue of ₹ 811.23 Lakhs as compared to ₹ 1868.52 Lakhs in the previous year. The consolidated operations have recorded a loss of ₹ 858.22 Lakhs as compared to a profit of ₹ 44.90 Lakhs in the previous year.

Detailed information on operational and financial performance of the Company for the financial year is given in the Management Discussion and Analysis which is set out separately with the Directors' Report.

### Dividend:

Due to inadequacy of profits and in order to consolidate the financial position of the Company, your Directors have not recommended any dividend for the year.

### Consolidated Accounts:

Pursuant to Section 136 of the Companies Act, 2013, the standalone financial statements of the Company and the consolidated financial statements along with the relevant documents form part of the Annual Report and separate audited accounts in respect of the subsidiaries are available on the website of the Company.

### The COVID-19 Pandemic

The COVID-19 pandemic spread across the world causing enormous human suffering and affecting the global economy. Even in India, it posed a big challenge. Government implemented a lockdown since 25<sup>th</sup> March 2020 and it crippled the economic activities significantly.

The Company and its subsidiaries took immediate steps to manage this situation with appropriate response. Keeping employee safety as the topmost priority, all employees moved to 'Work-from-Home' (WFH) and the Company's business operations continued in an uninterrupted manner. IT team of the Company and its subsidiaries moved in swiftly to make this transition easy and in a seamless manner. During the lockdown, we took the initiative to provide support to our customers through regular interaction. Moratorium option given to all eligible customers. On its part, the company focused on capital preservation, conservative liquidity management, operating expenses management and strengthening collections.



The impact of pandemic on the financial position of the company will depend on future developments, including among other things, extent and severity of pandemic, further mitigating actions by Governments, time taken for economy to recover etc.

### State of Company's affairs and operations

The proactive and continuous efforts by the Company in terms of diversifying and de-risking business primarily into product distribution are helping to build a stable revenue franchise.

The Company has strengthened its digital focus as COVID-19 pandemic pose challenge of social distancing and reduced movement.

### Share Capital Structure:

The issued, subscribed and paid-up Equity Share Capital as on 31<sup>st</sup> March, 2020 was ₹ 24.46 Crores, comprising of 2,44,60,568 Equity Shares of the face value of ₹ 10 each, fully paid-up.

There is no change in the Authorised, Issued, Subscribed and Paid Up Share Capital of the Company during the year.

Further, the Company has not issued any convertible securities or shares with differential voting rights.

The details stock options granted during the year are provided in the Notes to Accounts in the financial statements.

### Subsidiary Companies:

Vertex Securities Limited (VSL), Vertex Commodities And Finpro Private Limited (VCFPL) and Transwarranty Capital Market Services Private Limited (TCMSPL) are the subsidiaries of the Company.

VSL and VCFPL are engaged in the following businesses:

1. Stock and currency broking services to retail, HNI and institutional clients.
2. Commodity broking services through Vertex Commodities And Finpro Private Limited (VCFPL) to retail, HNI and corporate clients.
3. Merchant banking.
4. Corporate Agency for Insurance

Vertex Securities Limited (VSL) is a member of: -

1. National Stock Exchange of India Limited (NSE)
2. Bombay Stock Exchange Limited, (BSE)
3. National Securities Depository Ltd., (NSDL) (for depository services)
4. SEBI registration as a Merchant Banker
5. Association of Mutual Funds of India (AMFI) registered Mutual Fund Advisor.

Vertex Commodities And Finpro Private Limited (VCFPL) is a member of following commodity exchanges: -

1. Multi Commodity Exchange of India (MCX)
2. National Commodity and Derivative Exchange (NCDEX)
3. Indian Commodity Exchange of India Ltd. (ICEX)

During the year ended 31<sup>st</sup> March, 2020, the subsidiary company, Vertex Securities Limited earned revenue of ₹ 551.52 Lakhs as compared to ₹ 686.96 Lakhs in the previous year. The operations have recorded a loss of ₹ 340.87 Lakhs as compared to a profit of ₹ 16.51 Lakhs in the previous year.

The subsidiary company, Vertex Commodities And Finpro Private Limited had total revenue of ₹ 111.30 lakhs and net loss of ₹ 84.40 lakhs for the year ended 31<sup>st</sup> March, 2020 as against the total revenue of ₹ 93.44 lakhs and net profit of ₹ 14.78 lakhs respectively in the previous year.

The subsidiary company, Transwarranty Capital Market Services Pvt. Ltd recorded a loss of ₹ 0.22 lakhs for the year ended 31<sup>st</sup> March, 2020 as against loss of ₹ 0.14 lakhs in the previous year.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the Company's subsidiaries in Form AOC 1 is attached to the financial statements of the Company.

**Directors and Key Managerial Personnel:****I. Re-appointment of Directors:****A) Re-appointment of Mr. Kumar Nair as Managing Director & CEO**

Mr. Kumar Nair (DIN: 00320541) was appointed as the Managing Director and CEO of the Company for a period of 3 years from 1<sup>st</sup> September, 2017. The Board, on recommendation of the Nomination, Remuneration and Compensation Committee and after evaluating his performance and considering the Company's growth under his leadership approved his re-appointment for a further period of 3 years commencing from 1<sup>st</sup> September, 2020, subject to approval of the shareholders and Central Government, if any. Accordingly, resolution seeking his re-appointment for further term of 3 years forms a part of the notice convening the 26<sup>th</sup> AGM.

**B) Re-appointment of Mr. Ramachandran Unnikrishnan, CFO as Director**

Mr. Ramachandran Unnikrishnan (DIN: 00493707) was appointed as the Director of the Company for a period of 5 years from 25<sup>th</sup> February, 2015. The Board, on recommendation of the Nomination, Remuneration and Compensation Committee and after evaluating his performance approved his re-appointment for a period of 5 years commencing from 25<sup>th</sup> February, 2020, subject to approval of the shareholders. Accordingly, resolution seeking his re-appointment for further term of 5 years forms a part of the notice convening the 26<sup>th</sup> AGM.

**C) Re-appointment of Mr. Sudharsanan Nair as Independent Director**

The Board, at its meeting held on 29<sup>th</sup> July, 2020 considering the report of performance evaluation and based on the recommendation of Nomination, Remuneration and Compensation Committee, re-appointed Mr. Sudharsanan Nair as independent directors for a second term of five years w.e.f 9<sup>th</sup> November, 2020

Accordingly, resolutions seeking approval of the members for the aforementioned re-

appointments forms part of notice convening the 26<sup>th</sup> AGM.

Necessary details regarding their re-appointment as required under the Act and the Listing Regulations are given in the notice of AGM.

**II. Retirement by Rotation:**

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Ramachandran Unnikrishnan, Director & CFO of the Company (DIN 00493707), retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment and your Board has recommended his re-appointment.

Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements), 2015, ["Listing Regulations"] brief resume of the Directors proposed for appointment/re-appointment has been given in the statement annexed to the Notice convening the Annual General Meeting.

**III. Key Managerial Personnel**

During the year under review, Mr. Sreedhar H. retired as the Company Secretary and Compliance Officer of the Company w.e.f. 10<sup>th</sup> January, 2020.

Further, Mr. Suhas Borgaonkar was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 30<sup>th</sup> January, 2020

**Management Discussion and Analysis:**

A detailed review on the operations and performance of the Company and its business is given in the Management Discussion and Analysis, which forms part of this report as **Annexure A**.

**Corporate Governance Report:**

A detailed report on Corporate Governance and Auditor's Certificate on compliance with Corporate Governance requirements by the Company is attached and also forms part of this report as **Annexure B**.

**Code of conduct for Directors & Senior Management**

The Board has adopted a Code of Conduct for



Directors & Senior Management in accordance with the provisions of the Companies Act, 2013 and Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code also incorporates the duties of Independent Directors. All the Board Members and Senior Management Personnel have confirmed compliance with the Code. A declaration to that effect signed by the Managing Director forms part of the Corporate Governance Report. A copy of the Code has been put on the Company's website.

#### **Audit Committee**

The Audit Committee is constituted with two Independent Directors and one Executive Director comprising of Mr. Sudharsanan Nair, as the Chairman, Mr. Kumar Nair and Mrs. Nirmala Parab as other Committee Members.

More details regarding the Audit Committee including composition, attendance at the meetings and brief terms of reference are given in the annexed 'Corporate Governance Report'.

#### **Statutory Auditors**

At the Annual General Meeting of the Company held last year, the Shareholders had approved the appointment of S.S.Khan & Co., Chartered Accountants, ( Firm Registration No.133324W), as the Statutory Auditors of the Company for a period of five years from the conclusion of the ensuing 25<sup>th</sup> AGM till the conclusion of the 30<sup>th</sup> AGM. , in terms of the applicable provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, "with an unmodified opinion", as given by the Statutory Auditors, is disclosed in the Financial Statements forming part of this Annual Report. The Auditors' Report is clean and there are no qualifications in their Report. Also, no frauds in terms of the provisions of Section 143(12) of the Act have been reported by the Statutory Auditors in their report for the year under review.

The Notes to the Financial Statements (Standalone and Consolidated) are self-explanatory and do not call for any further comments.

#### **Directors' Responsibility Statement:**

In terms of Section 134 (5) of the Companies Act, 2013 your Directors state that:

1. In preparation of annual accounts for the year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and profit of the Company for the year ended on that date;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis;
5. They have laid down proper internal financial controls to be followed by the Company and they were adequate and operating effectively and
6. They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

#### **Public Deposits:**

During the financial year under report the Company has not accepted deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

#### **Particulars of Loans, Guarantees and Investments:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**Familiarization Programme for Directors:**

At the time of appointment of a Director, a formal letter of appointment is given to the Director. The Director is also explained in detail the role, functions, duties and responsibilities expected from him/her and also compliance required from him/her under the Companies Act, 2013, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. Further the Managing Director also holds one to one discussion with the newly appointed Director to familiarize him/her with the Company's operation.

The Board of Directors has complete access to the information within the Company. Presentations are regularly made to the Board of Directors and various Committees of the Board. The details of the Company's familiarization programme for Independent Directors can be accessed at (<http://www.transwarranty.com/Investors>).

**Performance Evaluation of the Board**

The Board of Directors has carried out an annual evaluation of its own performance, of board committees and of individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by SEBI Listing Regulations.

The evaluation was done on various parameters like vision and strategy, Board participation, quality of contribution to Board discussions and decisions, disclosure of interest, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/ activities, leadership skills, marketing and corporate communications, etc.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The Board reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the

issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent directors being evaluated.

**Board Committees:**

The Board of Directors of the Company has constituted various Committees in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, such as Audit Committee, Nomination, Remuneration and Compensation Committee and Stakeholders' Relationship Committee.

All decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference/role of the Committees are taken by the Board of Directors.

Details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided in the Corporate Governance Report, which forms a part of the Annual Report.

**Meetings of the Board and Committees**

The Board met 5 (five) times during the financial year. The details regarding the meetings of the Board of Directors, Committees of the Board and meeting of Independent Directors are provided in the Report on Corporate Governance, which forms part of the Annual Report.

**Extract of Annual Return**

An extract of annual return as provided under Section 92(3) of the Companies Act, 2013, in the prescribed form in Form MGT-9 is annexed to this report as **Annexure C** and is also hosted on the Company's website [www.transwarranty.com/investorrelations](http://www.transwarranty.com/investorrelations).



### **Risk Management:**

The Company has Risk Management Systems in place including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. After identifying the risk and assessing the level of impact, controls are put in place to mitigate the risk by the concerned executives/ the Board to control the exposure of the risk and balance the impact of risk on a continuous basis.

### **Nomination & Remuneration Policy**

The Board, on the recommendation of Nomination, Remuneration and Compensation Committee, has adopted a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management. The said policy is available on our website at [www.transwarranty.com](http://www.transwarranty.com).

The salient features of this Policy are provided in the Corporate Governance Report.

### **Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

The Company has constituted an Internal Complaints Committee as per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Directors state that during the year under review, there were no cases filed pursuant to the above Act.

### **Whistle Blower Policy/Vigil Mechanism:**

The Company has Whistle Blower Policy encompassing vigil mechanism to report genuine concerns and grievances. The policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. It provides appropriate avenues to the employees to bring to the attention of the management any issue, which is perceived to be in

violation or in conflict with the fundamental business of the Company. The employees are encouraged to voice their concerns by way of whistle blower policy and have been given access to the Audit Committee. The policy is available on the website of the Company at [www.transwarranty.com](http://www.transwarranty.com)

### **Employees' Stock Option Plan 2019 (ESOP 2019):**

Disclosures in terms of 'Guidance note on accounting for employee share based payments' issued by ICAI and diluted EPS in accordance with Indian Accounting Standard (Ind AS) 33 - Earnings Per Share are provided in the Notes of Standalone Financial Statements in this Annual Report.

Disclosures as per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and disclosure pursuant to the Rule 12(9) of Companies (Share Capital and Debenture) Rules, 2014 are provided as **Annexure D** to the Board's Report and are also available on Company's website at <https://www.transwarranty.com>

A certificate from S.S.Khan & Co., Chartered Accountant, Statutory Auditors, of the Company, confirming that ESOP 2019 has been implemented in accordance with the SEBI SBEB Regulations and that the respective resolutions passed by the Company in General Meetings would be placed in the ensuing Annual General Meeting for inspection by the members.

During the year under review, no options were granted, vested or exercised under the **Employees' Stock Option Plan 2008** and hence the disclosure required under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and Regulation 14 of the SBEB Regulations is not required to be furnished. Accordingly, your Company is also not required to obtain certificate from the Statutory Auditors in respect of implementation of the ESOP 2008 for the financial year 2019-20.

The Company has not issued any sweat equity shares or equity shares with differential rights during the year ended 31<sup>st</sup> March, 2020

### **Internal control system**

The Company has put in place an adequate system of

internal control commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

The Company's Board & Audit Committee reviews adherence to internal control systems, internal audit reports and legal compliances. The Audit Committee reviews all quarterly and yearly financial results of the Company and recommends the same to Board for its approval.

#### **Declaration by Independent Directors:**

The Independent Directors of the Company have furnished necessary declarations to the Company under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as prescribed for independent directors under Section 149(6) of the Act and Regulation 16(b) of the SEBI Listing Regulations.

In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

During the year under review a meeting of Independent Directors was held on 16<sup>th</sup> April, 2019.

#### **Related Party Transactions:**

All related party transactions that were entered into during the year were on arm's length basis and in the ordinary course of business. The Audit Committee has approved the related party transactions and subsequently the same were approved by the Board of Directors from time to time and the same are disclosed in the Financial Statements of the Company for the year under review.

Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board of Directors has, on recommendation of its Audit Committee, adopted

a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. <https://www.transwarranty.com>.

The disclosures on the Related Party Transactions in Form AOC-2 is provided as **Annexure E** to the Board's Report.

#### **Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under the Company has appointed Mr. Yogesh M. Sharma, a Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this Report as **Annexure F**. There is no qualification or adverse remark in the said Report.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by Securities and Exchange Board of India, the Company has obtained the Annual Secretarial Compliance Report for the financial year ended 31<sup>st</sup> March, 2020, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder, on behalf of the Company.

#### **Energy Conservation and Technology Absorption**

The Company ensures optimized and efficient consumption of energy in all the offices/branches of the Company. With the implementation of its digital initiatives the company has also substantially reduced its paper consumption.

The Company has always leveraged technological innovations to improve its operational efficiency and satisfy and retain our customer base.

#### **Foreign Exchange Earnings and outgo:**

Earnings: Nil

Outgo - Nil

#### **Maintenance of Cost Records:**

The provision of Section 148 of the Act are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under Section 148(1) of the Act.





### Material Changes and Commitments

There has been no change in the nature of business during the year. There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

### Particulars of Employees and related disclosure:

There are no employees drawing a monthly or yearly remuneration in excess of the limits specified under Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any amendments thereof.

The information containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time is attached herewith as **Annexure G**.

### Significant and material orders impacting going concern status

No significant or material orders were passed by the regulators or Courts or tribunals which impact the going concern status and Company's operations in future.

### General Shareholder Information

General Shareholder Information is given in the Report on Corporate Governance forming part of this Annual Report.

### Secretarial standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

### Moratorium of loans

The Reserve Bank of India, issued guidelines on 27<sup>th</sup> March 2020 permitting all commercial banks, co-operative banks, All India Financial Institutions, and NBFCs to give moratorium to customers in respect

of instalments falling due between 1<sup>st</sup> March 2020 to 31<sup>st</sup> May 2020 and further till 31<sup>st</sup> August, 2020. Accordingly, the Company started offering moratorium to its customers basis a Board approved policy.

### RBI guidelines

The Company continues to be in compliance with the RBI Directions.

### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Issue of equity shares with differential right as to dividend, voting or otherwise
- b. Provisions related to Corporate Social Responsibility are not applicable to the Company
- c. No fraud was reported by auditors of the Company during the year under review.
- d. There were no delays or defaults in payment of interest/principle of any of its debt securities

### Acknowledgement:

Your Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, shareholders, investors, parent company, collaborators, vendors, financial institutions, banks, regulatory authorities and the society at large during the year.

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

For and on behalf of the Board of Directors

**Kumar Nair**  
Chairman  
(DIN 00320541)

Place: Mumbai  
Date: 25<sup>th</sup> August, 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Background:

Transwarranty Finance Limited is a non-deposit accepting Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI") engaged in a wide spectrum of financial services, both advisory and fund based lending.

The Company is headquartered in Mumbai and has a capital market subsidiary engaged in equity / commodities / currency broking and Merchant Banking.

### Global Economic Overview:

The global economy recorded the lowest growth rate of 2.4% in 2019, mainly due to the protracted trade disputes. The Coronavirus pandemic crippled economic activity across the world due to continued lockdowns by various countries. According to World Bank, global economic growth is expected to contract by 5.2% in 2020.

The economic uncertainty posed serious challenges comprising health and safety, changing consumer behavior, plummeting demand, supply side issues, restrictions on travel, sharp decline in oil prices, widespread bankruptcies, extended job losses, collapse in the commodity prices and economic turmoil in financial markets across the world. The central banks across the globe provided stimulus measures including a series of rate cuts, liquidity support measures, large asset purchase programs, direct cash transfers to public, enhanced healthcare systems, subsidies, tax relief and relaxations in credit policies to businesses etc.

The global economy is expected to witness a recession with emerging markets, developing economies as well as advanced economies likely to face contraction of their economies by 5%. Global economy is expected to grow at 4.2% in 2021, dependent on the pandemic fading, effective policy actions and gradual restoration of consumer and investor confidence.

### Indian Economic Overview:

The Indian economy faced many challenges and the growth was slow at 4.2% during FY 2019-20 due to structural and cyclical factors. Slowdown in investment, decrease in consumption demand, and the liquidity crunch, among others, impacted the Indian economy. The government initiated various measures to bring the economy back on the growth path. Inflation rate (CPI) moderated to 5.9% by

March 2020 from the peak 7.6% in January 2020 largely due to the decline in food prices.

COVID-19 pandemic has posed a big challenge. The subsequent nationwide lockdown severely affected the economic activities and caused disruptive impact on demand and supply side factors. The MSME sector that contributes around one-third to India's GDP has been hit hard by the current crisis. Spill-over effects from weak global growth also weighed down on the Indian economy.

Government announced various fiscal, monetary and financial market measures to support the economy in post COVID-19 scenario. On the fiscal front, the government first rolled out a 1.7 trillion relief package for India's marginalized population. Later, a 20 trillion economic package under the 'Atmanirbhar Bharat Abhiyan' was announced to help the economy tide over the crisis. This mainly aimed at infusing credit flow into the severely impacted sectors and to create a multiplier effect on the economy. The package includes a series of relief measures, guarantees, relaxations and liquidity infusions primarily focusing on – MSMEs, rural economy, liquidity support and long-lasting policy reforms.

On Monetary front, RBI reduced the repo rate to 4.0% and reverse repo to 3.35%. It slashed the cash reserve ratio by 100 bps to release 1.37 lakh crores across the banking system. In addition, it allowed commercial banks and non-bank finance companies to offer their customers a three-month moratorium on payment of instalments on their loans and further extended the moratorium period by another three months upto 31<sup>st</sup> August, 2020. These measures are expected to provide adequate liquidity into the system and help mitigate the impact of COVID-19 pandemic.

The International Monetary Fund has projected a sharp contraction of 4.5% for the Indian economy in 2020, believing that the lockdown impacted the economy considerably. However, it believes that as the lockdown unwinds and the economy opens up, country is expected to bounce back in 2021 with a robust 6% growth rate.

### Industry Overview:

Over the past few years, NBFCs have undergone a significant transformation and today they form an important component of India's financial system, playing a critical role in the development of infrastructure, transport, employment generation etc. Most NBFCs rely on tech-driven credit appraisal methodologies, to cater to



requirements of individuals and businesses left traditionally underserved by banks. The NBFCs have tremendous opportunities for leveraging digitisation to increase internal efficiencies, provide value-added customer services, minimise risk and support India's expanding economy.

To support NBFCs, the RBI has taken various initiatives such as Targeted Long-Term Repo Operation (TLTRO), special financing window through SIDBI, NABARD and National Housing Bank (NHB), increasing exposure limit to a single NBFC to 20%, extending priority sector classification, partial credit guarantee scheme, securitization etc. However most of the measures have benefitted big & rated NBFCs only. The large number of small and mid sized NBFCs still struggle to meet their liquidity requirements.

The NBFC sector had a major setback with a collapse of non-bank lender group in 2018. The situation further worsened with another Housing Finance Company (HFC) defaulting in loan repayment in 2019.

This brought to focus asset-liability mismatches of the sector and RBI introduced a liquidity coverage ratio (LCR) requirement to strengthen the asset-liability profile of the sector. However, India has a huge proportion of un-banked and underbanked consumers and businesses. There is a lot of potential for NBFCs, which can still be tapped for future growth.

#### **Review of operations of the Company:**

The Company along with its subsidiaries achieved consolidated revenue of ₹ 811.23 lakhs during the year as compared to ₹ 1868.52 lakhs in the previous year. On a standalone basis the revenue is ₹ 168.24 lakhs compared to ₹ 1083.91 lakhs in previous year. This was mainly due to no income from share trading activity and investment banking activity during the year.

The lending business against security of gold jewelry, has lost its shine due to various government measures and stringent directives by RBI to banks and NBFCs. As a result the company had decided to lower its exposure to gold lending business.

The Company commenced personal and consumer lending business on digital platform in the second half of last year. This is the first full year of operations. The business activity is very encouraging and there is huge potential to scale up the business. The company has taken necessary steps to upgrade the technology platform and has put in place the systems to cater to higher scale of operations.

#### **Strengths, Weakness, Opportunities and Threats (SWOT) analysis:**

##### *Strengths:*

- Professional and ethical management
- Stringent cost control
- Follows risk management systems

##### *Weakness:*

Limitations in getting funding due to low scale of business operations

##### *Opportunities:*

- Scalability of digital lending business
- Distribution of various financial products
- Wealth management
- Use of technology for scaling up

##### *Threats:*

- Exposed to systemic risks like political and economic risks

#### **Business Outlook:**

TRANSWARRANTY, an RBI registered NBFC is active in a wide gamut of Financial Services like Corporate Finance, Project Finance, Trade Finance, Gold Loans, Margin Finance, Stock / Commodities / Currencies / Interest Rates / Other Derivatives Broking, Inter-Bank Forex Broking, Merchant Banking, Investment Banking etc. Excellent domain expertise combined with a strong client and institutional relationship network nurtured over last 25 years has ensured that all the Companies in the group are well poised to unlock value for its shareholders in the fast evolving financial landscape in India.

TRANSWARRANTY conducts all regulated capital market businesses through its subsidiary company, Vertex Securities Limited (listed on BSE), which in turn has a subsidiary company, Vertex Commodities and Finpro Pvt. Ltd. for the commodities and currency broking business.

Both the companies are well placed to exploit the opportunities when the economy begins to accelerate and industrial activity picks up. The scale up in fund based

digital lending business is likely to boost the revenue. The company is also exploring equity capital from strategic / financial investors for the fund based lending business.

#### Financial Review:

The following table presents company's standalone abridged financials for the year 2019-20 as per Ind AS along with comparatives for the previous year restated as per Ind AS.

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Revenue from operations	142.00	1061.16
Other income	26.24	22.75
Total revenue	168.24	1083.91
Purchases-Stock-in-Trade	-	571.74
Employee Benefit expenses	143.21	150.45
Finance costs	222.93	187.85
Depreciation and amortization expense	26.94	24.49
Other expenses	221.32	132.20
Total expenses	614.40	1066.53
Profit before exceptional items and taxes	(446.16)	17.38
Exceptional items (net) - income / (expense)	-	-
Profit before tax	(446.16)	17.38
Tax expenses	(13.43)	3.64
Profit for the year	(432.73)	13.74
Other Comprehensive Income	(0.28)	(0.63)
Total Comprehensive Income	(433.01)	13.11

(₹ in Lakhs)

#### Key Ratios

Particulars	2019-20	2018-19
PBT/Total Income	(2.67%)	1.47%
PBT/Total Assets	(0.10%)	0.30%
RONW (Avg. Net Worth)	(0.04%)	0.48%
Debt/ Equity	0.82:1	0.73:1
Capital Adequacy	54.88%	41.06%
Tier I Capital	48.64%	39.28%
Tier II Capital	6.25%	1.78%

Profitability ratios for the year are negative due to loss for the year, which is mainly attributable to ECL Provision required under Ind AS and lower revenue. The same has resulted in reduction in Equity and hence significant increase in Debt Equity ratio.



### **Risk Management:**

Risk Management is an integral part of the Company's business strategy. The Company is exposed to specific risks that are peculiar to its business including interest rate volatility, economic cycle, market risk and credit risk. The management continuously assesses the risk and monitors the business and risk management policies to mitigate the risk.

### **Internal Control Systems and Their Adequacy:**

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company.

### **Human Resource Development:**

The Company believes that the human resources play a vital role in giving the company a competitive edge. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/ dissemination, creativity and responsibility. As in the past, the Company has enjoyed cordial relations with the employees at all levels. Our employee strength is 28 as on 31<sup>st</sup> March, 2020.

### **Cautionary statements:**

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectation may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

For and on behalf of the Board of Directors

**Kumar Nair**  
Chairman  
(DIN 00320541)

Place: Mumbai  
Date: 25<sup>th</sup> August, 2020

## REPORT ON CORPORATE GOVERNANCE

### 1. Corporate Governance:

Corporate governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically, generate long term wealth and create value for all its stakeholders. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

#### Company's Philosophy on Code of Corporate Governance:

Transparency, fairness, disclosure and accountability are central to the working of the Company and its Board of Directors. The Company has always been guided by conviction of adhering to transparency, accountability and integrity. The Company believes and acknowledges individual and collective responsibilities to manage the business activities with integrity.

The Company lays great emphasis on regulatory compliances and strives to ensure that high standard of professionalism and ethical conducts are maintained throughout the organization. The Board undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair-play and independence in its decision making.

### 2. Code of Conduct:

The Company has well defined policy framework which lays down procedures to be adhered to by all Board Members and Senior Management for ethical professional conduct. The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. Senior Management includes personnel of the core management team excluding Board of Directors. The Code of Conduct is also posted on the website of the company [www.transwarranty.com](http://www.transwarranty.com).

### 3 Board of Directors (the "Board"):

The Board reviews and approves the Company's

strategic, operational and financial plans. It also guides corporate strategy, takes key strategic decisions, reviews major plans of action etc. Besides, the plans of action also include the risk policy, review and approval of annual budget and business plans and monitor performance against corporate strategy.

#### (i) Composition and size of the Board

The Company's policy is to have an appropriate mix of Executive and Non-Executive Directors. The size and composition of the Board, conforms to the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The present strength of the Board of Directors is five members including one woman director, all the members with good academic background and with rich professional experience in various fields. The Managing Director and Finance Director are the Executive Directors and the other three are Non-Executive Directors. More than half of the Board consists of Independent Directors.

#### (ii) Confirmation regarding independence of Independent Directors:

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rules framed thereunder, and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the disclosures received from all the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in Section 149 of the Act and the Listing Regulations and are independent of the Management.

#### (iii) Meetings of the Board :

During the financial year 2019-20, the Board met



five times on 16<sup>th</sup> April, 2019, 10<sup>th</sup> May, 2019, 29<sup>th</sup> August, 2019, 10<sup>th</sup> December, 2019 and 30<sup>th</sup> January, 2020 respectively. The gap between any two meetings was not more than 120 days.

Pursuant to Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act and Regulation 25 of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 16<sup>th</sup> April, 2019 to review the performance of Non-Independent Directors of the Company and the Board as a whole.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once in every quarter inter alia to review the quarterly financial results. Additional Meetings are held as and when necessary. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the minutes, in consultation with the Chairman of the meeting. Senior Management Personnel are invited to provide additional inputs for the

items being discussed by the Board of Directors as and when necessary.

None of the Directors on the Board hold directorships in more than twenty companies at the same time. None of them has directorships in more than ten public limited companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director.

The necessary disclosure regarding Directorships and Committee positions have been made by the Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2020.

As per the declaration received from the directors, none of the directors of the Company is an independent director in more than seven equity listed companies or in more than three equity listed companies in case he is a whole-time director in any listed company.

None of the directors are related to each other.

The composition of Board of Directors, attendance at the Board Meetings during the financial year and attendance at the last Annual General Meeting and number of outside Directorships, Chairman/Membership of Committees held by them is as under:

Name of Director	Category/ Designation	No. of Board meetings attended	Last AGM attendance	No. of Directorships in other Boards <sup>#</sup>	Chairmanship / membership of other Board Committees <sup>@</sup>
Mr. Kumar Nair	Managing Director – Promoter Director	4	Yes	4	2
Mr. Pravin Khatau	Independent Director	1	No	Nil	Nil
Mr. Ramachandran Unnikrishnan	Director- Finance & CFO	5	Yes	4	Nil
Mrs. Nirmala Sachin Parab	Independent Director	5	Yes	Nil	Nil
Mr. Sudharsanan Nair	Independent Director	5	Yes	1	Nil

# No. of Directorship in other Boards includes Directorship in Public Companies, Private Companies and Section 8 Companies but excludes Foreign Companies.

@ Only chairmanship/membership of Audit Committee and Stakeholders' Relationship Committee of Listed and Public Limited Company has been considered.

**Directorship in equity listed companies:**

Name of equity listed entities where directors of the Company held directorships as on 31<sup>st</sup> March 2020:

Name of the director	Name of the listed entity	Category
Kumar Nair	Transwarranty Finance Limited	Chairman, Managing Director & CEO- Executive
	Vertex Securities Limited	Chairman – Executive Director
Ramachandran Unnikrishnan	Transwarranty Finance Limited	Director & CFO-Executive
	Vertex Securities Limited	Managing Director & CEO- Executive
Pravin Khatau	Transwarranty Finance Limited	Independent Director- Non-executive
Nirmala Parab	Transwarranty Finance Limited	Independent Director- Non-executive
Sudharsanan Nair	Transwarranty Finance Limited	Independent Director- Non-executive

**(iv) Details of equity shares held by the Directors as on 31<sup>st</sup> March, 2020 are given below:**

Name	Category	Number of equity shares
Mr. Kumar Nair	Executive Director	1,27,08,694
Mr. Ramachandran Unnikrishnan	Executive Director	2,66,909
Mr. Pravin Khatau	Non-Executive –Independent Director	49,124
Mr. Sudharsanan Nair	Non-Executive – Independent Director	100

**(v) Re-appointment of Directors:**

The Board, on recommendation of the Nomination, Remuneration and Compensation Committee and after evaluating his performance and considering the Company's growth under his leadership approved the re-appointment of Mr. Ramachandran Unnikrishnan, CFO (DIN 00493707) as a Director for a period of 5 years commencing from 25<sup>th</sup> February 2020, subject to approval of the shareholders.

The Board, on recommendation of the Nomination, Remuneration and Compensation Committee and after evaluating his performance and considering the Company's growth under his leadership approved the re-appointment of Mr. Kumar Nair (DIN 00320541) as a Managing Director & CEO for a period of 3 years commencing from 1<sup>st</sup> September, 2020, subject to approval of the shareholders and Central Government, if any.

The Board, on recommendation of the Nomination, Remuneration and Compensation Committee and after evaluating his performance approved the re-appointment of Mr. Sudharsanan Nair (DIN 01510505) as an Independent Director for a further period of five years commencing from 9<sup>th</sup> November, 2020, subject to approval of the shareholders.

Mr. Ramachandran Unnikrishnan, Director & CFO (DIN: 00493707) shall retire by rotation at the ensuing Annual General Meeting pursuant to Section 152 of Companies Act, 2013 and being eligible offers himself for reappointment.

The brief resume and information relating to Mr. Kumar Nair, Mr. Ramachandran Unnikrishnan and Mr. Sudharsanan Nair is furnished as part of the Notice convening the Annual General Meeting.





**(vi) Information to the Board:**

The Board of Directors has complete access to the information within the Company, which inter alia includes:-

- Annual revenue budgets and capital expenditure plans;
- Quarterly results and results of operations of Independent Company and business segments;
- Financing plans of the Company;
- Minutes of meeting of Board of Directors, Audit Committee, Nomination, Remuneration and Compensation Committee and Stakeholders' Relationship Committee, other committees, if any;

- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as delay in share transfer, etc., if any.

**(vii) A Chart/Matrix setting out the skills / expertise/ competence of the Board of Directors:**

As stipulated under schedule V to the SEBI Listing Regulations, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

The list of core skills/expertise/competencies identified by the Board as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Directors:

Sr. No.	List of skills/expertise/ competencies	Name of Directors having the identified skills/ expertise/competencies
1.	Management and strategy	Mr. Kumar Nair and Mr. Ramachandran Unnikrishnan
2.	Banking, Investment, Treasury and Forex Management	Mr. Sudharsanan Nair, Mr. Pravin Khatau and Mrs. Nirmala Parab
3.	Global Business Leadership	Mr. Kumar Nair and Mr. Ramachandran Unnikrishnan
4.	Audit and Risk Management	Mr. Kumar Nair and Mr. Ramachandran Unnikrishnan
5.	Information Technology, Systems and Computers	Mr. Sudharsanan Nair and Mr. Kumar Nair
6.	Insurance, Mutual Fund and Financial Services	Mr. Kumar Nair, Mr. Ramachandran Unnikrishnan, Mr. Sudharsanan Nair and Mrs. Nirmala Parab
7.	Economics and Statistics	Mr. Pravin Khatau
8.	Academics, Education and Authorship	Mr. Kumar Nair, Mr. Ramachandran Unnikrishnan, Mr. Pravin Khatau, Mr. Sudharsanan Nair and Mrs. Nirmala Parab

**4. Meeting of Independent Directors:**

During the year under review the Independent Directors met on 16<sup>th</sup> April, 2019 to discuss inter alia:

- (i) Evaluation of performance of Non-Independent Directors and Board of Directors as a whole.
- (ii) Evaluation of the performance of the Chairman of the Company.
- (iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The details of the familiarisation programme of the Independent Directors are available on the website of the Company (<http://www.transwarranty.com/InvestorRelation/Policies>).

**5. Board Committee**

The Board constitutes the following Committees of Directors:

- (a) Audit Committee
- (b) Nomination Remuneration and Compensation Committee
- (c) Stakeholders' Relationship Committee
- (d) Debenture Issue Committee

The Board is responsible for constituting, assigning and co-opting the members of the Committees.

**(a) Audit Committee:****(i) Composition**

The Audit Committee comprised of 4 members, out of which Mr. Sudharsanan Nair, Mr. Pravin Khatau and Mrs. Nirmala Parab are Independent Directors and Mr. Kumar Nair is an Executive Director. Mr. Sudharsanan Nair is the Chairman of Audit Committee. All the members of the Committee are financially literate.

**(ii) Attendance at the Audit Committee Meeting:**

During the financial year 2019-20, the Committee met four times on 10<sup>th</sup> May 2019, 29<sup>th</sup> August,

2019, 10<sup>th</sup> December, 2019 and 30<sup>th</sup> January, 2020 respectively and the gap between any two meetings was not more than 120 days. The attendance of Members at the Meetings was as follows:

Name	Designation	Category	Attendance out of 4 meetings held
Mr. Sudharsanan Nair	Chairman	Independent	4
Mr. Kumar Nair	Member	Executive	4
Mr. Pravin Khatau*	Member	Independent	0/2
Mrs. Nirmala Parab	Member	Independent	4

\* Mr Pravin Khatau resigned as the member of the Committee w.e.f. 29.08.2019

The Board has designated Company Secretary to act as Secretary of the Audit Committee and hence Mr. Suhas Borgaonkar acts as the Secretary of the Audit Committee.

**(iii) Powers of Audit Committee:**

- (a) To investigate any activity within the terms of reference.
- (b) To seek information from any employee
- (c) To obtain outside legal or other professional advice.
- (d) To secure attendance of outsiders with relevant expertise, if considered necessary

**(iv) Terms of Reference:**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending the Board, the appointment, re-appointment, terms of appointment and if required replacement or removal of Auditors and fixation of Audit Fees;



3. Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors;
4. Reviewing with management the annual financial statements and auditor's report before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in Directors' Responsibility Statement to be included in the Director's Report;
  - b) Changes if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statement arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosures of related party transactions;
  - g) Qualifications in draft Audit Report;
5. Reviewing, with the management, the quarterly financial statement before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency regarding the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions with related parties.
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management the performance of Statutory and Internal Auditors, adequacy of internal control systems;
13. Reviewing the adequacy of Internal audit function, if any, including the structure of the internal audit department, staffing and the seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit;
14. Discussion with Internal Auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
16. Discussion with the Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of Whistle Blower Mechanism;
19. Approval of appointment of Chief Financial Officer (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10%

of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments

21. Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

**(b) Stakeholders' Relationship Committee:**

**(i) Terms of reference:**

The Terms of reference to the Stakeholders Relationship Committee focuses on shareholders' grievances and strengthening of investors' relations, specifically looking into redressal of grievances pertaining to:

- 1) Redressal of Shareholders / Investors' complaints
- 2) Allotment, transfer and transmission of shares
- 3) Non-receipt of balance sheet
- 4) Non-receipt of declared dividend
- 5) Matters relating to demat / remat
- 6) Other related issues

The committee comprises of following Directors:-

Name	Designation	Category
Mr. Sudharsanan Nair	Chairman	Independent
Mr. Kumar Nair	Member	Executive
Mr. Pravin Khatau*	Member	Independent
Mrs. Nirmala Parab	Member	Independent

\* Mr.Pravin Khatau resigned as the member of the Committee w.e.f. 29<sup>th</sup> August, 2019.

Mr. Suhas Borgaonkar, Company Secretary has been designated as Compliance Officer. The investors may register their complaints at the email-id: [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com)

During the financial year, one committee meeting was held on 29<sup>th</sup> August, 2020.

**(ii) Number of Complaints:**

Details of investor complaints received and redressed during the year 2019- 20 are as follows:

Opening Balance	Received	Resolved	Pending
Nil	Nil	Nil	Nil

**(c) Nomination, Remuneration and Compensation Committee:**

**(i) Composition**

The Board has constituted a Nomination, Remuneration and Compensation Committee comprising the following Directors:

Name	Designation	Category
Mrs. Nirmala Parab	Chairman	Independent
Mr. Pravin Khatau *	Member	Independent
Mr. Kumar Nair	Member	Executive
Mr. Sudharsanan Nair	Member	Independent

\* Mr. Pravin Khatau resigned as the member of the Committee we.f. 29<sup>th</sup> August, 2019.

The Committee acts as a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and as Compensation Committee under Regulation 5 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines, 1999.

**(ii) Meetings**

During the financial year 2019-20, the Committee met thrice i.e. on 29<sup>th</sup> August, 2019, 10<sup>th</sup> December, 2019 and 30<sup>th</sup> January, 2020.

**(iii) Terms of Reference**

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the Remuneration of the Directors, Key Managerial Personnel and other senior employees.



- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors
- To devise a policy on Board Diversity
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors .
- To recommend to the Board, all remuneration, in whatever form, payable to senior management.
- Performing such other duties and responsibilities as may be required

**(iv) Nomination and Remuneration Policy**

The Company's Nomination and Remuneration Policy aims to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company. The Remuneration Policy is designed to attract talented personnel and remunerate them fairly and reasonably.

**(v) Performance evaluation criteria for Independent Directors**

Performance evaluation criteria for independent directors is determined by the Nomination, Remuneration and Compensation Committee. The evaluation of performance is carried out by considering the factors such as experience and skills, participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

**(d) Corporate Social Responsibility Committee**

Directors would like to state that the provisions of Section 135 of the Companies Act 2013

is at present not applicable to the Company. Therefore, Corporate Social Responsibility (CSR) Committee has not been formed.

**(e) Whistle Blower Policy**

Pursuant to Section 177 (9) and (10) of the Companies Act 2013 and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for Directors and Employees to report to the Management about the unethical behavior, fraud or violation of code of conduct. The mechanism provides for adequate safeguards against victimization of Employees and Directors who use such mechanism and makes provisions for direct access to the Chairperson of Audit Committee. None of the Personnel has been denied access to the Audit Committee.

**(f) Risk Management**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

**(g) Details of Remuneration paid to Directors:**

The Company's Nomination & Remuneration Policy aims to pay equitable remuneration to all the Directors, Key Managerial Personnel and employees of the Company to harmonize the aspirations of human resources consistent with the goals of the Company. The Remuneration Policy is designed to attract talented personnel and remunerate them fairly and reasonably.

The Remuneration paid to Mr. Kumar Nair, Managing Director & CEO is subject to the limit laid down under Section 197 and Schedule V to the Companies Act, 2013, and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Executive Directors is determined by the Nomination, Remuneration and Compensation Committee based on factors such as the Company's performance and performance/track record of the Executive Directors. The remuneration consists of Salary, Company's contribution to Provident Fund, House Rent

Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.

Mr. Ramachandran Unnikrishnan, Director & CFO is not paid any remuneration.

The Executive Directors are not paid any sitting fees for attending the meetings of the Board of

Directors or Committees thereof.

The Non-executive Directors are paid sitting fees for attending the meetings of the Board or Committee thereof within the limits prescribed under the Companies Act, 2013.

The details of payments made during the year ended 31<sup>st</sup> March, 2020 is as follows:

Directors	Salary (including Performance Incentive, if any and other allowance) (₹)	Perquisites (₹)	Contribution to P. F. superannuation and Gratuity (₹)	Sitting Fees (₹)	Others (Rent) (₹)	Total (₹)
Mr. Kumar Nair	22,70,408	-	1,29,600	-	18,00,000	42,00,008
Mr. Pravin Khatau	-	-	-	20,000	-	20,000
Mr. Ramachandran Unnikrishnan	-	-	-	-	-	-
Mrs. Nirmala Parab	-	-	-	2,30,000	-	2,30,000
Mr. Sudharsanan Nair	-	-	-	2,30,000	-	2,30,000

#### 6. Certificate of non-disqualification of directors from practicing Company Secretary

A certificate issued by CS Yogesh Sharma, Practicing Company Secretary, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report.



## 7. General Body Meetings:

### a. Details of Annual General Meetings held during the last three years:

Financial Year	Day, Date and Time	Venue	Special Resolution passed, if any
2016-17	Thursday 23 <sup>rd</sup> August, 2017 10.30 a.m.	M. C. Ghia Hall, Kala Ghoda, Fort, Mumbai 400001	No Special resolution was passed.
2017-18	Wednesday 26 <sup>th</sup> September, 2018 10.00 a.m.	Cultural hall of Yashwantrao Chavan Pratishthan, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021	Issuance of Non-Convertible Debentures on Private Placement Basis
2018-19	Friday 27 <sup>th</sup> September, 2019 10.30 a.m.	Cultural hall of Yashwantrao Chavan Pratishthan, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021	<ol style="list-style-type: none"><li>1. Re-appointment of Mr. Pravin Khatau as an independent director for a second term of five consecutive years w.e.f. 25<sup>th</sup> February, 2020</li><li>2. Re-appointment of Mrs. Nirmala Parab as an independent director for a second term of five consecutive years w.e.f. 30<sup>th</sup> March, 2020</li><li>3. Issuance of Non-Convertible Debentures on Private Placement Basis</li><li>4. Increase in the borrowing limits</li><li>5. Raising of funds by way of External Commercial Borrowings</li><li>6. Creation of charge on the assets of the Company under Section 180(1)(a) of the Act</li><li>7. Approval of 'Employees Stock Option Plan 2019' ('ESOP 2019')</li><li>8. Approval of 'Employees Stock Option Plan 2019' ('ESOP 2019') to the employees of Subsidiary(ies) of the Company</li><li>9. Grant of Options under ESOP 2019 exceeding 1% of issued share capital of the Company</li></ol>

### b. Extra Ordinary General Body meetings:

No Extra Ordinary General Body Meeting was held during the financial year ended 31<sup>st</sup> March, 2020.

### c. Postal Ballot:

During the financial year ended 31<sup>st</sup> March, 2020, no resolution was passed through postal ballot.

### d. No special resolution is proposed to be conducted through postal ballot.

e. Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

Your Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members /list of beneficiaries as on cut – off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the depository participants/ Company's Registrar & Share Transfer Agents. The Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the Rules issued thereunder.

Voting rights are reckoned on the paid up value of shares of your Company in the names of the shareholders as on the cut – off date. Members desiring to vote through physical ballot are requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring

to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officials of the Company. The results are displayed on the website of your Company, besides being communicated to the Stock Exchanges.

**8. Means of Communication:**a. Quarterly Results

The quarterly results of the Company are published in Financial Express (English newspaper) and Mumbai Lakhsadeep (Marathi newspaper). Annual Reports are sent to the Shareholders at their registered address with the Company and is being regularly placed on the website of the Company. As the financial results of the Company are published in the Newspapers and also displayed on the Company's website, a separately half yearly declaration of financial performance is not sent to each household of shareholders.

b. Website, where displayed:

[www.transwarranty.com](http://www.transwarranty.com)

**9. General Shareholders Information:**

Sr. No.	Particulars	Details
1	<b>Annual General Meeting for the financial year 2019-20</b>	Wednesday, 30 <sup>th</sup> September, 2020 4.00 p.m. Deemed to be held at the Registered Office of The Company at 403, Regent Chambers, Nariman Point, Mumbai 400021
2	<b>Financial Year 2019-20</b> During the financial year under review, the Board Meetings for the approval of the Quarterly and Annual Financial Results were held on the following dates:	1 <sup>st</sup> Quarter Results : 29 <sup>th</sup> August, 2019 2 <sup>nd</sup> Quarter Results : 10 <sup>th</sup> December, 2019 3 <sup>rd</sup> Quarter Results : 30 <sup>th</sup> January, 2020 4 <sup>th</sup> Quarter/Annual Results : 29 <sup>th</sup> July, 2020





3	<b>Financial Calendar for 2020-21 (Tentative)</b>			
	Financial reporting for the quarter ending June 30, 2020	Last week of July/August, 2020		
	Financial reporting for the quarter ending September 30, 2020	Second Week of October/November, 2020		
	Financial reporting for the quarter ending December 31, 2020	Second Week of January/February, 2021		
	Financial reporting for the quarter ending March 31, 2021	Last week of April/May 2021		
	Annual General Meeting for the year ended March 31, 2021	August-September, 2021		
4	<b>Date of Book Closure</b>	24 <sup>th</sup> September, 2020 to 30 <sup>th</sup> September, 2020 (inclusive of both days)		
5	<b>Listing on Stock Exchanges</b>	Name and Address of Stock Exchange	Stock Code	Demat ISIN for NSDL and CDSL
		Bombay Stock Exchange Ltd (BSE)	532812	INE 804H01012
		National Stock Exchange of India Ltd (NSE)	TFL	INE 804H01012
6	<b>Payment of Annual Listing fees</b>	The Company has paid listing fees for the year		
7	<b>Registrar and Transfer Agents</b>	Link Intime India Pvt. Ltd, C-101, 247 Park, LBS Marg, Vikhroli (W), Mumbai – 400083		
	<b>Contact person</b>	Mr. Vishal Parad		
	<b>Contact No</b>	+91 22 49186270 Fax. : +91 22 49186060		
	<b>Email</b>	<a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>		
8	<b>Custodial Fees to Depositories</b>	The Company has paid custodial fees for the year		
9	<b>Address for correspondence</b>	Transwarranty Finance Limited, 403, Regent Chambers, Nariman Point, Mumbai - 400 021. Phone : 022 – 6630 6090/4001 0900 Contact person: Mr. Suhas Borgaonkar.		
9	<b>Investor Grievances</b>	The Company has designated an exclusive e-mail id viz. <a href="mailto:companysecretary@transwarranty.com">companysecretary@transwarranty.com</a> to enable investors to register their complaints, if any. For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non receipt of dividend or annual report or any other query relating to shares be addressed to Link Intime India Pvt. Ltd., C-101, 247 Park, LBS Marg, Vikhroli (W), Mumbai – 400083. Phone: 022 49186270, Fax: 022 49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>		
10	<b>Debenture Trustee Address:</b>	Vistra ITCL (India) Ltd. The IL&FS Financial Centre, Plot No. C-22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051		
	<b>Phone:</b>	(022) 2653 3333		
	<b>Fax:</b>	(022) 2653 3297		
	<b>Email:</b>	<a href="mailto:mumbai@vistra.com">mumbai@vistra.com</a>		
11	<b>Functional website of the Company as per Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</b>	Pursuant to the requirement of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company maintains a functional website of the Company and website address of the Company is <a href="http://www.transwarranty.com">www.transwarranty.com</a> . Website of the Company provides the basic information about the Company e.g. details of its business, financial information, shareholding pattern etc. and the Company is regularly updating the Information provided on its website.		

#### 10. Address for correspondence for Non-convertible Debentures:

Link Intime India Private Limited also acts as Registrar and Transfer Agents for the unlisted privately placed Non-Convertible Debentures of the Company. Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Vinayak Bental, Email Id: [debtc@linkintime.co.in](mailto:debtc@linkintime.co.in); Tel. : +91 49186000.

Debentureholders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

#### 11. Share Transfer System:

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form.

SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June, 2018 amended Regulation 40 of SEBI Listing Regulations which mandated transfer of securities only in dematerialised mode from 5<sup>th</sup> December, 2018. Pursuant to the above, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialise their holding.

Further, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30<sup>th</sup> November, 2018, the date for transfer of securities in physical form was extended from 5<sup>th</sup> December, 2018 to 1<sup>st</sup> April, 2019. Accordingly, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with the depository, with effect from 1<sup>st</sup> April, 2019. However, this restriction shall not be applicable to the request received for transmission or transposition of physical shares.

Members holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of Link Intime India Pvt. Ltd. to seek guidance about the dematerialization procedure. The Members may also visit the website of

the Depositories viz. (i) National Securities Depository Limited at the web-link: <https://nsdl.co.in/faqs/faq.php> or (ii) Central Depository Services (India) Limited at the web-link: <https://www.cdslindia.com/investors/open-demat.aspx>, for further understanding about the dematerialisation process.

Securities lodged for transfer at the Registrar's Office are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc are processed by the Registrars within 30 days.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

Pursuant to Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 2018, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the Share Capital of the Company. Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant.

#### 11. Stock performance vs BSE Sensex and NSE

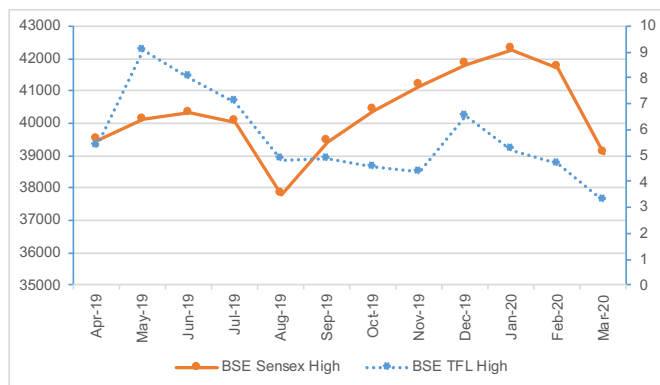
Market Price Data during the year ended 31.03.2020-

##### BSE

Month	High (₹)	Low (₹)	BSE Sensex (High)
April 2019	5.38	4.60	39,487.45
May 2019	9.05	4.51	40,124.96
June 2019	8.03	6.20	40,312.07
July 2019	7.05	4.61	40,032.41
August 2019	4.85	3.89	37,807.55



September 2019	4.88	4.02	39,441.12
October 2019	4.56	3.51	40,392.22
November 2019	4.36	3.60	41,163.79
December 2019	6.53	3.61	41,809.96
January 2020	5.22	4.33	42,273.87
February 2020	4.68	3.35	41,709.3
March 2020	3.25	2.43	39,083.17



**NSE**

Month	High (₹ )	Low (₹ )
April 2019	5.35	4.15
May 2019	9.70	4.55
June 2019	8.20	5.35
July 2019	6.75	4.45
August 2019	4.80	3.75
September 2019	4.75	3.75
October 2019	4.60	3.35
November 2019	4.50	3.60
December 2019	6.50	3.30
January 2020	5.15	4.25
February 2020	4.75	3.52
March 2020	3.60	2.10

**12. Shareholding**

The Equity Shareholding pattern as on 31<sup>st</sup> March, 2020 is as follows:

Category	No. of Shares	%
Promoters and Promoter Group	1,31,14,927	53.62
Public	1,13,45,641	46.38
<b>Total</b>	<b>2,44,60,568</b>	<b>100.00</b>

**Distribution of Shareholding as on 31-03-2020:**

No. of equity shares held	No. of shareholders	No. of shares held	% of share capital
1 - 500	3950	644006	2.63
501 - 1000	512	429907	1.76
1001 - 2000	247	383799	1.57
2001 - 3000	91	236454	0.97
3001 - 4000	53	185180	0.76
4001 - 5000	41	190585	0.78
5001 - 10,000	70	522962	2.13
10,001 and above	79	21867675	89.40
<b>Total</b>	<b>5043</b>	<b>2,44,60,568</b>	<b>100.00</b>

As on 31<sup>st</sup> March, 2020, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

**13. Corporate Benefits to Shareholders**

**(i) Dividend History**

Financial Year	Dividend	Dividend (₹ per Share)
2008-09	3.00%	0.30/-
2009-10	Nil	Nil
2010-11	Nil	Nil
2011-12	5.00%	0.50/-
2012-13	Nil	Nil
2013-14	Nil	Nil
2014-15	Nil	Nil
2015-16	Nil	Nil
2016-17	Nil	Nil
2017-18	Nil	Nil
2018-19	Nil	Nil
2019-20	Nil	Nil

**(ii) Transfer of unclaimed/unpaid dividend and shares to Investors Education and Protection Fund**

In terms of the provisions of Section 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

Details of Shares transferred/credited to IEPF:

Pursuant to IEPF Rules, the details of Equity Shares transferred by the Company to the IEPF Authority are given as follows:

Transferred during the Financial Year	Number of Shares transferred to IEPF
2017-18	4586
2018-19	16,378

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at the web-link: [http://www.transwarranty.com/Investorrelation.aspx?page=Unclaimed\\_Dividend](http://www.transwarranty.com/Investorrelation.aspx?page=Unclaimed_Dividend).

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisement for transfer of shares to IEPF.

The Company has uploaded the details of unclaimed dividend on the Company's website at [http://www.transwarranty.com/Investorrelation.aspx?page=Unclaimed\\_Dividend](http://www.transwarranty.com/Investorrelation.aspx?page=Unclaimed_Dividend) and also on website specified by the Ministry of Corporate Affairs <http://www.iepf.gov.in/IEPF/services.html>

**14. Commodity Price Risk or Foreign Exchange Risk and Hedging activities:**

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2018/ 000000141 dated 15<sup>th</sup> November, 2018 is not required to be furnished by the Company.

**15. Dematerialization of shares:**

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. The Company had sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization and 99.87% of the shares have been dematerialized so far.

The number of shares held in dematerialized and physical mode as on 31<sup>st</sup> March, 2020 is as under:

	No. of shares	% of total capital
Held in dematerialized form in NSDL	2,12,52,842	86.89
Held in dematerialized form in CDSL	31,74,983	12.98
Physical	32,743	0.13
<b>Total</b>	<b>2,44,60,568</b>	<b>100.00</b>

**16. Reconciliation of Share Capital Audit:**

Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities



Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**17. Annual Secretarial Compliance Report:**

Pursuant to SEBI Circular dated 8<sup>th</sup> February, 2019, the Annual Secretarial Compliance Report for the financial year 2019-20 issued by Yogesh. Sharma & Co., Company Secretaries, confirming compliance with all applicable SEBI Regulations and Circulars/ Guidelines issued thereunder, has been submitted to the Stock Exchanges within the prescribed timeline.

**18. Total fees paid to the Statutory Auditors and all entities in the network firm/ entities**

The details of total fees for all the services paid by the Company and its group companies on a consolidated basis to M/s. Rahul Gautam Divan & Associates, Chartered Accountants, Statutory Auditors till 25<sup>th</sup> AGM and all entities in the network firm/ network entity of which the Statutory Auditors are a part, are given below:

Payment Details	FY 2019-20
Quarterly Review Audit fees	₹ 20,000
Income Tax Audit Fees	₹ 75,000
Certification charges	₹ 58,000
<b>Total</b>	<b>₹ 1,53,000</b>

S.S.Khan & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company at the previous AGM for a period of five years from the conclusion of the ensuing 25<sup>th</sup> AGM till the conclusion of the 30<sup>th</sup> AGM.

The details of total fees for all the services paid by the Company and its Subsidiaries on a consolidated basis to S.S.Khan & Co., Chartered Accountants, Statutory Auditors and all entities in the network firm/ network entity of which the Statutory Auditors are a part, are given below:

Payment to Statutory Auditors	FY 2019-20
Statutory Audit	₹ 3,51,000
Quarterly Audit Fees	₹ 60,000
Certification charges	₹ 4,000
<b>Total</b>	<b>₹ 4,15,000</b>

**19. Disclosures:**

- There were no transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.

- All Related Party Transactions attracting compliance under Section 188 of the Companies Act are within Arm's Length and in the ordinary course of business and are placed before the Audit Committee as well as the Board for approval. The Board approved policy for related party transactions has been uploaded on the website of the company and can be accessed at [https:// transwarranty.com/Investorrelation.aspx?page=Polices](https://transwarranty.com/Investorrelation.aspx?page=Polices).

The transactions have no potential conflict with the interest of the Company. The disclosures on the Related Party Transactions are provided in the Financial Statements and Note No. 39 in the Notes to Financial Statements of the Company.

- None of the transactions with related parties were in conflict with the interest of the Company. All the transactions were in the normal course of business and had no potential conflict with the interest of the company at a large and were carried out on an arm's length basis or fair value.
- There were no non-compliances by the Company during the year. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matters related to the capital markets, during the previous three financial years.

- The policy for determining material subsidiaries and related party transactions is available on the website [www.transwarranty.com/Investors/Policies](http://www.transwarranty.com/Investors/Policies).
  - The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management. This is available on the Company's web-site [www.transwarranty.com](http://www.transwarranty.com).
  - The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended March 31, 2020.
  - The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of the financial statement; the Company has not adopted a treatment different from that prescribed by any Accounting Standard.
  - Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
  - The Chief Executive Officer and the Chief Financial Officer have certified to the Board of Directors as per the format prescribed in Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This has been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company.
  - During the financial year 2019-20, the information as mentioned in Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for its consideration.
  - The Company has complied with the applicable mandatory requirements. Non-mandatory requirements as stipulated in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been adopted to the extent as applicable and possible.
  - The details of the familiarization programme of the Independent Directors are available on the website of the Company <http://www.transwarranty.com/Investors>.
  - The details regarding plant location is not applicable as the Company does not have any plant.
  - During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the Listing Regulations.
  - Disclosure of commodity price risks and commodity hedging activities is not applicable to the Company.
- 15. Non-mandatory requirements:**
- 1 Chairman of the Board –The Company does not maintain separate office for chairman at the Company's expenses.
  - 2 Shareholder Right – The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 news papers, one in Vernacular and one in English newspaper.
  - 3 Reporting of Internal Auditor – The Internal Audit Reports provided by the Internal Auditor are placed before the Audit Committee and Board for discussion.

For and on behalf of the Board of Directors

**Kumar Nair**  
Chairman  
(DIN 00320541)

Place: Mumbai  
Date: 25<sup>th</sup> August, 2020



## CEO/ CFO Certification

We hereby certify to the Board that:

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

For **Transwarranty Finance Limited**

For **Transwarranty Finance Limited**

**Kumar Nair**  
Managing Director & Chief Executive Officer  
(DIN 00320541)

**Ramachandran Unnikrishnan**  
Director & Chief Financial Officer  
(DIN 00493707)

Place : Mumbai  
Date : 29<sup>th</sup> July, 2020

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In terms of Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2020.

For **Transwarranty Finance Limited**

**Kumar Nair**  
Managing Director  
(DIN 00320541)

Place : Mumbai  
Date : 29<sup>th</sup> July, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
**Transwarranty Finance Limited**  
403, Regent Chambers, Nariman Point,  
Mumbai 400 021

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Transwarranty Finance Limited** having **CIN L65920MH1994PLC080220** and having registered office at 403, Regent Chambers, Nariman Point, Mumbai 400021 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or by any other regulatory authority.

Sr. No.	Name of Director	DIN
1	MR. KUMAR NAIR	00320541
2	MR. RAMACHANDRAN UNNIKRISHNAN	00493707
3	MR. SUDHARSANAN NAIR	01510505
4	MR. PRAVIN KHATAU	02425468
5	MRS. NIRMALA PARAB	07149007

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For YOGESH SHARMA & CO.**

**YOGESH M. SHARMA**  
ACS:33235 C.P:12366

Date: 24th August, 2020  
Place: Mumbai  
UDIN: A033235B000610372





## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

### TRANSWARRANTY FINANCE LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Transwarranty Finance Limited ("the Company") for the year ended on 31 March 2020, as stipulated in the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

### Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility also includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### Auditor's Responsibility

3. Our responsibility is limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate

Governance issued by the Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, as above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
8. We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For S S KHAN & CO**  
**Chartered Accountant**  
**(FRN: 133324W)**

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: 25 August 2020  
UDIN: 20144212AAAACG3267

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2020**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	L65920MH1994PLC080220
2	Registration Date	09/08/1994
3	Name of the Company	Transwarranty Finance Limited
4	Category/Sub-category of the Company	Company Limited by Shares
5	Address of the Registered office & contact details	403, Regent Chambers, Nariman Point, Mumbai – 400 021, Maharashtra Tel.:- 022 – 4001 0900 / 6630 6090 Fax:- 022 – 6630 6655
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai – 400 083 Tel.- +91 2249186270 Fax:+91 22 49186060 Email Id: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

Business activities contributing 10% or more of the total turnover of the Company are as follows:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Fund Based Activities such as Personal Loans/ Consumer Loans & Gold Loans to individual	64920	47%
2	Financial Consultancy Services such as, Trade Finance, Corporate Finance & Investment Banking	66190	38%
3	Rent Income	68100	14%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name & Address of the Company	CIN / GIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Vertex Securities Ltd.	L67120KL1993PLC007349	Subsidiary Company	53.04	2(87)(ii)
2.	Vertex Commodities And Finpro Pvt. Ltd.	U67120KL1995PTC008610	Subsidiary Company	-	2(87)
3.	Transwarranty Capital Market Services Pvt. Ltd.	U65923MH2012PTC228272	Subsidiary Company	100	2(87)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**A) Category-wise Share Holding-**

Sr No	Category of Shareholders	Shareholding at the beginning of the year as on 01-04-2019				Shareholding at the end of the year as on 31-03-2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	12824737	0	12824737	52.4303	116043	0	116043	0.4744	(51.9558)
(b)	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)								0.0000	0.0000
	Sub Total (A)(1)	12824737	0	12824737	52.4303	116043	0	116043	0.4744	(51.9558)
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	290190	0	290190	1.1864	12998884	0	12998884	53.1422	51.9558
(b)	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)								0.0000	0.0000
	Sub Total (A)(2)	290190	0	290190	1.1864	12998884	0	12998884	53.1422	51.9558
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>13114927</b>	<b>0</b>	<b>13114927</b>	<b>53.6166</b>	<b>13114927</b>	<b>0</b>	<b>13114927</b>	<b>53.6166</b>	<b>0.0000</b>
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(f)	Financial Institutions / Banks	0	0	0	0.0000	1770	0	1770	0.0072	0.0072
(g)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h)	Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000

(i)	Any Other (Specify)									
	Sub Total (B)(1)	0	0	0	0.0000	1770	0	1770	0.0072	0.0072
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	2333095	4693	2337788	9.5574	2397160	2743	2399903	9.8113	0.2539
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1925785	30000	1955785	7.9957	1657218	30000	1687218	6.8977	(1.0980)
(b)	NBFCs registered with RBI	700	0	700	0.0029	0	0	0	0.0000	(0.0029)
(d)	Overseas Depositories(holding DRs)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)								0.0000	0.0000
	IEPF	4586	0	4586	0.0187	20964	0	20964	0.0857	0.0670
	Trusts	5225000	0	5225000	21.3609	5225000	0	5225000	21.3609	0.0000
	Hindu Undivided Family	258503	0	258503	1.0568	285762	0	285762	1.1683	0.1114
	Non Resident Indians (Non Repat)	50930	0	50930	0.2082	51330	0	51330	0.2098	0.0016
	Other Directors	49124	0	49124	0.2008	316133	0	316133	1.2924	1.0916
	Non Resident Indians (Repat)	28654	0	28654	0.1171	25804	0	25804	0.1055	(0.0117)
	Office Bearers	15278	1000	16278	0.0665	10078	0	10078	0.0412	(0.0253)
	Clearing Member	23959	0	23959	0.0979	2956	0	2956	0.0121	(0.0859)
	Bodies Corporate	1394334	0	1394334	5.7003	1318723	0	1318723	5.3912	(0.3091)
	Sub Total (B)(3)	11309948	35693	11345641	46.3834	11311128	32743	11343871	46.3762	(0.0072)
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>11309948</b>	<b>35693</b>	<b>11345641</b>	<b>46.3834</b>	<b>11312898</b>	<b>32743</b>	<b>11345641</b>	<b>46.3834</b>	<b>0.0000</b>
	<b>Total (A)+(B)</b>	<b>24424875</b>	<b>35693</b>	<b>24460568</b>	<b>100.0000</b>	<b>24427825</b>	<b>32743</b>	<b>24460568</b>	<b>100.0000</b>	<b>0.0000</b>
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	<b>Total (A)+(B)+(C)</b>	<b>24424875</b>	<b>35693</b>	<b>24460568</b>	<b>100.0000</b>	<b>24427825</b>	<b>32743</b>	<b>24460568</b>	<b>100.0000</b>	



**B) Shareholding of Promoters**

Sr No	Shareholders Name	Shareholding at the beginning of the year as on 01.04.2019			Shareholding at the end of the year as on 31.03.2020			% change in shareholding during the year
		No. of Shares held	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	No. of Shares held	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
1	KUMAR NAIR	12708694	51.9558	0.0000	12708694	51.9558	0.0000	0.0000
2	NAIR LEENA KUMAR	267473	1.0935	0.0000	267473	1.0935	0.0000	0.0000
3	ANITHA PLAKKOT	50000	0.2044	0.0000	50000	0.2044	0.0000	0.0000
4	CHERALATH CHANDRAN	35603	0.1456	0.0000	35603	0.1456	0.0000	0.0000
5	JAYACHANDRAN K	22717	0.0929	0.0000	22717	0.0929	0.0000	0.0000
6	C. D. PADMINI DEVI	20840	0.0852	0.0000	20840	0.0852	0.0000	0.0000
7	KARTHIKEYAN KARKATVALLIL	7650	0.0313	0.0000	7650	0.0313	0.0000	0.0000
8	K. INDIRA DEVI	1950	0.0080	0.0000	1950	0.0080	0.0000	0.0000
	<b>Total</b>	<b>13114927</b>	<b>53.6166</b>	<b>0.0000</b>	<b>13114927</b>	<b>53.6166</b>	<b>0.0000</b>	<b>0.0000</b>

**C) Change in Promoters Shareholding-**

Sr No.	NAME & TYPE OF TRANSACTION	Shareholding at the beginning of the year as on 01.04.2019		Transactions during the year		Cumulative Shareholding at the end of the year as on 31.03.2020	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	KUMAR NAIR	12708694	51.9558	-	-	12708694	51.9558
	AT THE END OF THE YEAR					12708694	51.9558
2	NAIR LEENA KUMAR	267473	1.0935	-	-	267473	1.0935
	AT THE END OF THE YEAR					267473	1.0935
3	ANITHA PLAKKOT	50000	0.2044	-	-	50000	0.2044
	AT THE END OF THE YEAR					50000	0.2044
4	CHERALATH CHANDRAN	35603	0.1456	-	-	35603	0.1456
	AT THE END OF THE YEAR					35603	0.1456
5	JAYACHANDRAN K	22717	0.0929	-	-	22717	0.0929
	AT THE END OF THE YEAR					22717	0.0929
6	C. D. PADMINI DEVI	20840	0.0852	-	-	20840	0.0852
	AT THE END OF THE YEAR					20840	0.0852

7	KARTHIKEYAN KARKATVALLIL	7650	0.0313	-	-	7650	0.0313
	AT THE END OF THE YEAR					7650	0.0313
8	K. INDIRA DEVI	1950	0.0080	-	-	1950	0.0080
	AT THE END OF THE YEAR					1950	0.0080

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):-

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	KUMAR NAIR-TRUSTEE OF TFL, TCCPL & TFCPL MERGER TRUST	5225000	21.3609	-	-	5225000	21.3609
	AT THE END OF THE YEAR					5225000	21.3609
2	VINCO SALES AND SERVICES PVT. LTD.	661986	2.7063	-	-	661986	2.7063
	MARKET SELL			04 Oct 2019	569	661417	2.704
	AT THE END OF THE YEAR					661417	2.704
3	STERLING BIOTECH LIMITED	538124	2.2000	-	-	538124	2.2000
	AT THE END OF THE YEAR					538124	2.2000
4	KAREENA A. ROHERA	227887	0.9317			227887	0.9317
	AT THE END OF THE YEAR					227887	0.9317
5	RAJU BHANDARI	94488	0.3863			94488	0.3863
	Market Sell			12 Apr 2019	(2498)	91990	0.3761
	Market Sell			19 Apr 2019	(1203)	90787	0.3712
	Market Sell			26 Apr 2019	(83)	90704	0.3708
	Market Sell			03 May 2019	(2200)	88504	0.3618
	Market Sell			10 May 2019	(408)	88096	0.3602
	Market Sell			17 May 2019	(2000)	86096	0.352
	Market Sell			24 May 2019	(1500)	84596	0.3458
	Market Buy			30 Aug 2019	6001	90597	0.3704
	Market Buy			06 Sep 2019	6800	97397	0.3982
	Market Buy			27 Sep 2019	24963	122360	0.5002
	Market Buy			13 Dec 2019	1142	123502	0.5049
	Market Buy			20 Dec 2019	2644	126146	0.5157
	AT THE END OF THE YEAR					126146	0.5157
6	RAKESH RAMESH TECKCHANDANI	8000	0.0327			8000	0.0327
	Market Buy			05 Apr 2019	8000	16000	0.0654
	Market Buy			12 Apr 2019	4998	20998	0.0858
	Market Buy			19 Apr 2019	2998	23996	0.0981



	Market Buy			26 Apr 2019	11803	35799	0.1464
	Market Buy			03 May 2019	4348	40147	0.1641
	Market Buy			10 May 2019	8150	48297	0.1974
	Market Buy			17 May 2019	755	49052	0.2005
	Market Buy			24 May 2019	11000	60052	0.2455
	Market Buy			31 May 2019	1411	61463	0.2513
	Market Buy			07 Jun 2019	13414	74877	0.3061
	Market Buy			14 Jun 2019	5000	79877	0.3266
	Market Buy			29 Jun 2019	22910	102787	0.4202
	AT THE END OF THE YEAR					102787	0.4202
7.	ANIL SHATRUGHUN ROHERA-HUF .	100000	0.4088			100000	0.4088
	AT THE END OF THE YEAR					100000	0.4088
8.	VINAYAK TRIPATHI	86507	0.3537			86507	0.3537
	Market Buy			26 Apr 2019	1000	87507	0.3577
	Market Buy			07 Jun 2019	1000	88507	0.3618
	Market Buy			26 Jul 2019	2000	90507	0.37
	Market Buy			16 Aug 2019	500	91007	0.3721
	Market Buy			23 Aug 2019	3000	94007	0.3843
	Market Buy			30 Aug 2019	1500	95507	0.3905
	Market Buy			25 Oct 2019	2000	97507	0.3986
	Market Buy			21 Feb 2020	5	97512	0.3986
	Market Buy			28 Feb 2020	1000	98512	0.4027
	AT THE END OF THE YEAR					98512	0.4027
9.	SATISH AGARWAL	0	0			0	0
	Market Buy			12 Jul 2019	369	369	0.0015
	Market Buy			01 Nov 2019	3438	3807	0.0156
	Market Buy			08 Nov 2019	1500	5307	0.0217
	Market Buy			15 Nov 2019	320	5627	0.023
	Market Buy			22 Nov 2019	14862	20489	0.0838
	Market Buy			29 Nov 2019	5098	25587	0.1046
	Market Buy			13 Dec 2019	850	26437	0.1081
	Market Buy			27 Dec 2019	5115	31552	0.129
	Market Buy			31 Dec 2019	6869	38421	0.1571
	Market Buy			03 Jan 2020	2500	40921	0.1673
	Market Buy			10 Jan 2020	1109	42030	0.1718
	Market Buy			17 Jan 2020	11200	53230	0.2176
	Market Buy			24 Jan 2020	3649	56879	0.2325
	Market Buy			31 Jan 2020	4408	61287	0.2506
	Market Buy			07 Feb 2020	6500	67787	0.2771
	Market Buy			14 Feb 2020	5511	73298	0.2997
	Market Buy			21 Feb 2020	1000	74298	0.3037
	Market Buy			28 Feb 2020	4538	78836	0.3223
	AT THE END OF THE YEAR					78836	0.3223

10	ALANKIT ASSIGNMENTS LTD	129257	0.5284			129257	0.5284
	Market Sell			14 Jun 2019	(28350)	100907	0.4125
	Market Sell			21 Jun 2019	(4167)	96740	0.3955
	Market Sell			29 Jun 2019	(2852)	93888	0.3838
	Market Sell			12 Jul 2019	(369)	93519	0.3823
	Market Sell			02 Aug 2019	(4000)	89519	0.366
	Market Sell			06 Sep 2019	(200)	89319	0.3652
	Transfer			25 Oct 2019	2440	91759	0.3751
	Market Sell			01 Nov 2019	(2440)	89319	0.3652
	Market Sell			13 Dec 2019	(802)	88517	0.3619
	Market Sell			20 Dec 2019	(200)	88317	0.3611
	Market Sell			27 Dec 2019	(5300)	83017	0.3394
	Market Sell			31 Dec 2019	(2259)	80758	0.3302
	Market Sell			03 Jan 2020	(500)	80258	0.3281
	Market Sell			10 Jan 2020	(1045)	79213	0.3238
	Market Sell			17 Jan 2020	(650)	78563	0.3212
	Market Sell			24 Jan 2020	(351)	78212	0.3197
	Market Sell			07 Feb 2020	(953)	77259	0.3159
	Market Sell			14 Feb 2020	(1138)	76121	0.3112
	Market Sell			21 Feb 2020	(500)	75621	0.3092
	AT THE END OF THE YEAR					75621	0.3092

**E) Shareholding of Directors and Key Managerial Personnel:**

Sr. No	Shareholding of each Directors and each Key Managerial Personnel	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.	<b>Mr. Kumar Nair</b>				
	At the beginning of the year	12708694	51.96	12708694	51.96
	Change during the year	0	0		
At the end of the year	12708694	51.96			
2.	<b>Mr. Ramachandran Unnikrishnan</b>				
	At the beginning of the year	266909	1.09	266909	1.09
	Change during the year	0	0		
At the end of the year	266909	1.09			
3.	<b>Mr. Pravin Khatau</b>				
	At the beginning of the year	1500	0.006	49,124	0.20
	Change during the year	47624	0.1950		
At the end of the year	49,124	0.20			





4.	<b>Mr. Sudharsanan Nair</b>				
	At the beginning of the year	100	0.00	100	0.00
	Change during the year	0	0		
	At the end of the year	100	0.00		
5.	<b>Mr. Sreedhar H.*</b>				
	At the beginning of the year	425	0.002	425	0.002
	Change during the year	0	0		
	At the end of the year	425	0.002		
6.	<b>Mr. Suhas Borgaonkar*</b>				
	At the beginning of the year	8,400	0.03	9,400	0.04
	Change during the year	100	0.01		
	At the end of the year	9,400	0.04		

\* Mr. Sreedhar H. retired as the Company Secretary and Compliance Officer of the Company w.e.f. 10<sup>th</sup> January, 2020 and Mr. Suhas Borgaonkar was appointed as the Company Secretary w.e.f. 30<sup>th</sup> January, 2020

Note: No other Director or Key Managerial Personnel holds any shares in the Company.

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	604.83	1070.86	-	1,675.69
ii) Interest due but not paid	-	169.93	-	169.93
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>604.83</b>	<b>1240.79</b>	<b>-</b>	<b>1845.62</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	102.69	8.05	-	110.75
* Reduction	-	(75.76)	-	(75.76)
<b>Net Change</b>	<b>102.69</b>	<b>(67.70)</b>	<b>-</b>	<b>34.99</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	707.52	995.11	-	1702.63
ii) Interest due but not paid	-	177.98	-	177.98
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>707.52</b>	<b>1173.09</b>	<b>-</b>	<b>1880.61</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Managing Director
		Mr. Kumar Nair
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.30
	(c) Profits 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 Rent paid	18.00
	<b>Total (A)</b>	<b>42.00</b>

## B. Remuneration to other directors

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	<b>Independent Directors</b>	Mr. Pravin Khatau	Mrs. Nirmala Parab	Mr. Sudharsanan Nair	
	Fee for attending board/ committee meetings	0.20	2.30	2.30	4.80
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (1)</b>	<b>0.20</b>	<b>2.30</b>	<b>2.30</b>	<b>4.80</b>
2	<b>Other Non-Executive Directors</b>	-	-	-	-
	Fee for attending board/ committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>0.20</b>	<b>2.30</b>	<b>2.30</b>	<b>4.80</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹ in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
		Mr. Sreedhar H.*	Mr. Ramachandran Unnikrishnan	
	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.00	0.00	2.00
1	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others	-	-	-
5	Others	-	-	-
	<b>Total</b>	<b>2.00</b>	<b>0.00</b>	<b>2.00</b>

\* Mr. Sreedhar H. retired as the Company Secretary and Compliance Officer of the Company w.e.f. 10<sup>th</sup> January, 2020 and Mr. Suhas Borgaonkar was appointed as the Company Secretary w.e.f. 30<sup>th</sup> January, 2020 and hence his remuneration is not shown.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishments, compounding of offences for the year ended 31<sup>st</sup> March, 2020.

For and on behalf of the Board of Directors

**Kumar Nair**

Chairman

(DIN 00320541)

Place: Mumbai

Date: 25<sup>th</sup> August, 2020

## Annexure D

**The Disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated 16<sup>th</sup> June, 2015 on ESOP Disclosures for the Financial Year 2019-20**

Sr. No.	Particulars	Remarks
A	Disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time	Please refer to Point No.9 of Note No. 45 of the Annual Report 2019-20
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time	Not applicable since no vesting during the year
<b>C</b>	<b>Details related to ESOS</b>	
i.	A description of each ESOS that existed at any time during the year, including general terms and conditions of each ESOS	Details are provided in <b>Annexure-1</b>
ii.	Method used to account for ESOS – Intrinsic or Fair Value	Not applicable since no vesting during the year
iii.	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on eps of the Company shall also be disclosed.	Not applicable
iv.	Option movement during the year (for each ESOS)	Details are provided in <b>Annexure – 2</b>
v.	Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not applicable since no vesting during the year
vi.	A description of the method and significant assumptions used during the year to estimate the fair value of options at the time of grant including the following information:	
	a) risk-free interest rate	
	b) expected life	
	c) expected volatility	
	d) expected dividends	
	e) the price of underlying share in the market at the time of option grant	Not applicable
	f) weighted average market price of Company's shares on NSE at the time of grant	
	Methods used and assumptions made to incorporate effects of expected early exercise	Not applicable
	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Not applicable.
	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	The expected life of share option is based on historical data. Future market conditions are not used for measurement of fair value.



VII.	Employee wise details of options granted to -	
	a) Senior Managerial Personnel;	Details are provided in <b>Annexure – 3</b>
	b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Details are provided in <b>Annexure-4</b>
	c) identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	No employee of the Company received grant of options during the year exceeding 1% of issued capital of the Company.

**Notes:**

- i) Pursuant to approval of the Members at the Annual General Meeting held on 27<sup>th</sup> September, 2019, the Company adopted the 'Employees Stock Option Plan 2019' ('ESOP 2019').
- ii) The Maximum number of options to be issued per employee in a fiscal year did not exceed 1% of the outstanding issued share capital, in the line with Regulation 6(3)(d) of SEBI (Share Based Employee Benefits) Regulations, 2014.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 25<sup>th</sup> August, 2020

**Kumar Nair**  
Chairman  
(DIN 00320541)

**Annexures**

**ANNEXURE- 1**

**Details related to ESOS**

Sr. No.	Particulars	ESOP 2019 (Period : 2019 to 2024)
1	Date of shareholders' approval	27 <sup>th</sup> September, 2019
2	Total number of options approved under ESOS	Upto 25,00,000
3	Vesting requirements	5 years
4	Exercise price or Pricing formula	Book value of ₹ 10/-
5	Maximum term of options granted	5 years
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	Nil

**ANNEXURE-2****Option movement during the year (for each ESOS)**

	<b>ESOP 2019 (Period : 2019 to 2024)</b>
Number of options outstanding at the beginning of the period	Nil
Number of options granted during the year	24,99,728 equity shares of ₹ 10 each
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realised by exercise of options (₹ )	Nil
Number of options outstanding at the end of the year	24,99,728
Number of options exercisable at the end of the year	Nil

**ANNEXURE - 3****Employee wise details of options granted to Senior Managerial Personnel**

<b>Name</b>	<b>Designation</b>	<b>Number of options granted during the year</b>	<b>Exercise Price</b>
Suhas Bargoankar	Vice President & Company Secretary (Transwaranty Finance Ltd)	1,50,000	₹ 10
Devidas A.K.	Chief Operating Officer (Vertex Securities Limited)	1,50,000	₹ 10

**Annexure-4**

**Employees who receives a grant in any one year of option amounting to 5% or more of option granted during that year;**

<b>Name</b>	<b>Designation</b>	<b>No of grants received</b>	<b>% Options Granted during the year</b>
Suhas Bargoankar	Vice President & Company Secretary (Vertex Securities Limited)	150,000	6%
Devidas A.K.	Chief Operating Officer (Vertex Securities Limited)	150,000	6%
Haridas T.V.	General Manager (Transwaranty Finance Ltd)	244,604	9.79%
Roby Sasidharan	General Manager (Transwaranty Finance Ltd)	244,604	9.79%
Anil Nambiar	Senior Manager (Transwaranty Finance Ltd)	244,604	9.79%
Sachin Patil	Senior Manager (Transwaranty Finance Ltd)	244,604	9.79%
Raviraja Poojari	Senior Manager (Transwaranty Finance Ltd)	244,604	9.79%
Rajaram Rajagopalan	Senior Manager (Transwarranty Finance Ltd)	244,604	9.79%
Raunak Ramachandran	Wealth Management Advisor (Vertex Securities Limited)	244,604	9.79%

**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)

**Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sl. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Nil
b)	Nature of contracts/arrangements/transactions	Nil
c)	Duration of the contracts / arrangements/transactions	Nil
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	Date(s) of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sl. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Vertex Securities Limited, Subsidiary Company
b)	Nature of contracts/arrangements/transactions	Inter-corporate Transactions
c)	Duration of the contracts / arrangements/transactions	₹ FY 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Transactions for an amount of ₹ 12.01 Cr
e)	Date(s) of approval by the Board	10.05.2019, 29.08.2019, 10.12.2019, 30.01.2020
f)	Amount paid as advances, if any	Transactions for an amount of ₹ 12.01 Cr

For and on behalf of the Board of Directors

**Kumar Nair**  
Chairman  
(DIN 00320541)

Place: Mumbai

Date: 25<sup>th</sup> August, 2020

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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

To,  
The Members  
**TRANSWARRANTY FINANCE LIMITED**  
403, Regent Chambers,  
Nariman Point,  
Mumbai - 400021

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TRANSWARRANTY FINANCE LIMITED (CIN - L65920MH1994PLC080220)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and scanned copies of the documents provided by the company through e-mail and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 ('Audit Period') 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 Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings; **(Overseas Direct Investment is not applicable to the Company during the Audit period)**
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**(Not applicable to the Company during the Audit period);**
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period);**
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009**(Not applicable to the Company during the Audit period);**
  - (i) The Securities and Exchange Board of India (Buyback





of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit period)**;

- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”);

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE & NSE

During the period under review and as per representations and clarifications made, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:

- Reserve Bank of India Act, 1934 (“RBI Act”)

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All the decisions at Board Meetings and Committee Meetings are carried out by requisite majority as

recorded in the minutes of the meetings of the Board of Directors or committee of the Board as the case may be.

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

We further report that during the period the Company had following specific action/events having a major bearing on the company’s affairs in above referred laws, rules, regulations, guidelines, standards, etc.:

The company has issued Non-Convertible Debentures (NCD) aggregating to Rupees One Crore Fifty Lakhs (Rs 1.55 Crores) and also redeemed Non-Convertible Debentures (NCD) amounting to Rupees Twenty Six Lacs (Rs 26 lacs) along with interest.

**For YOGESH SHARMA & CO.**

**Yogesh M Sharma**  
**UDIN: A033235B000603200**  
**ACS: 33235, C. P: 12366**

Place: Mumbai

Date: 21<sup>st</sup> August, 2020

*\* This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.*

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**APPENDIX A**

To,  
The Members,  
**TRANSWARRANTY FINANCE LIMITED,**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was one on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Whenever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For YOGESH SHARMA & CO.**

**Yogesh M Sharma**  
**ACS: 33235, C. P: 12366**

Place: Mumbai  
Date: 21<sup>st</sup> August, 2020



**PARTICULARS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016.**

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-2020:

Name of the Director	Ratio
Mr. Kumar Nair (Managing Director)	9.37:1
Mr. Ramachandran Unnikrishnan (Director & CFO)	-

Other Directors of the Company are paid only sitting fees which are not considered as remuneration.

- (ii) The percentage increase / decrease in the remuneration of each Director, Chief Financial Officer and Company Secretary or Manager in the Financial Year 2019-2020:

Name	% increase/ (decrease)
Mr. Kumar Nair (Managing Director)	Nil
Mr. Ramachandran Unnikrishnan (Director & CFO)	Nil
Mr. Sreedhar H.	Nil

Other Directors of the Company are paid only sitting fees which are not considered as remuneration.

- (iii) The percentage increase in the median remuneration of employees in the Financial Year 2019-20: Nil
- (iv) The number of permanent employees on the rolls of the Company: 28 employees as on March 31, 2020
- (v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Average increase in managerial remuneration and for employees other than Managerial Personnel is Nil.
- (vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company: The

Company affirms that the remuneration is as per the Remuneration Policy of the Company.

- (vii) The names of the top ten employees in terms of remuneration drawn and the name of every employee who:

- a) If employed throughout the financial year, was in receipt of remuneration for that year in which, in the aggregate, was not less than one crore and two lakhs rupees - Nil.
- b) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month - Nil.
- c) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or alongwith his spouse and dependent children, not less than two percent of the equity shares of the company - Nil.

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman  
(DIN 00320541)

Place: Mumbai  
Date: 25<sup>th</sup> August, 2020

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**TRANSWARRANTY FINANCE LIMITED**

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

#### **Opinion**

We have audited the accompanying standalone financial statements of Transwarranty Finance Limited ("the Company") which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

#### **Basis for Opinion**

We conducted our audit 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 Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How our audit addressed the key audit matter
<b>Transition to Indian Accounting Standards (Ind AS) accounting framework</b> (Refer Note No. 45 to the standalone financial statements)	
<p>The Company adopted Ind AS effective from 01 April, 2019 (Transition date being 01 April, 2018) and accordingly, the standalone financial statements for the year ended 31 March, 2020 have been prepared in accordance with Ind AS notified under section 133 of the Companies Act, 2013. For period up to and including the year ended 31 March 2019, the Company prepared its standalone financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or Previous GAAP). Accordingly, for transition to Ind AS, the Company has prepared standalone financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019. In preparing these standalone financial statements, the Company's opening balance sheet was prepared as at 01 April 2018, the Company's date of transition to Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting.</p> <p>In view of the material impact and the complexity of implementation of Ind AS framework and significance of the various disclosure, the transition to Ind AS was of particular importance for our audit as any error could lead to material misstatement in the preparation and presentation of the standalone financial statements.</p>	<p>Our audit procedures included considering the process laid down by the management to implement such transition combined with procedures performed as follows:</p> <ul style="list-style-type: none"><li>● We obtained management's assessment of applicability of various accounting standards under Ind AS and their impact on the Company's standalone financial statements and reviewed the nature of the Ind AS adjustments based on the applicable Ind AS and previous period accounting policies prepared in accordance with IGAAP.</li><li>● We tested the exemptions taken by the Company for first time adoption of Ind AS in preparation of the standalone financial statement.</li><li>● We tested the details of Ind AS adjustments carried out by the Company as described in the reconciliation of equity as at the transition date and comparative year end date reported under erstwhile Indian GAAP to Ind AS and reconciliation of the Statement of Profit and Loss for the comparative year end date reported under erstwhile Indian GAAP to Ind AS.</li><li>● Performed test of details by inspection of contracts, documents and policies to assess the appropriateness of the Ind AS adjustments.</li><li>● We assessed the disclosures with respect to the transition in accordance with the requirements of Ind AS 101 and other applicable disclosures in the standalone financial statement in accordance with the requirements of relevant Ind AS.</li></ul>

Key Audit Matter	How our audit addressed the key audit matter
<b>Impairment of financial assets as at balance sheet date (expected credit losses)</b> (Refer Note No. 5 & 6 to the standalone financial statements)	
<p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p> <p>In the process, a significant degree of judgment has been applied by the Management for:</p> <ul style="list-style-type: none"> <li>● Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories];</li> <li>● Grouping of borrowers based on homogeneity by using appropriate statistical techniques;</li> <li>● Estimation of behavioral life;</li> <li>● Determining macro-economic factors impacting credit quality of receivables;</li> <li>● Estimation of losses for loan products with no/minimal historical defaults</li> <li>● In view of the high degree of Management's judgment involved in estimation of ECL it is a key audit matter.</li> </ul>	<ul style="list-style-type: none"> <li>● Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>● Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.</li> <li>● Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</li> <li>● Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.</li> <li>● Assessed the additional considerations applied by the Management for staging of loans as SICR or default categories in view of Company's policy on moratorium.</li> <li>● Tested the ECL model, including assumptions and underlying computation. Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.</li> <li>● Tested assumptions used by the Management in determining the overlay for macro-economic factors.</li> </ul>



### **Emphasis of Matter**

We draw attention to Note No. 5 & 6 to the standalone financial statements wherein the Company has provided for impairment losses of ₹ 1,26,75,000/- on trade receivables and ₹ 6,44,58,316/- on loans given as on 31st March 2020. Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate

accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial

statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164(2) of the Act.





- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 38 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S S KHAN & CO**  
Chartered Accountant  
(FRN: 133324W)

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: 29 July 2020  
UDIN: 20144212AAAABS5835

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date.)

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, some of the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company is a Non-Banking Financial Company. Accordingly, it does not hold any physical inventory. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit attracting the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder. Thus, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) In our opinion and according to the information and explanation given to us, pursuant to the Rules made by the Central Government, the maintenance of cost records as prescribed under Section 148 (1) of the Companies Act, 2013, is not applicable to the Company for the year under report.
- (vii) (a) According to the records of the Company and the information and explanations given to us, the Company has been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Value added Tax, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March, 2020 outstanding for a period of more than six months from the date they become payable.
- (b) According to the records of the Company and the information and explanations given to us, the Company has no disputed statutory dues that have not been deposited. Hence, paragraph 3(vii) (b) of the Order is not applicable to the Company.
- (viii) Based on our audit procedures and according to the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.
- (ix) According to the information and explanations given to us, term loan taken by the Company was applied for the purpose for which it was raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge, and according to the information and explanations to us, no material fraud on or by the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (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 sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (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 directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company, being a Non-Banking Financial Company (NBFC), is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. The Company had applied for registration as provided in Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and has been granted certificate of registration dated 6 August, 1998 from the Reserve Bank as a NBFC.

**For S S KHAN & CO**  
Chartered Accountant  
(FRN: 133324W)

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: 29 July 2020  
UDIN: 20144212AAAABS5835

## **ANNEXURE ‘B’ TO INDEPENDENT AUDITORS’ REPORT**

(Annexure referred to under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date.)

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

We have audited the internal financial controls over financial reporting of Transwarranty Finance Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,



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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020. However, the Company is in the process of establishing the internal control over financial reporting criteria considering the essential components of internal control stated in the

Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S S KHAN & CO**  
Chartered Accountant  
(FRN: 133324W)

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: 29 July 2020  
UDIN: 20144212AAAABS5835

Balance sheet as at 31<sup>st</sup> March 2020

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3	3,402,393	9,320,006	1,462,039
Bank Balance other than cash and cash equivalents	4	24,859	24,859	25,624
Receivables				
Trade Receivables	5	54,706,059	54,719,419	22,305,068
Loans	6	18,095,528	25,460,868	5,445,270
Investments	7	152,803,399	152,673,375	152,679,138
Other Financial assets	8	80,373,716	79,342,912	80,427,019
		<b>309,405,954</b>	<b>321,541,437</b>	<b>262,344,158</b>
<b>Non-financial Assets</b>				
Inventories	9	723,039	723,039	1,761,390
Current tax assets (Net)	10	6,483,940	8,384,879	5,970,035
Deferred tax Assets (Net)	11	20,813,361	19,470,291	18,904,362
Property, Plant and Equipment	12	85,463,816	87,918,981	90,198,283
Goodwill	12	400,000	400,000	400,000
Other Intangible assets	12	183,926	92,356	144,509
Other non-financial assets	13	42,489,121	43,851,167	44,480,700
		<b>156,557,203</b>	<b>160,840,713</b>	<b>161,859,279</b>
<b>Total Assets</b>		<b>465,963,157</b>	<b>482,382,151</b>	<b>424,203,437</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial Liabilities</b>				
Payables				
(I) Trade Payables	14			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		523,579	485,029	485,029
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,924,965	2,513,310	3,993,491
Debt Securities	15	22,284,135	9,620,236	-



Borrowings (Other than Debt Securities)	16	170,262,735	167,569,159	123,350,841
Other financial liabilities	17	31,334,092	20,404,683	15,215,598
		<b>227,329,506</b>	<b>200,592,417</b>	<b>143,044,959</b>
<b>Non-Financial Liabilities</b>				
Provisions	18	798,011	671,258	676,142
Other non-financial liabilities	19	4,002,230	3,984,373	4,659,626
		<b>4,800,241</b>	<b>4,655,631</b>	<b>5,335,768</b>
<b>EQUITY</b>				
Equity Share capital	20	244,605,680	244,605,680	244,605,680
Other Equity	21	(10,772,270)	32,528,423	31,217,030
		<b>233,833,410</b>	<b>277,134,103</b>	<b>275,822,710</b>
<b>Total Liabilities and Equity</b>		<b>465,963,157</b>	<b>482,382,151</b>	<b>424,203,437</b>

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co**

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration No.133324W

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

Particulars	Note No.	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Revenue from operations</b>			
Interest Income	22	7,872,828	3,332,846
Fees and commission Income	23	5,827,024	4,510,941
Sale of Stock	24	-	57,141,563
Corporate Finance	25	500,000	1,000,000
Investment Banking	26	-	40,131,000
<b>Total Revenue from operations</b>		<b>14,199,852</b>	<b>106,116,350</b>
Other Income	27	2,624,279	2,274,809
<b>Total Income</b>		<b>16,824,131</b>	<b>108,391,159</b>
<b>Expenses</b>			
Finance Costs	28	22,293,351	18,785,238
Purchases of Stock-in-trade	29	-	57,153,377
Employee Benefits Expenses	30	14,320,535	15,045,267
Depreciation, amortization and impairment	31	2,694,096	2,449,254
Others expenses	32	22,132,496	13,219,918
<b>Total Expenses</b>		<b>61,440,478</b>	<b>106,653,053</b>
Profit / (loss) before exceptional items and tax		(44,616,347)	1,738,106
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		<b>(44,616,347)</b>	<b>1,738,106</b>
<b>Tax Expense:</b>			
Current Tax		-	930,000
Deferred Tax		(1,343,070)	(565,929)
<b>Profit / (loss) for the year from continuing operations</b>		<b>(43,273,277)</b>	<b>1,374,035</b>
Profit/(loss) from discontinued operations		-	-
Tax Expense of discontinued operations		-	-
Profit/(loss) from discontinued operations(After tax)		-	-
<b>Profit/(loss) for the year</b>		<b>(43,273,277)</b>	<b>1,374,035</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss		-	-
Fair valuation on Equity instrument		27,226	(5,857)
Remeasurement of the net defined benefit obligation gain / (loss)		(54,642)	(56,785)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Other Comprehensive Income</b>		<b>(27,416)</b>	<b>(62,642)</b>
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>		<b>(43,300,693)</b>	<b>1,311,393</b>





<b>Earnings per equity share (for continuing and discontinued operations)</b>			
Basic (₹)	33	(1.77)	0.05
Diluted (₹)	33	(1.77)	0.05

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co** For and on behalf of Board of Directors  
Chartered Accountants  
Firm Registration No.133324W

**Sarfراز Khan**  
Proprietor  
Membership No. 144212

**Kumar Nair**  
Managing Director  
DIN 00320541

**Ramachandran Unnikrishnan**  
Director & CFO  
DIN 00493707

29<sup>th</sup> July, 2020  
Mumbai

**Suhas Bargoankar**  
Company Secretary

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>I. Cash Flows from Operating Activities:</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>(44,616,347)</b>	<b>1,738,106</b>
<b>Adjustments for:</b>		
Depreciation	2,694,096	2,449,254
Interest Income	(7,872,828)	(3,332,846)
Dividend Income	(22,873)	(15,494)
Interest Expense	22,293,351	18,785,238
Impairment Allowance	4,388,264	63,307
Profit on sale of Investment	-	(16,787)
<b>Adjustments for Changes in Working Capital:</b>		
(Increase) / Decrease in Trade and other Receivables	13,359	(32,413,585)
Increase / (Decrease) in Trade & Other Payables	450,205	(1,480,180)
(Increase)/decrease in loans	2,977,075	(20,078,905)
(Increase)/decrease in other financial assets	(67,913)	497
(Increase)/decrease in Inventories	-	-
(Increase)/decrease in other non-financial assets	1,362,046	629,534
Increase / (Decrease) in other financial Liabilities	10,124,014	1,026,644
Increase/(decrease) in provisions	72,111	(61,669)
Increase / (Decrease) in non- financial Liabilities	17,858	(675,253)
Cash inflow from interest on loans	6,909,937	4,416,457
Income tax paid (net of refunds)	1,900,939	(3,344,845)
<b>Net Cash Flows from Operating Activities</b>	<b>623,293</b>	<b>(32,310,528)</b>
<b>II. Cash Flows from Investing Activities:</b>		
Dividend Income	22,873	15,494
(Purchase) / Sale of Inventories	-	1,038,351
Purchase of Investment	(102,798)	16,693
Purchase of Property Plant and Equipment	(180,501)	(72,301)
Purchase of Intangible Asset	(150,000)	(45,500)
<b>Net Cash Flows from Investing Activities</b>	<b>(410,426)</b>	<b>952,738</b>
<b>III. Cash Flows from Financing Activities:</b>		
Borrowings other than debt securities issued/ (Redeemed) (net)	2,693,577	44,218,318
Debt securities issued/ (Redeemed) (net)	12,663,899	9,620,236
Finance cost paid	(21,487,956)	(14,622,797)
<b>Net Cash Flows from Financing Activities</b>	<b>(6,130,481)</b>	<b>39,215,757</b>
<b>Net Increase or (Decrease) in Cash and Cash Equivalents (I + II + III)</b>	<b>(5,917,613)</b>	<b>7,857,967</b>
- Add: Cash and Cash Equivalents at Beginning of the year (Refer Note)	9,320,006	1,462,039
<b>Cash and Cash Equivalents at End of the Year</b>	<b>3,402,393</b>	<b>9,320,006</b>



<b>Note:</b>		
<b>Cash and Cash Equivalents</b>		
- Cash in Hand	1,158,121	388,610
- Balances with Banks		
- In Current Accounts	2,244,272	8,931,396
<b>Total</b>	<b>3,402,393</b>	<b>9,320,006</b>

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co**

Chartered Accountants

Firm Registration No.133324W

For and on behalf of Board of Directors

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

### Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2020

Equity share capital					
Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018	As at
Balance at the beginning of the year	20	244,605,680	244,605,680	244,605,680	
Changes in equity share capital during the year		-	-	-	
<b>Balance at the end of the year</b>		<b>244,605,680</b>	<b>244,605,680</b>	<b>244,605,680</b>	

Other equity						
For the year ended 31 March 2020						
Particulars	Note No.	Retained earnings	Reserve fund as per RBI Act	General reserve	Other Comprehensive Income - Equity Instruments	Total other equity
<b>Balance as at 31 March 2019</b>	21	(12,448,785)	34,139,639	10,410,757	426,812	<b>32,528,423</b>
Profit after tax		(43,273,277)	-	-	-	(43,273,277)
Other comprehensive income		(54,642)	-	-	27,226	(27,416)
		<b>(55,776,704)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>454,038</b>	<b>(10,772,270)</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	-	-	-
<b>Balance as at 31 March 2020</b>		<b>(55,776,704)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>454,038</b>	<b>(10,772,270)</b>

For the year ended 31 March 2019						
Particulars	Note No.	Retained earnings	Reserve fund as per RBI Act	General reserve	Other Comprehensive Income - Equity Instruments	Total other equity
<b>Balance as at 31 March 2018 (as originally presented)</b>	21	<b>39,738,592</b>	<b>33,886,628</b>	<b>10,410,757</b>	-	<b>84,035,977</b>
Effect of first time adoption of Ind AS		(53,251,616)	-	-	432,669	(52,818,947)
<b>Restated balance as at April 1, 2018</b>		<b>(13,513,024)</b>	<b>33,886,628</b>	<b>10,410,757</b>	<b>432,669</b>	<b>31,217,030</b>
Profit after tax		1,374,035	-	-	-	1,374,035
Other comprehensive income		(56,785)	-	-	(5,857)	(62,642)
		<b>(12,195,774)</b>	<b>33,886,628</b>	<b>10,410,757</b>	<b>426,812</b>	<b>32,528,423</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		(253,011)	253,011	-	-	-
<b>Balance as at 31 March 2019</b>		<b>(12,448,785)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>426,812</b>	<b>32,528,423</b>

The accompanying notes are an integral part of the financial statements

#### As per our attached report of even date

For **S.S. Khan & Co**

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration No.133324W

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note 1 CORPORATE INFORMATION

Transwarranty Finance Limited ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a full service Financial & Capital Market Services Company, providing a wide range of services to over 1,000 Large, Small and Medium companies and thousands of retail clients all over India, since 1994.

The Company is registered with Reserve Bank of India (RBI) as an Non Banking Finance Company (NBFC) and its shares are listed on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). It is engaged in advisory services like Investment Banking, Corporate Finance, Project Finance, Trade Finance and providing Business & Retail Loans against collateral security of immovable property, liquid assets like shares, other financial assets, gold jewelry etc.

The Company has fast expanding network of branches providing secured, business and retail loans. It is one of the few financial services companies, which is adept at structuring and executing advisory transactions as well as managing fund based business of providing business and retail loans.

### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2019 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP". Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 45.

These standalone or separate financial statements were approved by the Company's Board of Directors and authorised for issue on 29th July 2020.

#### 2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or '₹ ') which is also the Company's functional currency.

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values:

- i) fair value through other comprehensive income (FVOCI) instruments,
- ii) derivative financial instruments,
- iii) other financial assets held for trading,
- iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

### 2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 2.5 Use of estimates and judgements and Estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### 2.6 Estimation of impairment allowance on financial assets amidst COVID-19 pandemic

Estimates and associated assumptions, especially for determining the impairment allowance for Company's financial assets, are based on historical experience and other emerging factors on account of the pandemic which may also have an effect on the expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used early indicators of moratorium and delayed repayment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit losses on loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

### 2.7 Revenue recognition :

#### a) Recognition of interest income

##### Effective Interest Rate (EIR) Method

Interest income is recognised in Statement of profit and loss using the effective interest method



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

### **Interest Income**

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer creditimpaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

### **b) Fee and commission income**

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due.

### **c) Sale of Stock**

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

**d) Sale of services**

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

**e) Rent Income**

Lease rental income is recognised in the statement of profit and loss on a straight -line basis over the lease term.

**f) Income from securities**

Gains or losses on the sale of securities are recognised in Statement of profit and loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

**g) Dividend Income**

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

**2.8 Property, Plant and Equipments (PPE)**

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it ncreases 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.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.





## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

The estimated useful lives used for computation of depreciation are as follows:

Assets	Useful Life
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 to 10 years
Buildings	60 years

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

### 2.9 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

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 recognised in the Statement of Profit or Loss when the asset is derecognised.

### 2.10 Investments in subsidiaries and associates

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

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

### 2.11 Foreign exchange transactions and translations

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

#### a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### b) Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

### c) Exchange difference

All exchange differences are accounted in the Statement of Profit and Loss.

## 2.12 Financial instruments

### a) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

### b) Classification and Subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

#### Amortised cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

#### FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### **FVOCI - equity instruments -**

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

### **Subsequent measurement of financial assets**

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

### **c) Financial liabilities and equity instruments:**

#### **Classification as debt or equity -**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **Equity instruments -**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

### **Financial liabilities -**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-fortrading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

#### **d) Derecognition**

##### **Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

##### **Financial liabilities**

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

#### **e) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **f) Impairment of financial instruments**

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.

For all other financial assets, the Company recognizes lifetime expected credit losses (ECL) based on the months past due when there has been a significant increase in credit risk since initial recognition and when the financial asset is credit impaired. Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which no ECL is recognized. Financial assets where there has been significant increase in



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognized for stage 2 and stage 3 financial assets

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

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

Financial assets (and the related impairment loss allowances) are written off either partially or in their entirety, when there is no realistic prospect of recovery and the company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

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

No ECL allowance is recognized for stage 1 financial asset as based on company's assessment there is no significant increase in credit risk. The Company has ascertained default possibilities on past behavioral trends and other performance indicators.

### **Significant increase in credit risk (stage 2)**

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage 90 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

### **Credit impaired (stage 3)**

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

Contractual payments of either principal or interest are past due for more than 365 days

The loan is otherwise considered to be in default.

### **Measurement of ECL**

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. The Company has calculated ECL using three components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money as necessary.

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

\* Determination of PD is covered above for each stages of ECL.

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

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

### Overview of Expected Credit Loss (ECL) model

The Company recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that may result from all possible default events over the expected life of a financial assets. ( refer Note No. 5 on "Receivables")

### 2.13 Employee benefits

#### a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### b) Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss

#### c) Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

#### Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

### **d) Leave encashment / compensated absences / sick leave**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

### **e) Employee shared based payments**

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

## **2.14 Finance costs**

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

## **2.15 Taxation - Current and deferred tax**

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

### **a) Current tax**

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### **b) Deferred tax**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 2.16 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cashgenerating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cashgenerating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

### 2.17 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.





## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 2.18 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Where the Company is the lessee -

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Company as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

#### Where the Company is the lessor -

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

### 2.19 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

### 2.20 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020****2.21 Contingent Liabilities and assets**

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 can not be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

**2.22 Cash Flow statement**

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

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 3****Cash and Cash Equivalents**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
Cash on Hand	1,158,121	388,610	787,118
Balance with Banks In Current Account	2,244,272	8,931,396	674,921
<b>Total</b>	<b>3,402,393</b>	<b>9,320,006</b>	<b>1,462,039</b>

**NOTE 4****Bank balances other than cash and cash equivalents**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
Balance with Banks In Dividend Account	24,859	24,859	25,624
<b>Total</b>	<b>24,859</b>	<b>24,859</b>	<b>25,624</b>

**NOTE 5****Receivables**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
<b>(i) Trade receivables</b>			
Trade Receivables	42,031,059	42,044,419	9,630,068
Trade Receivables from related parties	-	-	-
Trade receivable which have significant increase in credit risk	25,350,000	25,350,000	25,350,000
Trade receivables - credit impaired	-	-	-
	<b>67,381,059</b>	<b>67,394,419</b>	<b>34,980,068</b>
Less: Impairment loss allowance	(12,675,000)	(12,675,000)	(12,675,000)
<b>Total (i)</b>	<b>54,706,059</b>	<b>54,719,419</b>	<b>22,305,068</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 6

#### Loans

Particulars	As at 31st March 2020			As at 31st March 2019			As at 01st April 2018		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
<b>(A) Loans</b>									
Gold Loan	6,115,100		6,115,100	6,115,100		6,115,100	5,030,600		5,030,600
Promissory Note Loan	187,586		187,586	187,586		187,586	187,586		187,586
Property Loans	81,837		81,837	81,837		81,837	81,837		81,837
Loan against Shares	66,077		66,077	105,450		105,450	325,000		325,000
Loans to Related Parties	292,980		292,980	246,500		246,500	55,900		55,900
Loans to Employee	254,000		254,000	281,683		281,683	33,770		33,770
Personal Loans & Consumer Loans Receivables	16,706,264		16,706,264	18,775,442		18,775,442	-		-
Inter Corporate Deposits	58,850,000		58,850,000	58,850,000		58,850,000	58,850,000		58,850,000
<b>Total (A) - Gross</b>	<b>82,553,844</b>	<b>-</b>	<b>82,553,844</b>	<b>84,643,598</b>	<b>-</b>	<b>84,643,598</b>	<b>64,564,693</b>	<b>-</b>	<b>64,564,693</b>
Less: Impairment loss allowance	64,458,316		64,458,316	59,182,731		59,182,731	59,119,423		59,119,423
<b>Total (A) - Net</b>	<b>18,095,528</b>	<b>-</b>	<b>18,095,528</b>	<b>25,460,868</b>	<b>-</b>	<b>25,460,868</b>	<b>5,445,270</b>	<b>-</b>	<b>5,445,270</b>
<b>(B) Out of above</b>									
<b>(i) Secured</b>	<b>6,450,600</b>		<b>6,450,600</b>	<b>6,489,973</b>		<b>6,489,973</b>	<b>5,625,023</b>		<b>5,625,023</b>
Less: Impairment loss allowance	269,423		269,423	269,423		269,423	269,423		269,423
Total (i)	6,181,177		6,181,177	6,220,550		6,220,550	5,355,600		5,355,600
<b>(ii) Unsecured</b>	<b>76,103,244</b>		<b>76,103,244</b>	<b>78,153,625</b>		<b>78,153,625</b>	<b>58,939,670</b>		<b>58,939,670</b>
Less: Impairment loss allowance	64,188,893		64,188,893	58,913,308		58,913,308	58,850,000		58,850,000
Total (ii)	11,914,351		11,914,351	19,240,317		19,240,317	89,670		89,670
<b>Total (B) = (i) + (ii)</b>	<b>18,095,528</b>	<b>-</b>	<b>18,095,528</b>	<b>25,460,867</b>	<b>-</b>	<b>25,460,867</b>	<b>5,445,270</b>	<b>-</b>	<b>5,445,270</b>
<b>(C) Out of above</b>									
<b>(I) Loans in India</b>									
(i) Public Sector	-		-	-		-	-		-
Less: Impairment loss allowance	-		-	-		-	-		-
<b>Subtotal (i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(ii) Others	82,553,844		82,553,844	84,643,598		84,643,598	64,564,693		64,564,693
Less: Impairment loss allowance	64,458,316		64,458,316	59,182,731		59,182,731	59,119,423		59,119,423
<b>Subtotal (ii)</b>	<b>18,095,528</b>	<b>-</b>	<b>18,095,528</b>	<b>25,460,868</b>	<b>-</b>	<b>25,460,868</b>	<b>5,445,270</b>	<b>-</b>	<b>5,445,270</b>
<b>Total (I)</b>	<b>18,095,528</b>	<b>-</b>	<b>18,095,528</b>	<b>25,460,868</b>	<b>-</b>	<b>25,460,868</b>	<b>5,445,270</b>	<b>-</b>	<b>5,445,270</b>
<b>(II) Loans outside India</b>									
Less: Impairment loss allowance									
<b>Total (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total C(I) and C(II)</b>	<b>18,095,528</b>	<b>-</b>	<b>18,095,528</b>	<b>25,460,868</b>	<b>-</b>	<b>25,460,868</b>	<b>5,445,270</b>	<b>-</b>	<b>5,445,270</b>



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Summary of loans by stage distribution

Particulars	As at 31 March 2020				As at 31 March 2019				As at 01st April 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	0-90 DPD	90-180 DPD	180 DPD or more		0-90 DPD	90-180 DPD	180 DPD or more		0-90 DPD	90-180 DPD	180 DPD or more	
Gross carrying amount	17,838,987	1,255,482	63,459,375	82,553,844	25,524,175	-	59,119,423	84,643,598	5,445,270	-	59,119,423	64,564,693
Less: Impairment loss allowance	57,872	941,069	63,459,375	64,458,316	63,308	-	59,119,423	59,182,731	-	-	59,119,423	59,119,423
<b>Net carrying amount</b>	<b>17,781,115</b>	<b>314,413</b>	<b>-</b>	<b>18,095,528</b>	<b>25,460,868</b>	<b>-</b>	<b>-</b>	<b>25,460,868</b>	<b>5,445,270</b>	<b>-</b>	<b>-</b>	<b>5,445,270</b>

### NOTE 7

#### Investments

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>(A) At cost</b>			
Investment in subsidiaries			
Equity shares	140,989,984	140,989,984	140,989,984
Preference shares	5,051,600	5,051,600	5,051,600
<b>Total (A)</b>	<b>146,041,584</b>	<b>146,041,584</b>	<b>146,041,584</b>
<b>(B) At fair value through other comprehensive income</b>			
(i) In equity instruments			
Equity shares	6,131,000	6,131,000	6,131,000
Add: Fair value gain/(losses)	472,908	432,669	432,669
<b>Total (B)</b>	<b>6,603,908</b>	<b>6,563,669</b>	<b>6,563,669</b>
<b>(C) At fair value through profit or loss</b>			
(i) In mutual funds	114,246	11,448	11,354
Add: Fair value gain/(losses)			
Sub-total (i)	114,246	11,448	11,354
(ii) In Government securities	18,945	18,945	18,945
Add: Fair value gain/(losses)	-	-	-
Sub-total (ii)	18,945	18,945	18,945
(iii) In equity instruments			
Equity shares	183,316	183,316	183,316
Add: Fair value gain/(losses)	(158,600)	(145,587)	(139,730)
Sub-total (iii)	24,716	37,729	43,586
<b>Total (C) = (i + ii + iii)</b>	<b>157,907</b>	<b>68,122</b>	<b>73,885</b>
<b>Total (A+B+C)</b>	<b>152,803,399</b>	<b>152,673,375</b>	<b>152,679,138</b>

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>Out of the above</b>			
In India	152,803,399	152,673,375	152,679,138
Outside India	-	-	-
<b>Total</b>	<b>152,803,399</b>	<b>152,673,375</b>	<b>152,679,138</b>

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

Particulars	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Units	Amount	Units	Amount	Units	Amount
<b>Mutual Funds</b>						
UTI - Liquid Cash Plan - Institutional Daily Dividend	1.04	1,144	1.04	1,144	1.04	1,052
UTI - Floating Rate Fund-STP-Direct Growth Plan	3.86	12,384	3.86	10,304	3.86	10,302
HDFC Liquid Fund- Growth	25.93	100,718	-	-	-	-
<b>Sub total (i)</b>	<b>30.82</b>	<b>114,246</b>	<b>4.89</b>	<b>11,448</b>	<b>4.89</b>	<b>11,354</b>
<b>Government Securities</b>						
National Savings Certificate VIII issue	1.00	5,000	1.00	5,000	1.00	5,000
UTI Master Share	1,000.00	13,945	1,000.00	13,945	1,000.00	13,945
<b>Sub total (ii)</b>	<b>1,001.00</b>	<b>18,945</b>	<b>1,001.00</b>	<b>18,945</b>	<b>1,001.00</b>	<b>18,945</b>
<b>Equity Instruments</b>						
<b>Subsidiaries</b>						
Vertex Securities Limited	39,253,950	140,889,984	39,253,950	140,889,984	39,253,950.00	140,889,984
Transwarranty Capital Market Services Pvt. Ltd.	50,000	100,000	50,000	100,000	50,000.00	100,000
<b>Sub total (iii)</b>	<b>39,303,950</b>	<b>140,989,984</b>	<b>39,303,950</b>	<b>140,989,984</b>	<b>39,303,950.00</b>	<b>140,989,984</b>
<b>Others</b>						
<b>Quoted</b>						
South Indian Bank (Right Share)	10.00	58	10.00	165	10.00	40
NEPC India Ltd.	2,000.00	-	2,000.00	-	2,000.00	-
Shree Rama Newsprints Ltd	1,250.00	14,157	1,250.00	27,063	1,250.00	33,045
Anil Products Ltd	39.00	-	39.00	-	39.00	-
<b>Sub total (iv)</b>	<b>3,299.00</b>	<b>14,215</b>	<b>3,299.00</b>	<b>27,228</b>	<b>3,299.00</b>	<b>33,085</b>
<b>UnQuoted</b>						
Catholic Syrian Bank Ltd.	700.00	82,950	700.00	98,000	700.00	98,000
Nawani Corp (India) Ltd.	610,000.00	6,520,958	610,000.00	6,465,669	610,000.00	6,465,669
Regent Chamber Co-Op. Society	10.00	501	10.00	501	10.00	501
Saraswat Bank Cooperative Bank	1,000.00	10,000	1,000.00	10,000	1,000.00	10,000
<b>Sub total (v)</b>	<b>611,710.00</b>	<b>6,614,409</b>	<b>611,710.00</b>	<b>6,574,170</b>	<b>611,710.00</b>	<b>6,574,170</b>
<b>Preference shares</b>						
Vertex Securities Limited	27,758.00	5,051,600	27,758.00	5,051,600	27,758.00	5,051,600
<b>Sub total (vi)</b>	<b>27,758.00</b>	<b>5,051,600</b>	<b>27,758.00</b>	<b>5,051,600</b>	<b>27,758.00</b>	<b>5,051,600</b>
<b>Total</b>	<b>39,947,749</b>	<b>152,803,399</b>	<b>39,947,723</b>	<b>152,673,375</b>	<b>39,947,722.89</b>	<b>152,679,138</b>

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 8****Other Financial assets**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
Deposit	434,556	387,455	392,150
Advance Lease rental	25,010	4,198	-
Interest Accrued on ICDs	-	362,329	2,699,153
Interest Accrued on Gold Loan , etc.	4,151,650	2,826,430	1,568,013
Interest Accrued on LAS	-	-	5,203
TFL-TCCPL and TFCPL Merger Scheme Trust	75,762,500	75,762,500	75,762,500
<b>Total</b>	<b>80,373,716</b>	<b>79,342,912</b>	<b>80,427,019</b>

**NOTE 9****Inventories**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
Shares Held In Stock - In - Trade	723,039	723,039	1,761,390
<b>Total</b>	<b>723,039</b>	<b>723,039</b>	<b>1,761,390</b>

**NOTE 10****Current tax assets (Net)**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
Income Tax (Net of Provisions)	6,483,940	8,384,879	5,970,035
<b>Total</b>	<b>6,483,940</b>	<b>8,384,879</b>	<b>5,970,035</b>

**NOTE 11****Deferred tax Assets (Net)**

<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 01st April 2018</b>
Deferred tax Assets	20,813,361	19,470,291	18,904,362
<b>Total</b>	<b>20,813,361</b>	<b>19,470,291</b>	<b>18,904,362</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Deferred tax assets recorded in Balance Sheet

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
Deferred tax relates to the following:			
<i>Deferred tax assets</i>			
Depreciation on property, plant and equipment	939,277	948,515	346,353
On application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109 and amortisation of net income under Effective Interest Rate Method not adjusted under Income Tax Act, 1961	20,061,233	18,688,167	18,688,167
Present value of security deposit	6,538	14,641	13,549
Remeasurement of employee benefit	32,955	-	-
Effective Interest Rate (EIR) on financial instruments	71,319	100,517	-
<b>Gross deferred tax assets</b>	<b>21,111,322</b>	<b>19,751,841</b>	<b>19,048,070</b>
<i>Deferred tax liabilities</i>			
Net gain on fair valuation of Investments not adjusted under Income Tax Act, 1961	122,956	112,494	112,494
Effective Interest Rate (EIR) on financial instruments	114,628	113,722	13,827
Remeasurement of employee benefit	-	14,764	-
Present value of security deposit	60,377	40,570	17,387
<b>Gross deferred tax liabilities</b>	<b>297,961</b>	<b>281,551</b>	<b>143,708</b>
<b>Deferred tax assets/(liabilities), net</b>	<b>20,813,361</b>	<b>19,470,291</b>	<b>18,904,362</b>



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 12

#### Property, plant and equipment and intangible assets For the financial year 2019-20

Particulars	Gross Block		Depreciation and amortisation			Net Block As at 31st March, 2020	
	As at 1st April, 2019	Additions	Deduc- tions/ Adjust- ments	As at 31st March, 2020	As at 1st April, 2019		For the Year
<b>Property, plant and equipment (a)</b>							
Furniture	5,934,105	-	-	5,934,105	4,932,720	226,206	5,158,926
Computers	1,331,691	180,501	-	1,512,192	1,262,992	50,447	1,313,439
Office Equipments	3,447,736	-	-	3,447,736	3,425,785	10,543	3,436,328
Vehicles	3,872,140	-	-	3,872,140	3,434,686	437,454	3,872,140
Office Premises No. 403 (Refer note a)	47,887,926	-	-	47,887,926	3,933,490	1,049,675	4,983,166
Office Premises No. 405 (Refer note b)	48,657,169	-	-	48,657,169	9,427,881	858,727	10,286,608
Residential Premises	234,470	-	-	234,470	114,201	2,614	116,815
Land	3,085,500	-	-	3,085,500	-	-	3,085,500
<b>Sub-Total</b>	<b>114,450,737</b>	<b>180,501</b>	<b>-</b>	<b>114,631,238</b>	<b>26,531,756</b>	<b>2,635,666</b>	<b>29,167,422</b>
<b>Intangible Asset (b)</b>							
Goodwill	400,000	-	-	400,000	-	-	400,000
Software	3,463,925	150,000	-	3,613,925	3,371,569	58,430	3,429,999
<b>Sub-Total</b>	<b>3,863,925</b>	<b>150,000</b>	<b>-</b>	<b>4,013,925</b>	<b>3,371,569</b>	<b>58,430</b>	<b>3,429,999</b>

#### Notes

- a. Carrying amount of Office Premises No. 403 has been hypothecated as a security by the Company against the overdraft facility taken by Vertex Securities Limited (subsidiary company)
- b. Carrying amount of Office Premises No. 405 has been hypothecated as a security by the Company against the overdraft facility taken by the Company







Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

For the financial year 2017-18

Particulars	Gross Block			Depreciation and amortisation			Net Block		
	As at 1st April, 2017	Additions	Deductions/ Adjustments	As at 31st March, 2018	As at 1st April, 2017	Deductions/ Adjustments		For the Year	As at 31st March, 2018
<b>Property, plant and equipment (a)</b>									
Furniture	688,665	5,245,440	-	5,934,105	633,101	3,590,392	521,652	4,745,145	1,188,960
Computers	921,991	337,400	-	1,259,391	921,991	337,400	-	1,259,391	-
Office Equipments	627,718	2,820,018	-	3,447,736	619,147	2,786,403	12,046	3,417,596	30,139
Vehicles	3,872,140	-	-	3,872,140	2,856,170	-	289,258	3,145,428	726,712
Office Premises No. 403 (Refer note a)	-	47,887,926	-	47,887,926	-	84,926	2,826,172	2,911,098	44,976,828
Office Premises No. 405 (Refer note b)	-	48,657,169	-	48,657,169	-	6,274,212	2,315,633	8,589,845	40,067,324
Residential Premises	-	234,470	-	234,470	-	104,391	7,259	111,650	122,820
Land	-	3,085,500	-	3,085,500	-	-	-	-	3,085,500
<b>Sub-Total</b>	<b>6,110,514</b>	<b>108,267,923</b>	<b>-</b>	<b>114,378,437</b>	<b>5,030,409</b>	<b>13,177,725</b>	<b>5,972,020</b>	<b>24,180,154</b>	<b>90,198,283</b>
<b>Intangible Asset (b)</b>									
Goodwill	400,000	-	-	400,000	-	-	-	-	400,000
Software	3,418,425	-	-	3,418,425	3,157,952	-	115,965	3,273,916	144,509
<b>Sub-Total</b>	<b>3,818,425</b>	<b>-</b>	<b>-</b>	<b>3,818,425</b>	<b>3,157,952</b>	<b>-</b>	<b>115,965</b>	<b>3,273,916</b>	<b>544,509</b>
<b>Total</b>	<b>9,928,939</b>	<b>108,267,923</b>	<b>-</b>	<b>118,196,862</b>	<b>8,188,361</b>	<b>13,177,725</b>	<b>6,087,985</b>	<b>27,454,070</b>	<b>90,742,791</b>

Notes

a. Carrying amount of Office Premises No. 403 has been hypothicated as a security by the Company against the overdraft facility taken by Vertex Securities Limited (subsidiary company)

b. Carrying amount of Office Premises No. 405 has been hypothicated as a security by the Company against the overdraft facility taken by the Company

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 13

#### Other non-financial assets

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
Capital Advances	40,775,000	40,775,000	40,775,000
MAT Credit Entitlement	1,339,017	1,339,017	3,007,212
Prepaid Expense	101,430	1,413,112	169,455
Cenvat Credit- GST	198,607	222,496	423,391
Advances to others	75,067	101,541	105,642
<b>Total</b>	<b>42,489,121</b>	<b>43,851,167</b>	<b>44,480,700</b>

### NOTE 14

#### Payables

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>(I) Trade Payables</b>			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	523,579	485,029	485,029
<b>Total (I)</b>	<b>523,579</b>	<b>485,029</b>	<b>485,029</b>
<b>(II) Other Payables **</b>			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,924,965	2,513,310	3,993,491
<b>Total (II)</b>	<b>2,924,965</b>	<b>2,513,310</b>	<b>3,993,491</b>
** Includes payable to related parties ₹ 6,59,025 (Previous year ₹ 6,36,568).			



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 15

#### Debt Securities

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
<b>(A) At amortised cost</b>			
<b>(I) Secured</b>			
Privately placed redeemable non-convertible debentures (Refer note a)	17,810,563	7,957,900	-
<b>Sub-Total (I)</b>	<b>17,810,563</b>	<b>7,957,900</b>	-
<b>(II) Unsecured</b>			
Privately placed redeemable non-convertible debentures	4,473,572	1,662,336	-
<b>Sub-Total (II)</b>	<b>4,473,572</b>	<b>1,662,336</b>	-
<b>Total (I + II)</b>	<b>22,284,135</b>	<b>9,620,236</b>	-
<b>(B) Out of above</b>			
In India	22,284,135	9,620,236	-
Outside India	-	-	-
<b>Total</b>	<b>22,284,135</b>	<b>9,620,236</b>	-

#### Footnotes:

a. Secured by way of first ranking pari passu charge with the existing secured creditors on the movable assets of the company to the extent of 100% of the amount of outstanding NCDs and interest thereon.

#### (b) (i) Terms of repayment of non-convertible debentures (NCDs) :

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>(a) Secured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years	11.25% - 11.75%	1,325,403	11.75%	392,629		-
Maturity between 1 to 3 years	11.25% - 11.50%	9,097,868	11.25% - 11.50%	3,628,459		-
Maturity within 1 year	11.00%	7,387,292	11.00%	3,936,812		-
<b>Total at face value</b>		<b>17,810,563</b>		<b>7,957,900</b>		-
Less: Unamortised finance cost						-
<b>Total amortised cost</b>		<b>17,810,563</b>		<b>7,957,900</b>		-
<b>(b) Unsecured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years	11.75% - 12.00%	4,473,572	12.00%	1,662,336		-
<b>Total at face value</b>		<b>4,473,572</b>		<b>1,662,336</b>		-
Less: Unamortised finance cost						-
<b>Total amortised cost</b>		<b>4,473,572</b>		<b>1,662,336</b>		-

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

## NOTE 16

**Borrowings (other than debt securities)**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April 2018
<b>At Amotised Cost:</b>			
<b>(I) In India</b>			
<b>(A) Term loans</b>			
(i) from banks	-	-	15,757,635
(ii) from other parties	-	-	-
<b>(B) Loans from related parties</b>	12,360,900	26,936,441	13,160,900
<b>(C) Loans repayable on demand</b>			
(a) Overdraft Facility			
(i) from banks	70,751,226	60,430,241	4,456,563
(ii) from other parties	609	52,477	325,743
<b>(D) Other Loans</b>			
Inter corporate Deposit	87,150,000	80,150,000	89,650,000
<b>Total</b>	<b>170,262,735</b>	<b>167,569,159</b>	<b>123,350,841</b>
<b>(II) Out of the above</b>			
India	170,262,735	167,569,159	123,350,841
Outside India	-	-	-
<b>Total</b>	<b>170,262,735</b>	<b>167,569,159</b>	<b>123,350,841</b>
<b>(III) Out of above</b>			
Secured	70,751,835	60,482,718	20,539,941
Unsecured	99,510,900	107,086,441	102,810,900
<b>Total</b>	<b>170,262,735</b>	<b>167,569,159</b>	<b>123,350,841</b>

**(IV) Terms of repayment of term loans :**

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Secured</b>						
<b>On maturity</b>						
Maturity between 1 to 3 years		-		-	10.50%	15,059,483
Maturity within 1 year		-		-	10.50%	698,152
<b>Total at face value</b>		<b>-</b>		<b>-</b>		<b>15,757,635</b>
Less: Unamortised finance cost		-		-		-
<b>Total amortised cost</b>		<b>-</b>		<b>-</b>		<b>15,757,635</b>

Secured against Office Premises situated at 405, Regent Chambers, Nariman Point, Mumbai



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### (V) Terms of repayment of Related parties:

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Unsecured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years	15.00%	12,360,900	15.00%	12,510,900	15.00%	13,160,900
Maturity between 1 to 3 years		-		-		-
Maturity within 1 year		-	9.00%	14,425,541		-
<b>Total at face value</b>		<b>12,360,900</b>		<b>26,936,441</b>		<b>13,160,900</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>12,360,900</b>		<b>26,936,441</b>		<b>13,160,900</b>

### (VI) Terms of Loans repayable on demand (Overdraft facility)

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Secured</b>						
<b>On maturity</b>						
Maturity within 1 year	10.50% - 13.40%	70,751,226	10.75% - 13.40%	60,430,241	15.25%	4,456,563
<b>Total at face value</b>		<b>70,751,226</b>		<b>60,430,241</b>		<b>4,456,563</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>70,751,226</b>		<b>60,430,241</b>		<b>4,456,563</b>

(a) Overdraft from The CSB Bank Limited is Working Capital Facility for lending in Gold Loans, Personal Loans and Loans under digital platform. The credit facility is secured by first pari passu charge on movable assets and personal guarantee of the Managing Director. Tenure of the credit facility is for 12 months and repayable on demand. This shall be renewed before the expiry of the sanctioned period of one year.

(b) Overdraft from The South Indian Bank Limited is Working Capital Facility for Onward lending. Loan is Secured against entire current Assets of the company, collateral security of Office premises No. 405 and personal guarantee of the Managing Director. Tenure of the loan is for 12 months and repayable on demand. Limit shall be renewed before the expiry of the sanctioned period of one year.

### (VII) Terms of Loans repayable on demand from others:

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Secured</b>						
<b>On maturity</b>						
Maturity within 1 year	10.00%	609	10.00%	52,477	10.00%	325,743
<b>Total at face value</b>		<b>609</b>		<b>52,477</b>		<b>325,743</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>609</b>		<b>52,477</b>		<b>325,743</b>

Credit Facility from Aditya Birla Finance Limited is for Line Of Credit against unencumbered and tradable Securities. Sanctioned Limit is of ₹ 600 Lakhs. The validity of the Credit Facility is 12 months.

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### (VII) Inter Corporate Deposit

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Unsecured</b>						
<b>On maturity</b>						
Maturity between 1 to 3 years	10.00% to 12.50%	87,150,000	10.00% to 12.50%	80,150,000	10.00% to 12.50%	89,650,000
<b>Total at face value</b>		<b>87,150,000</b>		<b>80,150,000</b>		<b>89,650,000</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>87,150,000</b>		<b>80,150,000</b>		<b>89,650,000</b>

### NOTE 17

#### Other Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
Interest Accrued	17,797,937	16,992,542	12,830,101
Book Overdraft	12,541,442	2,413,761	1,372,934
Unclaimed Dividends	24,859	24,859	25,624
Deposit	769,231	683,734	607,985
Advance Lease Rental	200,622	289,788	378,954
<b>Total</b>	<b>31,334,092</b>	<b>20,404,683</b>	<b>15,215,598</b>

### NOTE 18

#### Provision

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>Provision for employee benefits</b>			
Gratuity	235,760	32,489	-
Compensated absences	562,251	638,769	676,142
<b>Total</b>	<b>798,011</b>	<b>671,258</b>	<b>676,142</b>

### NOTE 19

#### Other Non-Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
Statutory Dues	1,202,230	1,184,373	1,593,524
Others	2,800,000	2,800,000	3,066,102
<b>Total</b>	<b>4,002,230</b>	<b>3,984,373</b>	<b>4,659,626</b>



**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 20****Equity Share capital**

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>Authorised</b>			
31,000,000 Equity Shares of ₹ 10/- each	310,000,000	310,000,000	310,000,000
<b>Issued, Subscribed and Paid Up</b>			
24,460,568 Equity Shares of ₹ 10/- each fully paid up	244,605,680	244,605,680	244,605,680
<b>Total</b>	<b>244,605,680</b>	<b>244,605,680</b>	<b>244,605,680</b>

**(A) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	Nos.	Amount (Rs)
Equity share capital issued, subscribed and fully paid up	24,460,568	244,605,680
<b>As at 31st March 2018</b>	<b>24,460,568</b>	<b>244,605,680</b>
As at 1 April 2018		
Equity share capital issued, subscribed and fully paid up	24,460,568	244,605,680
<b>As at 31st March 2019</b>	<b>24,460,568</b>	<b>244,605,680</b>
As at 1 April 2019		
Equity share capital issued, subscribed and fully paid up	24,460,568	244,605,680
<b>As at 31st March 2020</b>	<b>24,460,568</b>	<b>244,605,680</b>

**(B) Terms/rights/restrictions attached to equity shares**

The company has only one class of Equity share having a Par Value of ₹ 10/- each. Each holder of equity share is entitled for one vote per share.

The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holder 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.

**(C) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1st April 2018	
	Nos.	% of Holding	Nos.	% of Holding	Nos.	% of Holding
Kumar Nair	12,708,694	51.96	12,708,694	51.96	12,708,694	51.96
TFL-TCCPL and TFCPL Merger Trust	5,225,000	21.36	5,225,000	21.36	5,225,000	21.36

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

## NOTE 21

## Other equity

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01st April 2018
<b>(I) Retained Earnings</b>			
Balance at the beginning of the year (a)	(12,448,785)	(13,513,024)	43,519,967
Profit/(Loss) for the year (b)	(43,273,277)	1,374,035	812,263
Other Comprehensive income (c)	(54,642)	(56,785)	-
Opening IndAS Adjustment (d)			(53,251,616)
<b>Appropriations:</b>			
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	-	253,011	162,452
Other- Deduction due to amalgamation	-	-	4,431,186
<b>Total appropriations (e)</b>	<b>-</b>	<b>253,011</b>	<b>4,593,638</b>
<b>Balance at the end of the year (a+b+c+d-e)</b>	<b>(55,776,704)</b>	<b>(12,448,785)</b>	<b>(13,513,024)</b>
<b>(II) Other Comprehensive Income - fair value on equity instruments</b>			
Balance at the beginning of the year (a)	426,812	432,669	-
Gain / (Loss) on fair valuation on equity instruments (b)	27,226	(5,857)	
Opening IndAS Adjustment (c)	-	-	432,669
<b>Balance at the end of the year (a+b+c)</b>	<b>454,038</b>	<b>426,812</b>	<b>432,669</b>
<b>Other Reserves</b>			
<b>(II) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934</b>			
Balance as at the beginning of the year	34,139,639	33,886,628	33,724,176
Add: Transferred during the year	-	253,011	162,452
<b>Balance as at the end of the year</b>	<b>34,139,639</b>	<b>34,139,639</b>	<b>33,886,628</b>
<b>(III) General Reserve</b>			
Balance as at the beginning of the year	10,410,757	10,410,757	10,410,757
Add:- Received during the year	-	-	-
<b>Balance at the end of the year</b>	<b>10,410,757</b>	<b>10,410,757</b>	<b>10,410,757</b>
<b>Total</b>	<b>(10,772,270)</b>	<b>32,528,423</b>	<b>31,217,030</b>

**Nature and purpose of other equity****(i) Retained earnings**

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

**(ii) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934**

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve. Every year 20% of the Profit after Tax transferred to the said reserve.

**(iii) General reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 22****Interest Income**

Particulars	For the Year ended 31st March 2020			
	On financial assets measured at			
	FVOCI	Amortised Cost	FVTPL	Total
On Loan	-	7,872,828	-	7,872,828
<b>Total</b>	-	7,872,828	-	7,872,828

Particulars	For the Year ended 31st March 2019			
	On financial assets measured at			
	FVOCI	Amortised Cost	FVTPL	Total
On Loan	-	3,332,846	-	3,332,846
<b>Total</b>	-	3,332,846	-	3,332,846

**NOTE 23****Fees and Commission Income**

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Trade Finance</b>		
CB-Syndication Fees	9,753	15,664
ICD-Syndication Fees	1,319,984	865,319
LC-Syndication Fees	3,283,562	3,476,798
Processing Fees & Other Charges	1,039,702	67,660
Suppliers Credit & Buyers Credit	174,023	85,500
<b>Total</b>	<b>5,827,024</b>	<b>4,510,941</b>

**NOTE 24****Sale of Stock**

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Sale of Products		
Sale of Shares held in Stock -in -Trade	-	57,141,563
<b>Total</b>	-	<b>57,141,563</b>

**NOTE 25****Corporate Finance**

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Corporate Finance	500,000	1,000,000
<b>Total</b>	<b>500,000</b>	<b>1,000,000</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 26

#### Investment Banking

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Investment Banking	-	40,131,000
<b>Total</b>	<b>-</b>	<b>40,131,000</b>

### NOTE 27

#### Other Income

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Rent Income	2,276,210	2,176,036
Net gain/loss on Sale of Investments	-	16,787
Dividend Income	22,873	15,494
Miscellaneous Income	325,196	66,492
<b>Total</b>	<b>2,624,279</b>	<b>2,274,809</b>

### NOTE 28

#### Finance costs

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest on borrowings	22,293,351	17,898,548
Other Financial Charges	-	886,690
<b>Total</b>	<b>22,293,351</b>	<b>18,785,238</b>

### NOTE 29

#### Purchases of Stock-in-trade

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Purchase of Shares held in Stock-in-Trade	-	57,153,377
<b>Total</b>	<b>-</b>	<b>57,153,377</b>

### NOTE 30

#### Employee Benefits Expenses

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Employees emoluments	14,013,755	14,389,918
Contribution to provident fund and Other Funds	60,145	445,552
Staff welfare expenses	246,635	209,797
<b>Total</b>	<b>14,320,535</b>	<b>15,045,267</b>

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 31****Depreciation, amortization and impairment**

<b>Particulars</b>	<b>For the Year ended 31st March 2020</b>	<b>For the Year ended 31st March 2019</b>
Depreciation for the Year	2,694,096	2,449,254
<b>Total</b>	<b>2,694,096</b>	<b>2,449,254</b>

**NOTE 32****Other Expenses**

<b>Particulars</b>	<b>For the Year ended 31st March 2020</b>	<b>For the Year ended 31st March 2019</b>
Rent	3,889,821	3,841,328
Rates, taxes and energy	3,122,759	427,751
Repairs and maintenance	599,156	255,016
Computer Expense	460,614	206,721
Listing Expense	540,000	540,000
Annual Custody Fees	114,959	150,000
Collectors Fees	175,000	-
Credit Verification Charges	356,213	159,232
Brokerage and Commission	985,697	-
Legal and Professional charges	1,469,544	1,811,338
Society Charges	410,183	1,456,820
Travelling Expense	958,446	1,188,411
Communication Cost	236,169	278,601
Printing and stationery	238,128	175,909
Advertisement and publicity	734,070	401,716
Director's fees, allowances and expenses	519,401	380,668
Auditor's fees and expenses	257,206	245,471
Insurance	377,668	375,675
Bank Charges	737,492	177,201
Electricity Charges	240,250	228,722
Loss on Futures & Options	509,646	259,197
Balance Written Off	155,971	16,951
Impairment Allowance	4,388,264	63,307
Other Expenses	655,841	579,883
<b>Total</b>	<b>22,132,496</b>	<b>13,219,918</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

Particulars	For the year ended	
	31st March 2020	31st March 2019
(i) Payments to the auditors comprises of		
For Statutory audit	170,000	170,000
For taxation matters	30,000	30,000
Other Services	57,206	45,751
<b>Total</b>	<b>257,206</b>	<b>245,751</b>

### NOTE 33

#### Earnings per share (EPS)

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

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended	
	31st March 2020	31st March 2019
(A) Net profit attributable to equity shareholders	(43,300,693)	1,311,393
(B) Weighted average number of equity shares for basic and diluted earnings per share	24,460,568	24,460,568
Basic earning price per share (Rs) (A/B)	(1.77)	0.05
Diluted earning price per share (Rs) (A/B)	(1.77)	0.05

### NOTE 34

#### Segment Information

Disclosure under Indian Accounting Standard 108 – 'Operating Segments' is not given as, in the opinion of the management, the entire business activity falls under one segment, viz. financial services. There are no operations outside India and hence there is no external revenue or assets which require disclosure. Also there are no revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2020 or 31 March 2019

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 35****Revenue from contract with customers**

Particulars	For the year ended	
	31st March 2020	31st March 2019
<b>Type of Service</b>		
CB-Syndication Fees	9,753	15,664
ICD-Syndication Fees	1,319,984	865,319
LC-Syndication Fees	3,283,562	3,476,798
Processing Fees & Other Charges	1,039,702	67,660
Suppliers Credit & Buyers Credit	174,023	85,500
Corporate Finance	500,000	1,000,000
Investment Banking	-	40,131,000
<b>Total</b>	<b>6,327,024</b>	<b>45,641,941</b>

**Geographical market**

India	6,327,024	45,641,941
Outside India	-	-
<b>Total</b>	<b>6,327,024</b>	<b>45,641,941</b>

**Timing of revenue recognition**

Services transferred at a point in time	6,327,024	45,641,941
Services transferred over time	-	-
<b>Total</b>	<b>6,327,024</b>	<b>45,641,941</b>

**Contract Balances**

Particulars	For the year ended	
	31st March 2020	31st March 2019
Gross Trade receivables ( refer note 5)	67,381,059	67,394,419
<b>Total</b>	<b>67,381,059</b>	<b>67,394,419</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

## NOTE 36

**Income tax expense**

Particulars	For the year ended	
	31st March 2020	31st March 2019
<b>(a) Income tax expense is as follows:</b>		
<i>Current tax</i>		
Current tax on profits for the year	-	930,000
<b>Total Current tax expense</b>	<b>-</b>	<b>930,000</b>
<i>Deferred tax</i>		
Decrease / (increase) in deferred tax asset	(1,343,070)	(565,929)
(Decrease) / increase in deferred tax liabilities	-	-
<b>Total Deferred tax expense/(benefit)</b>	<b>(1,343,070)</b>	<b>(565,929)</b>
<b>Total Income tax expense</b>	<b>(1,343,070)</b>	<b>364,071</b>
<b>Income tax expense/(credit) is attributable to:</b>		
Profit from continuing Operations	(1,343,070)	364,071
Profit/(Loss) from discontinuing Operations	-	-
<b>Total</b>	<b>(1,343,070)</b>	<b>364,071</b>

**(b) Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate**

Particulars	For the year ended	
	31st March 2020	31st March 2019
Profit / (Loss) before income tax expense	(44,616,347)	1,738,106
Profit / (Loss) from discontinuing Operations before income tax expense	-	-
	<b>(44,616,347)</b>	<b>1,738,106</b>
Tax at the Indian tax rate of 26% (FY 2018-19 : 26%)	-	451,907
<b>Add/(less) effect of :</b>		
Effect of expenses that are not deductible in determining taxable profit	-	1,147,196
Effect of expenses that are partially deductible in determining taxable profit	-	(216,753)
Others	-	(452,351)
Deffered tax at different rate	-	-
<b>Income tax expense</b>	<b>-</b>	<b>930,000</b>



**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 37****Employee benefits plan****Defined benefit plans****(A) Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. The disclosures of employee benefits as defined in the Ind AS 19 "Employee Benefits" are given below:

Particulars	As at	
	31st March, 2020	31st March, 2019
Defined benefit obligation as at the opening of the year	2,487,954	2,893,276
Current service cost	140,622	169,782
Interest on defined benefit obligation	179,844	183,251
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	87,847	(12,652)
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	(48,576)	88,778
Benefits paid	(77,134)	(834,481)
<b>Defined benefit obligation as at the end of the year</b>	<b>2,770,557</b>	<b>2,487,954</b>

**Movement in Plan Assets**

	31st March, 2020	31st March, 2019
Fair value of plan asset as at the beginning of the year	2,455,465	2,971,556
Adjustment to opening Fair Value of Plan Asset	(11,104)	(25,308)
Employer contributions	-	132,290
Interest on plan assets	182,941	216,695
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(15,371)	(5,287)
Benefits paid	(77,134)	(834,481)
<b>Fair value of plan asset as at the end of the year</b>	<b>2,534,797</b>	<b>2,455,465</b>

**Reconciliation of net liability/asset**

Particulars	As at	
	31st March, 2020	31st March, 2019
Net defined benefit liability/(asset) as at the beginning of the year	32,489	(78,280)
Adjustment to opening balance	11,104	25,308
Expense charged to Statement of Profit and Loss	137,525	217,751
Amount recognised in other comprehensive income	54,642	-
Contributions Paid	-	(132,290)
<b>Net defined benefit liability/(asset) as at the end of the year</b>	<b>235,760</b>	<b>32,489</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Expenses charged to the Statement of Profit and Loss

Particulars	As at	
	31st March, 2020	31st March, 2019
Current service Cost	140,622	169,782
Net Interest Cost	(3,097)	(33,444)
<b>Total</b>	<b>137,525</b>	<b>136,338</b>

### Remeasurement (gains)/losses in other comprehensive income

Particulars	For the year ended	
	31st March, 2020	31st March, 2019
Opening amount recognised in other comprehensive income	-	-
Changes in financial assumptions	87,847	(12,652)
Changes in demographic assumptions	-	-
Experience adjustments	(48,576)	88,778
Actual return on plan assets less interest on plan assets	15,371	(19,341)
Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised outside profit or loss in other comprehensive income	54,642	56,785

### Amount recognised in Balance Sheet

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April 2018
Present value of funded defined benefit obligation	2,770,557	2,487,954	2,893,276
Fair value of plan assets	2,534,797	2,455,465	2,971,556
Net funded obligation	235,760	32,489	(78,280)
Amount not recognised due to asset limit	-	-	-
Net defined benefit liability/(assets) recognised in Balance Sheet	235,760	32,489	(78,280)

### Key actuarial assumptions

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April 2018
Discount rate (p.a.)	6.81%	7.50%	7.40%
Salary escalation rate (p.a.)	3%	3%	3%
<b>Category of plan assets</b>			
Insurer managed funds	100%	100%	100%

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****Expected Payout:**

Year	31st March, 2020	31st March, 2019
	PVO Payout	PVO Payout
Expected Outgo First	188,384	180,069
Expected Outgo Second	184,930	176,732
Expected Outgo Third	1,371,546	173,449
Expected Outgo Fourth	102,933	1,278,446
Expected Outgo Fifth	102,908	96,500
Expected Outgo Sixth to Tenth Years	1,352,800	456,168

**Sensitivity analysis for significant assumptions is as shown below**

Particulars	31st March, 2020	31st March, 2019
Impact of increase in 100 bps on discount rate	2,645,042	2,366,442
Impact of decrease in 100 bps on discount rate	2,908,573	2,621,347
Impact of increase in 100 bps on salary escalation rate	2,907,689	2,621,184
Impact of decrease in 100 bps on salary escalation rate	2,643,868	2,364,738

**(B) Compensated Absence****Movement in defined benefit obligations**

Particulars	As At	
	31st March, 2020	31st March, 2019
Defined benefit obligations as the beginning of the year	638,769	676,142
Current service cost	49,166	311,838
Interest on defined benefit obligation	46,111	33,671
Remeasurement due to:		
Actuarial loss/(gain) arising from change in financial assumptions	22,375	63,330
Actuarial loss/(gain) arising on account of experience changes	247,813	(3,825)
Actuarial loss/(gain) arising on due to Demographic Assumption	404	
Employees contribution		
Benefits paid	(442,387)	(442,387)
<b>Defined benefit obligation as at the end of the year</b>	<b>562,251</b>	<b>638,769</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Movement in plan assets

Particulars	As at	
	31st March, 2020	31st March, 2019
Fair value of plan asset as at the beginning of the year		-
Interest on plan assets		-
Remeasurements due to:		
Actual return on plan assets less interest on plan assets		-
Employer contribution	442,387	442,387
Employees contribution		-
Benefits paid	(442,387)	(442,387)
<b>Fair value of plan asset as at the end of the year</b>	<b>-</b>	<b>-</b>

### Reconciliation of net liability/asset

Particulars	As at	
	31st March, 2020	31st March, 2019
Net defined benefit liability/(asset) as at the beginning of the year	638,769	676,142
Expense charged to Statement of Profit and Loss	365,869	405,014
Employer contributions	(442,387)	(442,387)
Net defined benefit liability/(asset) as at the end of the year	562,251	638,769

### Expenses charged to the Statement of Profit and Loss

Particulars	As at	
	31st March, 2020	31st March, 2019
Current service Cost	49,166	311,838
Interest Cost	46,111	33,671
Actuarial (Gain)/ Loss recognized for the period	270,592	59,505
<b>Total</b>	<b>270,592</b>	<b>405,014</b>

### Remeasurement (gains)/losses in other comprehensive income

Particulars	For the year ended	
	31st March, 2020	31st March, 2019
Opening amount recognised in other comprehensive income	-	-
Experience adjustments	-	-
Actual return on plan assets less interest on plan assets	-	-
Closing amount recognised outside profit or loss in other comprehensive income	-	-



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Amount recognised in Balance Sheet

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
Present value of funded defined benefit obligation	562,251	638,769	676,142
Fair value of plan assets	-	-	-
Net funded obligation	562,251	638,769	676,142
Amount not recognised due to asset limit	-	-	-
Net defined benefit liability recognised in Balance Sheet	562,251	638,769	676,142

### Key actuarial assumptions

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
Discount rate (p.a.)	6.81%	7.50%	7.40%
Rate of increase in compensation	3.00%	3.00%	3.00%

### Expected Payout:

Year	31st March, 2020	31st March, 2019
	PVO Payout	PVO Payout
Expected Outgo First	40,010	47,915
Expected Outgo Second	39,252	47,004
Expected Outgo Third	215,396	46,111
Expected Outgo Fourth	26,595	266,399
Expected Outgo Fifth	26,104	30,302
Expected Outgo Sixth to Tenth Years	246,901	143,120

### Sensitivity analysis for significant assumptions is as shown below

Particulars	31st March, 2020	31st March, 2019
Impact of increase in 100 bps on discount rate	530,395	602,432
Impact of decrease in 100 bps on discount rate	598,164	679,485
Impact of increase in 100 bps on salary escalation rate	597,897	679,394
Impact of decrease in 100 bps on salary escalation rate	530,162	601,992

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 38

#### Contingent liabilities and commitments

##### (a) Contingent liabilities not provided for in respect of

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
Disputed claims against the Company not acknowledged as debts			
Tax Demand in respect of			
Income tax for Assessment Year 2011-12	-	-	546,710
Income tax for Assessment Year 2012-13	-	-	2,358,110
<b>Total</b>	-	-	2,904,820

##### (b) Capital and other commitments

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))	-	-	-
(ii) Other commitments – towards partially disbursed/un-encashed loans			
Guarantees issued by the company for acquiring office premises.	-	-	40,600,000
Counter Guarantees issued by Transwarranty Finance Limited to bankers on behalf of its subsidiary Vertex Securities Limited for margin requirements	80,000,000	80,000,000	50,000,000
Counter Guarantees issued by Transwarranty Finance Limited to bankers on behalf of its subsidiary Vertex Securities Limited for OD Facilities	35,000,000	50,000,000	50,000,000

##### (C) Lease commitments

The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 22 months and are renewable as may be mutually decided. These are generally cancellable lease. Lease payments recognized in the Statement of Profit and Loss as 'Rent' under Note No. 32 is ₹ 38,89,821/- (P.Y. ₹ 38,41,328/-). Future minimum lease rent payable are as follows:

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
Minimum lease obligations:			
Not later than one year	3,928,877	3,728,325	2,215,725
Later than one year but not later than five years	272,497	132,000	113,478
Later than five years		-	-

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020****NOTE 39****Related Parties Disclosure**

**39.1 Names of Related Parties & Nature of Relationship with whom the company have transaction during the year, as required by the Ind As 24 "Related Party Disclosures" and Companies Act, 2013.**

Sr.No.	Name of Related Party	Relationship
1	Vertex Securities Limited (VSL)	Subsidiary
2	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Subsidiary
3	Transwarranty Capital Market Services Private Limited (TCMSPL)	Subsidiary
4	Welworth Sales & Services Pvt. Ltd. (WSSPL)	Common Controlled Entity
5	Mr. Kumar Nair (Managing Director)	Key Management Personnel
6	Mr. Ramachandran Unnikrishnan ( Director & Chief Financial Officer )	Key Management Personnel
7	Mrs. Leena Nair (Wife of Mr. Kumar Nair)	Relative of Key Management Personnel
8	Mrs. Jyoti Ramachandran (Wife of Mr. Ramachandran Unnikrishnan)	Relative of Key Management Personnel
9	Mr. Rajendran U. (Brother of Mr.Ramachandran Unnikrishnan)	Relative of Key Management Personnel

**39.2 Transactions with Related Parties**

Name of Related Party and Nature of relationship	Nature of Transaction	2020	2019
		Transactional Value (Rs)	Transactional Value (Rs)
<b>A) Subsidiary</b>			
1 Vertex Securities Limited (VSL)	Inter corporate deposit given	67,276,910	50,200,000
	Inter corporate deposit received	52,851,369	64,625,541
	Share Trading Debit	2,451,420	4,966,556
	Share Trading Credit	2,456,850	4,277,906
	Current account debit	5,800	400
	Current account Credit	22,827	62,092
	Interest paid on ICD	1,907,378	1,100,870
	Brokerage and Other Charges Paid on Share Trading	-	50,290
	Personal Loan Incentive Paid	75,910	22,275
	2 Transwarranty Capital Market Services Private Limited (TCMSPL)	Inter corporate deposit given	32,780
Current account debit		-	600
<b>B) Common Controlled Entity</b>			
1 Welworth Sales & Services Pvt. Ltd. (WSSPL)	Inter corporate deposit given	10,200	18,800

### Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

<b>C) Key Management Personnel</b>				
1	Kumar Nair	Salary and Other Allowances	2,400,008	2,400,008
		Rent Paid	1,800,000	1,800,000
		Loan Received	100,000	640,000
		Loan Paid	250,000	1,290,000
		Interest paid	1,862,284	1,898,839
2	Mr. Ramachandran Unnikrishnan ( Director & Chief Financial Officer )	Professional Charges Paid	-	100,000
3	Mrs. Leena Nair (Wife of Mr. Kumar Nair)	Rent Paid	1,800,000	1,800,000
4	Mrs. Jyoti Ramachandran (Wife of Mr. Ramachandran Unnikrishnan)	Investment in Non Convertible Debentures	-	1,000,000
		Interest paid on Non Convertible Debentures	120,000	5,918
5	Mr. Rajendran U. (Brother of Mr. Ramachandran Unnikrishnan)	Investment in Non Convertible Debentures	700,000	200,000
		Interest paid on Non Convertible Debentures	65,766	6,843

#### 39.3 Balances as at the end of the year:

Name of Related Party and Nature of relationship		Nature of Transaction	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
<b>Receivables</b>					
<b>A)</b>	<b>Subsidiary</b>				
	Transwarranty Capital Market Services Private Limited (TCMSPL)	Inter corporate deposit	210,980	178,200	7,000
		Current account debit	9,300	9,300	8,700
<b>B)</b>	<b>Common Controlled Entity</b>				
	Welworth Sales & Services Pvt. Ltd. (WSSPL)	Inter corporate deposit	41,500	31,300	12,500
<b>C) Key Management Personnel</b>					
	Kumar Nair	Loan account	-	-	13,160,900
<b>Payables</b>					
<b>A)</b>	<b>Subsidiary</b>				
	Vertex Securities Limited (VSL)	Inter corporate deposit	-	14,425,541	-
		Current account	351,577	334,550	272,098
		Share trading account	307,448	302,018	411,096
		Interest payable	12,639,408	10,922,768	-
<b>B)</b>	<b>Key Management Personnel</b>				
	Kumar Nair	Loan account	12,360,900	12,510,900	-
		Interest payable	254,537	141,279	-





## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 40

#### Capital

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/non-convertible debentures or combination of short term /long term debt as may be appropriate.

### NOTE 41

#### Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

### NOTE 42

#### Fair values

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.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, investments in equity instruments designated at FVOCI, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

#### Fair value hierarchy

The Company determines fair values of its financial instruments according to the following 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. Equity investments designated under FVOCI has been valued using discounted cash flow method.

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Quantitative disclosures of fair value measurement hierarchy for assets as at 31<sup>st</sup> March 2020

Particulars	FVTPL	FVOCI	Carrying Value	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial Asset</b>							
Cash and cash equivalents			3,402,393	-	-	-	-
Bank balances other than cash and cash equivalents			24,859	-	-	-	-
Trade receivables			54,706,059	-	-	-	-
Loans			18,095,528	-	-	-	-
Investments	157,907	6,603,908	146,041,584	157,907	-	6,603,908	6,761,815
Other financial assets			80,373,716	-	-	-	-
<b>Total</b>	<b>157,907</b>	<b>6,603,908</b>	<b>302,644,138</b>	<b>157,907</b>	<b>-</b>	<b>6,603,908</b>	<b>6,761,815</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	523,579	-	-	-	-
Other payables	-	-	2,924,965	-	-	-	-
Debt Securities	-	-	22,284,135	-	-	-	-
Borrowings (other than debt securities)	-	-	170,262,735	-	-	-	-
Other financial liabilities	-	-	31,334,092	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>227,329,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Quantitative disclosures of fair value measurement hierarchy for assets as at 31<sup>st</sup> March 2019

Particulars	FVTPL	FVOCI	Carrying Value	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial Asset</b>							
Cash and cash equivalents	-	-	9,320,006	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	24,859	-	-	-	-
Trade receivables	-	-	54,719,419	-	-	-	-
Loans	-	-	25,460,868	-	-	-	-
Investments	68,122	6,563,669	146,041,584	68,122	-	6,563,669	6,631,791
Other financial assets	-	-	79,342,912	-	-	-	-
<b>Total</b>	<b>68,122</b>	<b>6,563,669</b>	<b>314,909,646</b>	<b>68,122</b>	<b>-</b>	<b>6,563,669</b>	<b>6,631,791</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	485,029	-	-	-	-
Other payables	-	-	2,513,310	-	-	-	-
Debt Securities	-	-	9,620,236	-	-	-	-
Borrowings (other than debt securities)	-	-	167,569,159	-	-	-	-
Other financial liabilities	-	-	20,404,683	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>200,592,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Quantitative disclosures of fair value measurement hierarchy for assets as at 01<sup>st</sup> April 2018

Particulars	FVTPL	FVOCI	Carrying Value	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial Asset</b>							
Cash and cash equivalents	-	-	1,462,039	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	25,624	-	-	-	-
Trade receivables	-	-	22,305,068	-	-	-	-
Loans	-	-	5,445,270	-	-	-	-
Investments	73,885	6,563,669	146,041,584	73,885	-	6,563,669	6,637,554
Other financial assets	-	-	80,427,020	-	-	-	-
<b>Total</b>	<b>73,885</b>	<b>6,563,669</b>	<b>255,706,605</b>	<b>73,885</b>	<b>-</b>	<b>6,563,669</b>	<b>6,637,554</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	485,029	-	-	-	-
Other payables	-	-	3,993,491	-	-	-	-
Debt Securities	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	-	123,350,841	-	-	-	-
Other financial liabilities	-	-	15,215,598	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>143,044,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 43

#### Risk management

##### Liquidity and funding risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

Particulars	As at 31 March 2020			As at 31 March 2019			As at 01st April 2018		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Assets</b>									
<b>Financial assets</b>									
Cash and cash equivalents	3,402,393		3,402,393	9,320,006		9,320,006	1,462,039		1,462,039
Bank balances other than cash and cash equivalents		24,859	24,859		24,859	24,859		25,624	25,624
Trade receivables	54,706,059		54,706,059	54,719,419		54,719,419	22,305,068		22,305,068
Loans	18,095,528		18,095,528	25,460,868		25,460,868	5,445,270		5,445,270
Other financial assets	4,176,660	76,197,056	80,373,716	3,192,956	76,149,955	79,342,911	4,272,370	76,154,650	80,427,020
<b>Non-financial assets</b>									
Inventories	723,039		723,039	723,039		723,039	1,761,390		1,761,390
Current tax assets (net)	6,483,940		6,483,940	8,384,879		8,384,879	5,970,035		5,970,035
Deferred tax assets (net)		20,813,361	20,813,361		19,470,291	19,470,291		18,904,362	18,904,362
Property, plant and equipment		85,463,816	85,463,816		87,918,981	87,918,981		90,198,283	90,198,283
Goodwill		400,000	400,000		400,000	400,000		400,000	400,000
Other intangible assets		183,926	183,926		92,356	92,356		144,509	144,509
Other non-financial assets	1,714,121	40,775,000	42,489,121	3,076,167	40,775,000	43,851,167	3,705,701	40,775,000	44,480,701
<b>Total</b>	<b>89,301,740</b>	<b>223,858,018</b>	<b>312,036,719</b>	<b>104,877,333</b>	<b>224,831,442</b>	<b>328,985,736</b>	<b>44,921,873</b>	<b>226,602,427</b>	<b>269,362,910</b>
<b>LIABILITIES</b>									
<b>Financial liabilities</b>									
Trade payables	523,579		523,579	485,029		485,029	485,029		485,029
Other payables	2,924,965		2,924,965	2,513,310		2,513,310	3,993,491		3,993,491
Debt securities	7,400,000	15,300,000	22,700,000	2,600,000	3,800,000	6,400,000	-	-	-
Borrowings (other than debt securities)	70,751,835	99,510,900	170,262,735	60,482,718	107,086,441	167,569,159	4,782,306	102,810,900	107,593,206
Other financial liabilities	31,309,233	24,859	31,334,092	20,379,824	24,859	20,404,683	15,189,974	25,624	15,215,598
<b>Non-financial liabilities</b>									
Provisions	798,011		798,011	671,258		671,258	676,142		676,142
Other non-financial liabilities	1,202,231	2,800,000	4,002,231	1,184,373	2,800,000	3,984,373	1,593,524	3,066,102	4,659,626
<b>Total</b>	<b>114,909,854</b>	<b>117,635,759</b>	<b>232,545,613</b>	<b>88,316,513</b>	<b>113,711,300</b>	<b>202,027,813</b>	<b>26,720,466</b>	<b>105,902,626</b>	<b>132,623,092</b>



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Market risk

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

### Interest rate risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day to- day operations. Further, certain interest bearing liabilities carry variable interest rates

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

### Average Exposure to interest rate risk

Particulars	As at 31 March 2020	As at 31 March 2019
Floating rate borrowings	60,017,484	18,100,148
<b>Total Borrowings</b>	<b>60,017,484</b>	<b>18,100,148</b>

### A change of 50bps in interest rates would have following impact on profit before tax

Particulars	As at 31 March 2020	As at 31 March 2019
Interest rates - increase by 50 basis point (50 bps)	(300,087)	(90,501)
Interest rates - decrease by 50 basis point (50 bps)	300,087	90,501

### Credit risk

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial/ contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of counterparties. Inadequate collateral may also lead to financial losses in the event of default. The company has adopted a policy of dealing with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented in the financial statements.

Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis. The Company's major classes of financial assets are cash and cash equivalents, loans, term deposits, trade receivables and security deposits. The nature of loan products across broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk. The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers

### Impairment Assessment

The Company is mainly engaged in the business of providing gold loans, consumer loans and unsecured personal loans to salaries individuals, traders and self-employed. The tenure of the personal loans generally ranges from 9 months to 18 months.

### Classification of financial assets under various stages

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes more than 180 days past due on its contractual payments

It is company's policy to assess loss allowance calculations ( ECL ) in all cases where borrower becomes 90 days past due on its contractual payment. The Company classifies its financial assets other than trade receivables in three stages having the following characteristics:

**The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:**

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3
<b>Days past due (DPD)</b>	<b>0 - 1 year</b>	<b>1-3 year</b>	<b>3 year or more</b>
<b>Trade receivables</b>			
Gross Carrying Value	42,031,059	25,350,000	-
Allowance for ECL	-	12,675,000	-
ECL Coverage ratio	-	50	-

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3
<b>Days past due (DPD)</b>	<b>0 - 1 year</b>	<b>1-3 year</b>	<b>3 year or more</b>
<b>Trade receivables</b>			
Gross Carrying Value	42,044,419	25,350,000	-
Allowance for ECL	-	12,675,000	-
ECL Coverage ratio	-	50	-

As at 01st April 2018

Particulars	Stage 1	Stage 2	Stage 3
<b>Days past due (DPD)</b>	<b>0 - 1 year</b>	<b>1-3 year</b>	<b>3 year or more</b>
<b>Trade receivables</b>			
Gross Carrying Value	9,630,068	25,350,000	-
Allowance for ECL	-	12,675,000	-
ECL Coverage ratio	-	50	-

### NOTE 44

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

Particulars	01st April 2019	Cash Flows	Changes in fair value	Others	31st March 2020
Debt Securities	9,620,236	12,663,899			22,284,135
Borrowings other than debt securities	167,569,159	2,693,577			170,262,735
<b>Total liabilities from financing activities</b>	<b>177,189,394</b>	<b>15,357,476</b>	-	-	<b>192,546,870</b>

Particulars	01st April 2018	Cash Flows	Changes in fair value	Others	31st March 2019
Debt Securities	-	9,620,236			9,620,236
Borrowings other than debt securities	123,350,841	44,218,318			167,569,159
<b>Total liabilities from financing activities</b>	<b>123,350,841</b>	<b>53,838,554</b>	-	-	<b>177,189,394</b>



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### NOTE 45

#### First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative period ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 1 April 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2018 and the financial statements as at end for the year ended 31 March 2019.

For periods ended up to the year ended 31 March 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

#### Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

#### (A) Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

##### (i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

##### (ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

##### (iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

##### (iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

#### Optional exemptions availed

##### (i) Investment in subsidiary

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to measure its investment in subsidiary as per previous GAAP carrying value.

##### (ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Company has elected to apply this exemption for such contracts/arrangements.

##### (iii) Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

### NOTE 46

Pursuant to approval of the Members at the Annual General Meeting held on 27<sup>th</sup> September, 2019, the Company adopted the "Employees Stock Option Plan 2019" ('ESOP 2019). As per the said plan, the Company granted 24,99,728 equity shares of ₹ 10 each on 10<sup>th</sup> December 2019.

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### (B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS.

#### Reconciliation of equity as at date of transition 1st April 2018 and as at 31st March 2019

Particulars	Explanatory Note No.	As at 31st March, 2019			As at 01st April, 2018		
		Previous IGAAP	Adjustments	Ind AS	Previous IGAAP	Adjustments	Ind AS
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash and cash equivalents		9,320,006		9,320,006	1,462,039		1,462,039
Bank Balance other than cash and cash equivalents		24,859		24,859	25,624		25,624
Receivables							
Trade Receivables	1	67,394,419	(12,675,000)	54,719,419	34,980,068	(12,675,000)	22,305,068
Loans	2 (a) & (b)	84,637,222	(59,176,355)	25,460,868	64,564,693	(59,119,423)	5,445,270
Investments	3	152,240,706	432,669	152,673,375	152,246,469	432,669	152,679,138
Other Financial assets	4	79,426,303	(83,391)	79,342,912	80,510,164	(83,144)	80,427,020
		<b>393,043,514</b>	<b>(71,502,076)</b>	<b>321,541,437</b>	<b>333,789,056</b>	<b>(71,444,898)</b>	<b>262,344,158</b>
<b>Non-financial Assets</b>							
Inventories		723,039		723,039	1,761,390		1,761,390
Current tax assets (Net)		8,384,879		8,384,879	5,970,035		5,970,035
Deferred tax Assets (Net)	8	948,515	18,521,776	19,470,291	346,353	18,558,008	18,904,362
Property, Plant and Equipment		87,918,981		87,918,981	90,198,283		90,198,283
Goodwill		400,000		400,000	400,000		400,000
Other Intangible assets		92,356		92,356	144,509		144,509
Other non-financial assets		43,851,167		43,851,167	44,480,701		44,480,701
		<b>142,318,937</b>	<b>18,521,776</b>	<b>160,840,713</b>	<b>143,301,270</b>	<b>18,558,008</b>	<b>161,859,278</b>
<b>Total Assets</b>		<b>535,362,451</b>	<b>(52,980,301)</b>	<b>482,382,151</b>	<b>477,090,326</b>	<b>(52,886,890)</b>	<b>424,203,437</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>Financial Liabilities</b>							
Payables							
Trade Payables							
(i) total outstanding dues of micro enterprises and small enterprises		-		-	-		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		485,029		485,029	485,029		485,029
(II) Other Payables							





**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020**

(i) total outstanding dues of micro enterprises and small enterprises		-		-	-		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,513,310		2,513,310	3,993,491		3,993,491
Debt Securities	5	9,800,000	(179,764)	9,620,236	-		-
Borrowings (Other than Debt Securities)	2(b)	167,569,159	-	167,569,159	123,404,022	(53,181)	123,350,841
Other financial liabilities	6	20,432,611	(27,928)	20,404,683	15,230,359	(14,761)	15,215,598
		<b>200,800,109</b>	<b>(207,693)</b>	<b>200,592,417</b>	<b>143,112,901</b>	<b>(67,943)</b>	<b>143,044,958</b>
<b>Non-Financial Liabilities</b>							
Provisions		671,258		671,258	676,142		676,142
Other non-financial liabilities		3,984,373		3,984,373	4,659,626		4,659,626
		<b>4,655,631</b>	<b>-</b>	<b>4,655,631</b>	<b>5,335,768</b>	<b>-</b>	<b>5,335,768</b>
<b>EQUITY</b>							
Equity Share capital		244,605,680		244,605,680	244,605,680		244,605,680
Other Equity		85,301,031	(52,772,608)	32,528,423	84,035,977	(52,818,947)	31,217,030
		<b>329,906,711</b>	<b>(52,772,608)</b>	<b>277,134,103</b>	<b>328,641,657</b>	<b>(52,818,947)</b>	<b>275,822,710</b>
<b>Total Liabilities and Equity</b>		<b>535,362,451</b>	<b>(52,980,301)</b>	<b>482,382,151</b>	<b>477,090,326</b>	<b>(52,886,890)</b>	<b>424,203,437</b>

**Reconciliation of equity as at 01st April, 2018 summarised in below table**

Particulars	1st April, 2018
<b>Equity as reported under previous GAAP</b>	<b>84,035,977</b>
Adjustments:-	
Impairment Loss on Loan given based on ECL method	(59,202,567)
Fair Valuation on investment	432,669
Impairment Loss on Trade Receivable based on ECL method	(12,675,000)
Amortisation of Finance Income and Rent Expense	14,761
Impact of EIR based amortisation of loan taken	53,181
	<b>12,659,022</b>
Add: Deferred tax adjustment	18,558,008
<b>Equity as per Ind AS</b>	<b>31,217,030</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Reconciliation of total comprehensive income for the year ended 31st March 2020

Particulars	Explanatory Note no.	As at 31st March, 2019		
		Previous IGAAP	Adjustments	Ind AS
<b>Revenue from operations</b>				
Interest Income	4	3,328,895	3,951	3,332,846
Fees and commission Income	2(b)	4,681,223	(170,282)	4,510,941
Sale of Stock		57,141,563	-	57,141,563
Corporate Finance		1,000,000	-	1,000,000
Investment Banking		40,131,000	-	40,131,000
<b>Total Revenue from operations</b>		<b>106,282,681</b>	<b>(166,331)</b>	<b>106,116,350</b>
Other Income	6	2,185,643	89,166	2,274,809
<b>Total Income</b>		<b>108,468,324</b>	<b>(77,165)</b>	<b>108,391,159</b>
<b>Expenses</b>				
Finance Costs	6	18,624,672	160,566	18,785,238
Purchases of Stock-in-trade		57,153,377	-	57,153,377
Employee Benefits Expenses	7	15,313,203	(267,936)	15,045,267
Depreciation, amortization and impairment		2,449,254	-	2,449,254
Others expenses	4	13,329,071	(109,152)	13,219,918
<b>Total Expenses</b>		<b>106,869,575</b>	<b>(216,522)</b>	<b>106,653,053</b>
Profit / (loss) before exceptional items and tax (III-IV)		1,598,749	139,357	1,738,106
Exceptional items		-	-	-
<b>Profit/(loss) before tax</b>		<b>1,598,749</b>	<b>139,357</b>	<b>1,738,106</b>
<b>Tax Expense:</b>				
Current Tax		930,000	-	930,000
Deferred Tax	8	(602,162)	36,233	(565,929)
<b>Profit / (loss) for the period from continuing operations</b>		<b>1,270,911</b>	<b>103,124</b>	<b>1,374,035</b>
Profit/(loss) from discontinued operations		-	-	-
Tax Expense of discontinued operations		-	-	-
Profit/(loss) from discontinued operations (After tax)		-	-	-
<b>Profit/(loss) for the period</b>		<b>1,270,911</b>	<b>103,124</b>	<b>1,374,035</b>
<b>Other Comprehensive Income</b>				
(i) Items that will not be reclassified to profit or loss		-	-	-
Fair valuation on Equity instrument		(5,857)	-	(5,857)
Remeasurement of the net defined benefit obligation gain / (loss)		-	(56,785)	(56,785)
<b>Subtotal (A)</b>		<b>(5,857)</b>	<b>(56,785)</b>	<b>(62,642)</b>
(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		-	-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income</b>		<b>(5,857)</b>	<b>(56,785)</b>	<b>(62,642)</b>
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>		<b>1,265,054</b>	<b>46,339</b>	<b>1,311,393</b>



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Explanatory Note:

#### 1 Trade Receivable

Under Indian GAAP, Company has recognised specific amount towards impairment of Trade receivables on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). Accordingly, additional allowance for impairment amounting to ₹ 126.75 Lakhs has been recognised with the corresponding adjustment to retained earnings as at 1 April 2018 i.e transition date and ₹ 126.75 Lakhs as of 31 March 2019, which has decreased the retained earnings.

#### 2 Loan

##### a) Impairment Allowance

Under Indian GAAP, Company has recognised specific amount towards impairment of Loans on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). Accordingly, additional allowance for impairment amounting to ₹ 591.76 Lakhs has been recognised with the corresponding adjustment to retained earnings as at 1 April 2018 i.e transition date which has decreased the retained earnings.

##### b) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2019.

#### 3 Investment

Under previous GAAP, non- current investments in quoted/unquoted equity instruments and equity mutual funds were recorded at cost. Under Ind AS, such investments are required to be valued at fair value. The company has classified these instruments as fair value through other comprehensive income (not be reclassified to profit and loss account subsequently on disposal/sale) and adjusted the amounts as on transition date.

#### 4 Other Financial Assets

Interest free security deposit paid for rent of property have been accounted at present value, accordingly interest income and rental expense has increased.

#### 5 Debt Instrument

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in statement of Profit and Loss account over the tenure of the borrowings as part of the interest expenses by applying the Effective Interest rate method. Under Indian GAAP these transaction costs were charged to the statement of profit and loss in the year in which incurred. Accordingly these transaction costs have been reclassified/netted off against borrowings as at each balance sheet date.

#### 6 Other Financial Liabilities

Interest free security deposit taken for rent of property have been accounted at present value, accordingly interest expense and rental income has increased.

#### 7 Re-measurements of post employee benefit obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in Other comprehensive income instead of statement of Profit and Loss. Under Indian GAAP, these re-measurements were forming part of the profit or loss for the year. There is no impact on the other equity as at April 1, 2018.

#### 8 Deferred Tax

Deferred Tax has been recognized on the adjustments made on transition to Ind AS.

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**TRANSWARRANTY FINANCE LIMITED**

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

#### **Opinion**

We have audited the accompanying consolidated financial statements of Transwarranty Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2020, its consolidated losses, its consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit 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 Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How our audit addressed the key audit matter
<b>Transition to Indian Accounting Standards (Ind AS) accounting framework</b> (Refer Note No. 39 to the consolidated financial statements)	
<p>The Group adopted Ind AS effective from 01 April, 2019 (Transition date being 01 April, 2018) and accordingly, the consolidated financial statements for the year ended 31 March, 2020 have been prepared in accordance with Ind AS notified under section 133 of the Companies Act, 2013. For period up to and including the year ended 31 March 2019, the Group prepared its consolidated financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or Previous GAAP). Accordingly, for transition to Ind AS, the Group has prepared consolidated financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at 01 April 2018, the Group's date of transition to Ind AS.</p> <p>The transition has involved significant change in the Group's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting.</p> <p>In view of the material impact and the complexity of implementation of Ind AS framework and significance of the various disclosure, the transition to Ind AS was of particular importance for our audit as any error could lead to material misstatement in the preparation and presentation of the consolidated financial statements.</p>	<p>Our audit procedures included considering the process laid down by the management to implement such transition combined with procedures performed as follows:</p> <ul style="list-style-type: none"><li>● We obtained management's assessment of applicability of various accounting standards under Ind AS and their impact on the Group's consolidated financial statements and reviewed the nature of the Ind AS adjustments based on the applicable Ind AS and previous period accounting policies prepared in accordance with Indian GAAP.</li><li>● We tested the exemptions taken by the Company for first time adoption of Ind AS in preparation of the consolidated financial statement.</li><li>● We tested the details of Ind AS adjustments carried out by the Group as described in the reconciliation of equity as at the transition date and comparative year end date reported under erstwhile Indian GAAP to Ind AS and reconciliation of the Statement of Profit and Loss for the comparative year end date reported under erstwhile Indian GAAP to Ind AS.</li><li>● Performed test of details by inspection of contracts, documents and policies to assess the appropriateness of the Ind AS adjustments.</li><li>● We assessed the disclosures with respect to the transition in accordance with the requirements of Ind AS 101 and other applicable disclosures in the consolidated financial statement in accordance with the requirements of relevant Ind AS.</li></ul>

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Impairment of financial assets as at balance sheet date (expected credit losses)</b> (Refer Note No. 5 &amp; 6 to the consolidated financial statements)</p>	
<p>Ind AS 109 requires the Group to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Group's loans and advances.</p> <p>In the process, a significant degree of judgment has been applied by the Management for:</p> <ul style="list-style-type: none"> <li>● Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories];</li> <li>● Grouping of borrowers based on homogeneity by using appropriate statistical techniques;</li> <li>● Estimation of behavioral life;</li> <li>● Determining macro-economic factors impacting credit quality of receivables;</li> <li>● Estimation of losses for loan products with no/minimal historical defaults</li> </ul> <p>In view of the high degree of Management's judgment involved in estimation of ECL it is a key audit matter.</p>	<ul style="list-style-type: none"> <li>● Read and assessed the Group's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>● Read and assessed the Group's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.</li> <li>● Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</li> <li>● Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.</li> <li>● Assessed the additional considerations applied by the Management for staging of loans as SICR or default categories in view of Group's policy on moratorium.</li> <li>● Tested the ECL model, including assumptions and underlying computation. Assessed the floor/minimum rates of provisioning applied by the Group for loan products with inadequate historical defaults.</li> <li>● Tested assumptions used by the Management in determining the overlay for macro-economic factors.</li> </ul>



### **Emphasis of Matter**

We draw attention to Note No. 5 & 6 to the consolidated financial statements wherein the Group has provided for impairment losses of ₹ 4,20,40,400/- on trade receivables and ₹ 6,44,58,316/- on loans given as on 31st March 2020. Our opinion is not modified in respect of this matter.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of the consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence

that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for





the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiaries, incorporated in India, none of the directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Holding Company and its subsidiaries to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule

11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note No. 37 to the consolidated financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

**For S S KHAN & CO**  
Chartered Accountant  
(FRN: 133324W)

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: 29 July 2020  
UDIN: 20144212AAAABT2084

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date.)

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

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of Transwarranty Finance Limited ("the Holding Company") and its subsidiary companies incorporated in India, as of that date.

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

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

#### Auditors' Responsibility

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

financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial



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

### **Opinion**

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2020. However, the Company is in the process of establishing the internal control over financial reporting

criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S S KHAN & CO**  
Chartered Accountant  
(FRN: 133324W)

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: 29 July 2020  
UDIN: 20144212AAAABT2084

### Consolidated Balance sheet as at 31<sup>st</sup> March, 2020

Particulars	Note No.	As At 31st March 2020	As At 31st March 2019	As At 1st April 2018
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3	38,161,259	23,722,583	16,275,963
Bank Balances other than cash and cash equivalents	4	25,424,859	33,712,359	31,025,624
Receivables				
Trade Receivables	5	64,017,744	129,098,675	94,320,151
Loans	6	105,054,407	105,628,950	95,097,676
Investments	7	6,984,865	6,844,804	6,850,567
Other Financial assets	8	130,179,889	130,319,502	131,416,251
		<b>369,823,023</b>	<b>429,326,873</b>	<b>374,986,232</b>
<b>Non-financial Assets</b>				
Inventories	9	723,039	723,039	1,761,390
Current tax assets (net)	10	11,033,193	11,793,829	8,734,441
Deferred tax Assets (Net)	11	21,326,644	19,983,574	19,504,968
Property, Plant and Equipment	12	94,143,698	93,870,616	96,646,588
Goodwill on consolidation		68,041,472	68,041,472	68,041,472
Other Intangible assets	12	6,323,165	1,028,754	1,418,159
Other non-financial assets	13	47,289,121	53,003,203	50,921,729
		<b>248,880,331</b>	<b>248,444,487</b>	<b>247,028,747</b>
<b>Total Assets</b>		<b>618,703,354</b>	<b>677,771,360</b>	<b>622,014,980</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial Liabilities</b>				
Payables				
(I) Trade Payables	14			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		112,559,616	128,060,531	119,820,355
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,026,780	3,034,670	4,797,075
Debt Securities	15	22,284,135	9,620,236	-



Borrowings (Other than Debt Securities)	16	202,855,915	183,990,218	154,315,023
Other financial liabilities	17	27,692,185	21,734,619	14,884,291
		<b>368,418,631</b>	<b>346,440,274</b>	<b>293,816,745</b>
<b>Non-Financial Liabilities</b>				
Provisions	18	1,735,209	1,423,827	1,169,656
Other non-financial liabilities	19	11,023,284	5,764,034	7,459,291
		<b>12,758,493</b>	<b>7,187,861</b>	<b>8,628,947</b>
<b>EQUITY</b>				
Equity Share capital	20	244,605,680	244,605,680	244,605,680
Other Equity	21	(48,172,253)	18,112,391	15,076,989
<b>Total equity attributable to shareholders</b>		<b>196,433,427</b>	<b>262,718,071</b>	<b>259,682,669</b>
<b>Non Controlling interest</b>		<b>41,092,803</b>	<b>61,425,154</b>	<b>59,886,619</b>
<b>Total</b>		<b>237,526,230</b>	<b>324,143,225</b>	<b>319,569,288</b>
<b>Total Liabilities and Equity</b>		<b>618,703,354</b>	<b>677,771,360</b>	<b>622,014,980</b>

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co**

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration No.133324W

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

## Consolidated Statement of Profit and Loss Account for the year ended 31<sup>st</sup> March, 2020

Particulars	Note No.	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Revenue from operations</b>			
Interest Income	22	10,039,021	6,119,591
Fees and commission Income	23	55,442,242	65,030,493
Sale of Stock	24	-	57,141,563
Corporate Finance	25	500,000	1,000,000
Investment Banking	26	-	40,131,000
<b>Total Revenue from operations</b>		<b>65,981,263</b>	<b>169,422,647</b>
Other Income	27	15,141,383	17,429,486
<b>Total Income</b>		<b>81,122,646</b>	<b>186,852,133</b>
<b>Expenses</b>			
Finance Costs	28	26,627,902	22,854,235
Purchases of Stock-in-trade	29	-	57,153,377
Employee Benefits Expenses	30	41,961,592	39,854,147
Depreciation, amortization and impairment	31	6,563,822	4,486,574
Others expenses	32	93,134,199	57,563,007
<b>Total Expenses</b>		<b>168,287,515</b>	<b>181,911,339</b>
Profit / (loss) before exceptional items and tax		(87,164,869)	4,940,794
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		<b>(87,164,869)</b>	<b>4,940,794</b>
<b>Tax Expense:</b>			
Current Tax		-	930,000
Deferred Tax		(1,343,070)	(478,606)
<b>Profit/(loss) for the period</b>		<b>(85,821,799)</b>	<b>4,489,400</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss (specify items and amounts)		-	-
a) Fair valuation on Equity instrument		37,263	(5,857)
b) Remeasurement of the net defined benefit obligation gain / (loss)		(832,459)	90,390
<b>Other Comprehensive Income</b>		<b>(795,196)</b>	<b>84,533</b>
<b>Total Comprehensive Income for the period</b>		<b>(86,616,995)</b>	<b>4,573,933</b>
Minority interest		(20,332,242)	1,538,532
Profit attributable to Equity shareholders		(66,284,753)	3,035,401
<b>Net Profit attributable to :</b>			
Owners of equity		(65,850,128)	3,019,986
Non-controlling interest		(19,971,671)	1,469,414



<b>Other Comprehensive Income attributable to:</b>			
Owners of equity		(434,624)	15,415
Non-controlling interest		(360,571)	69,118
<b>Total Comprehensive Income attributable to:</b>			
Owners of equity		(66,284,753)	3,035,401
Non-controlling interest		(20,332,242)	1,538,532
<b>Earnings per equity share</b>	<b>33</b>		
Basic (₹ )		(2.69)	0.12
Diluted (₹ )		(2.69)	0.12

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co**

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration No.133324W

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

Particulars		For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>I.</b>	<b>Cash Flows from Operating Activities:</b>		
	Net Profit Before Tax and Extraordinary Items	(87,164,869)	4,940,794
	<u>Adjustments for:</u>		
	Reversal of Rent Expense on lease liability	(1,867,399)	-
	Depreciation	6,563,822	4,486,574
	Remeasurement of the net defined benefit obligation gain / (loss)	(832,459)	90,390
	Interest Income	(10,039,021)	(6,119,591)
	Dividend Income	(22,873)	(15,494)
	Interest Expense	26,627,902	22,854,235
	Impairment Allowance	33,753,664	63,307
	Profit on sale of Inventories	-	(16,787)
	<u>Adjustments for Changes in Working Capital:</u>		
	(Increase) / Decrease in Trade and other Receivables	35,715,527	(34,778,525)
	Increase / (Decrease) in Trade & Other Payables	(15,508,805)	6,477,774
	(Increase)/decrease in loans	(3,813,721)	(10,594,581)
	(Increase)/decrease in other financial assets	(7,540,065)	7,398,879
	(Increase)/decrease in Inventories	-	-
	(Increase)/decrease in other non-financial assets	5,714,082	(2,081,474)
	Increase / (Decrease) in other financial Liabilities	6,868,809	3,678,670
	Increase/(decrease) in provisions	311,382	254,171
	Increase / (Decrease) in non- financial Liabilities	197,890	(1,695,256)
	Cash inflow from interest on loans	17,718,698	(182,538)
	Income tax paid (net of refunds)	760,636	(3,989,388)
	<b>Net Cash Flows from Operating Activities</b>	<b>7,443,201</b>	<b>(9,228,841)</b>
<b>II.</b>	<b>Cash Flows from Investing Activities:</b>		
	Dividend Income	22,873	15,494
	(Purchase)/ Sale of Fixed Deposits	8,287,500	(2,686,735)
	Sale of Inventories	-	1,055,138
	Purchase of Investment	(102,798)	(94)
	Purchase of Property Plant and Equipment	(4,997,773)	(1,275,697)
	Purchase of Intangible Asset	(852,373)	(45,500)
	<b>Net Cash Flows from Investing Activities</b>	<b>2,357,429</b>	<b>(2,937,393)</b>
<b>III.</b>	<b>Cash Flows from Financing Activities:</b>		
	Borrowings other than debt securities issued/ (Redeemed) (net)	18,865,697	29,675,195
	Debt securities issued/ (Redeemed) (net)	12,663,899	9,620,236





Finance cost paid	(26,891,549)	(19,682,577)
<b>Net Cash Flows from Financing Activities</b>	<b>4,638,047</b>	<b>19,612,854</b>
<b>Net Increase or (Decrease) in Cash and Cash Equivalent (I + II + III)</b>	<b>14,438,676</b>	<b>7,446,620</b>
- Add: Cash and Cash Equivalents at Beginning of the year (Refer Note)	23,722,583	16,275,963
<b>Cash and Cash Equivalents at End of the Year</b>	<b>38,161,259</b>	<b>23,722,583</b>
<b>Note:</b>		
<b>Cash and Cash Equivalent</b>		
- Cash in Hand	1,626,193	699,011
- Balances with Banks		
- In Current Accounts	36,535,066	23,023,572
<b>Total</b>	<b>38,161,259</b>	<b>23,722,583</b>

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co**

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration No.133324W

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2020

### Statement of Changes in Equity

#### Equity share capital

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
Balance at the beginning of the year	20	244,605,680	244,605,680	244,605,680
Changes in equity share capital during the year		-	-	-
<b>Balance at the end of the year</b>		<b>244,605,680</b>	<b>244,605,680</b>	<b>244,605,680</b>

### Other equity

#### For the year ended 31<sup>st</sup> March 2020

Particulars	Note No.	Retained earnings	Reserve fund as per RBI Act	General reserve	Other Comprehensive Income - fair value on equity instruments	Attributable to owner of equity	Non Controlling Interest	Total
<b>Balance as at 31 March 2019</b>	21	<b>(25,999,479)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>(438,529)</b>	<b>18,112,391</b>	<b>61,425,154</b>	<b>79,537,544</b>
Profit after tax		(65,850,128)	-	-	-	(65,850,128)	(19,971,671)	(85,821,799)
Other comprehensive income - Defined Benefit obligation		(467,174)	-	-	32,550	(434,624)	(360,571)	(795,196)
Change in Non Controlling Interest of Vertex Securities Ltd (a subsidiary)		109	-	-	-	109	(109)	-
		<b>(92,316,672)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>(405,979)</b>	<b>(48,172,253)</b>	<b>41,092,803</b>	<b>(7,079,451)</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>		<b>(92,316,672)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>(405,979)</b>	<b>(48,172,253)</b>	<b>41,092,803</b>	<b>(7,079,451)</b>



**For the year ended 31<sup>st</sup> March 2019**

Particulars	Note No.	Retained earnings	Reserve fund as per RBI Act	General reserve	Other Comprehensive Income - fair value on equity instruments	Attributable to owner of equity	Non Controlling Interest	Total
<b>Balance as at 31 March 2018 (as originally presented)</b>	21	24,505,178	33,886,628	10,410,757	-	68,802,563	60,689,411	129,491,974
Effect of first time adoption of Ind AS		(53,292,905)			(432,669)	(53,725,574)	(802,792)	(54,528,366)
<b>Restated balance as at April 1, 2018</b>		<b>(28,787,727)</b>	<b>33,886,628</b>	<b>10,410,757</b>	<b>(432,669)</b>	<b>15,076,989</b>	<b>59,886,619</b>	<b>74,963,608</b>
Profit after tax		3,019,986				3,019,986	1,469,417	4,489,403
Other comprehensive income - Defined benefit obligation		21,272	-	-	(5,857)	15,415	69,118	84,533
		<b>(25,746,468)</b>	<b>33,886,628</b>	<b>10,410,757</b>	<b>(438,526)</b>	<b>18,112,391</b>	<b>61,425,154</b>	<b>79,537,544</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		(253,011)	253,011	-		-		-
<b>Balance as at 31 March 2019</b>		<b>(25,999,479)</b>	<b>34,139,639</b>	<b>10,410,757</b>	<b>(438,529)</b>	<b>18,112,391</b>	<b>61,425,154</b>	<b>79,537,544</b>

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

For **S.S. Khan & Co**

Chartered Accountants

Firm Registration No.133324W

For and on behalf of Board of Directors

**Sarfraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020****CORPORATE INFORMATION**

Transwarranty Finance Limited ('the Parent Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Parent Company is a full service Financial & Capital Market Services Company, providing a wide range of services to over 1,000 Large, Small and Medium companies and thousands of retail clients all over India, since 1994.

The Parent Company is registered with Reserve Bank of India (RBI) as a Non Banking Finance Company (NBFC) and its shares are listed on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). It is engaged in advisory services like Investment Banking, Corporate Finance, Project Finance, Trade Finance and providing Business & Retail Loans against collateral security of immovable property, liquid assets like shares, other financial assets, gold jewelry etc.

The Parent Company has fast expanding network of branches providing secured, business and retail loans. It is one of the few financial services companies, which is adept at structuring and executing advisory transactions as well as managing fund based business of providing business and retail loans.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Statement of compliance and basis for preparation and presentation of financial statements**

These consolidated financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

The Consolidated financial statements upto and for the year ended 31 March 2019 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP". Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These are the Parent Company's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Parent Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 39.

These consolidated financial statements were approved by the Parent Company's Board of Directors and authorised for issue on 29th July 2020.

**2.2 Functional and presentation currency**

These financial statements are presented in Indian Rupees ('INR' or '₹ ') which is also the Parent Company's functional currency.



## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values:

- i) fair value through other comprehensive income (FVOCI) instruments,
- ii) derivative financial instruments,
- iii) other financial assets held for trading,
- iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

### 2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 2.5 Use of estimates and judgements and Estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### 2.6 Estimation of impairment allowance on financial assets amidst COVID-19 pandemic

Estimates and associated assumptions, especially for determining the impairment allowance for Company's financial assets, are based on historical experience and other emerging factors on account of the pandemic which may also have an effect on the expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used early indicators of moratorium and delayed repayment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit losses on loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 2.7 Principles of consolidation

#### (i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

#### The list of Subsidiaries considered for consolidation, and the Company's holdings therein are as under:

Name of the Entity	Country of Incorporation	Consolidated as	Percentage of Voting Power as at 31st March, 2020	Percentage of Voting Power as at 31st March, 2019
Vertex Securities Limited	India	Subsidiary	53.04%	53.04%
Vertex Commodities & Finpro (P) Limited	India	Subsidiary of Vertex Securities Limited	100%	100%
Transwarranty Capital Market Services Private Limited	India	Subsidiary	100%	100%



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Additional information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries .

31st March, 2020

Name of the Entities	Net Assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	(Total Assets - Total Liabilities)							
	As a % of	Amount	As a % of	Amount	As a % of	Amount	As a % of	Amount
	consolidated	₹	consolidated	₹	consolidated	₹	consolidated	₹
	net assets		net assets		net assets		net assets	
<b>Parent</b>								
Transwarranty Finance Limited	66.55	233,833,410	50.42	(43,273,277)	3.45	(27,416)	49.99	(43,300,693)
<b>Subsidiaries</b>								
Vertex Securities Limited	28.44	99,938,507	39.72	(34,086,878)	94.16	(748,768)	40.22	(34,835,646)
Transwarranty Capital Market Services Private Limited	(0.02)	(86,831)	0.03	(21,998)	-	-	0.03	(21,998)
<b>Subsidiary of Vertex Securities Limited</b>								
Vertex Commodities and Finpro (P) Limited	5.03	17,680,783	9.83	(8,439,646)	2.39	(19,012)	9.77	(8,458,658)
<b>Total</b>	<b>100.00</b>	<b>351,365,869</b>	<b>100.00</b>	<b>(85,821,799)</b>	<b>100.00</b>	<b>(795,196)</b>	<b>100.00</b>	<b>(86,616,995)</b>
Adjustments arising out of consolidation		(113,839,639)		-		-		-
Non-controlling interest		(41,092,803)		19,971,671		360,571		20,332,242
<b>Grand Total</b>		<b>196,433,427</b>		<b>(65,850,128)</b>		<b>(434,624)</b>		<b>(66,284,753)</b>

31<sup>st</sup> March, 2019

Name of the Entities	Net Assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	(Total Assets - Total Liabilities)							
	As a % of	Amount	As a % of	Amount	As a % of	Amount	As a % of	Amount
	consolidated	₹	consolidated	₹	consolidated	₹	consolidated	₹
	net assets		net assets		net assets		net assets	
<b>Parent</b>								
Transwarranty Finance Limited	63.28	277,134,103	30.61	1,374,035	(74.10)	(62,642)	28.67	1,311,393
<b>Subsidiaries</b>								
Vertex Securities Limited	30.77	134,774,153	36.77	1,650,556	174.64	147,625	39.31	1,798,181
Transwarranty Capital Market Services Private Limited	(0.01)	(64,833)	(0.30)	(13,521)	-	-	(0.30)	(13,521)
<b>Subsidiary of Vertex Securities Limited</b>								
Vertex Commodities and Finpro (P) Limited	5.97	26,139,441	32.93	1,478,330	(0.53)	(450)	32.31	1,477,880
<b>Total</b>	<b>100.00</b>	<b>437,982,864</b>	<b>100.00</b>	<b>4,489,400</b>	<b>100.00</b>	<b>84,533</b>	<b>100.00</b>	<b>4,573,933</b>
Adjustments arising out of consolidation		(113,839,639)		-		-		-
Non-controlling interest		(61,425,154)		(1,469,414)		(69,118)		(1,538,532)
<b>Grand Total</b>		<b>262,718,071</b>		<b>3,019,986</b>		<b>15,415</b>		<b>3,035,401</b>

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020**
**2.8 Revenue recognition :****a) Recognition of interest income****Effective Interest Rate (EIR) Method**

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

**Interest Income**

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer creditimpaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**b) Fee and commission income**

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due.

**c) Sale of Stock**

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.





## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

**d) Sale of services**

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

**e) Rent Income**

Lease rental income is recognised in the statement of profit and loss on a straight -line basis over the lease term.

**f) Income from securities**

Gains or losses on the sale of securities are recognised in Statement of profit and loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

**g) Dividend Income**

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

### **2.9 Property, Plant and Equipments (PPE)**

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset 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.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

The estimated useful lives used for computation of depreciation are as follows:

Assets	Useful Life
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 to 10 years
Buildings	60 years

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

### 2.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

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 recognised in the Statement of Profit or Loss when the asset is derecognised.

### 2.11 Investments in subsidiaries and associates

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

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

### 2.12 Foreign exchange transactions and translations

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

#### a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020**

**b) Conversion**

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

**c) Exchange difference**

All exchange differences are accounted in the Statement of Profit and Loss.

**2.13 Financial instruments**

**a) Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

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

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

**Amortised cost -**

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

**FVOCI - debt instruments -**

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

**FVOCI - equity instruments -**

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

### Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

### c) Financial liabilities and equity instruments:

#### Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

#### Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-fortrading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

### e) Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.



## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### **Financial liabilities**

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

#### **f) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **g) Impairment of financial instruments**

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.

#### **Overview of Expected Credit Loss (ECL) model**

For all other financial assets, the Company recognizes lifetime expected credit losses (ECL) based on the months past due when there has been a significant increase in credit risk since initial recognition and when the financial asset is credit impaired. Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which no ECL is recognized. Financial assets where there has been significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognized for stage 2 and stage 3 financial assets

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

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

Financial assets (and the related impairment loss allowances) are written off either partially or in their entirety, when there is no realistic prospect of recovery and the company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

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

No ECL allowance is recognized for stage 1 financial asset as based on company's assessment there is no significant increase in credit risk. The Company has ascertained default possibilities on past behavioral trends and other performance indicators.

#### **Significant increase in credit risk (stage 2)**

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage 90 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

#### **Credit impaired (stage 3)**

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

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Contractual payments of either principal or interest are past due for more than 365 days

The loan is otherwise considered to be in default.

### Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. The Company has calculated ECL using three components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money as necessary.

\* Determination of PD is covered above for each stages of ECL.

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

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

The Company recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that may result from all possible default events over the expected life of a financial assets. (refer note 5 - Trade receivables)

## 2.14 Employee benefits

### a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### b) Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss

### c) Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

### Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.



## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

### d) **Leave encashment / compensated absences / sick leave**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

### e) **Employee shared based payments**

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

## 2.15 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

## 2.16 Taxation - Current and deferred tax

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

### a) **Current tax**

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### b) **Deferred tax**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020****2.17 Impairment of assets other than financial assets**

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cashgenerating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cashgenerating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

**2.18 Provisions**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2.19 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

**Where the Company is the lessee -**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Company as a lessee have been classified as operating leases.





## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

### **Where the Company is the lessor -**

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

### **Measurement of Lease Liability**

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- 1) increased by interest on lease liability;
- 2) reduced by lease payments made; and
- 3) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

### **Measurement of Right-of-use assets**

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company.

## **2.20 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

## **2.21 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020****2.22 Contingent Liabilities and assets**

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 can not be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

**2.23 Cash Flow statement**

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

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '3'

## Cash and Cash Equivalent

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Cash on Hand	1,626,193	699,011	948,183
Balance with Banks			
In Current Account	36,535,066	23,023,572	15,327,781
<b>Total</b>	<b>38,161,259</b>	<b>23,722,583</b>	<b>16,275,963</b>

## NOTE '4'

## Bank balances other than cash and cash equivalents

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Balance with Banks			
In Dividend Account	24,859	24,859	25,624
In Fixed Deposit	25,400,000	33,687,500	31,000,000
<b>Total</b>	<b>25,424,859</b>	<b>33,712,359</b>	<b>31,025,624</b>

\* Fixed Deposit of ₹ 2,44,00,000/- (P.Y. ₹ 32,687,500/-) are pledged against Bank Guarantees and ₹ 1,00,00,000/- (P.Y. ₹ 1,00,00,000/-) are pledged against Trading Guarantee for Exchange.)

## NOTE '5'

## Trade Receivables

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Receivables	49,956,003	116,423,675	81,645,151
Trade Receivables from related parties	-	-	-
Trade receivable which have significant increase in credit risk	29,521,090	25,350,000	25,350,000
Trade receivables - credit impaired	26,581,051	-	-
	<b>106,058,144</b>	<b>141,773,675</b>	<b>106,995,151</b>
Less: Impairment loss allowance	(42,040,400)	(12,675,000)	(12,675,000)
<b>Total</b>	<b>64,017,744</b>	<b>129,098,675</b>	<b>94,320,151</b>

Includes receivables from related party ₹ 4,12,664/- (Previous year ₹ 3,02,018/-).

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '6'

## Loans

Particulars	As at 31st March 2020			As at 31st March 2019			As at 01st April 2018		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
<b>Loans</b>									
Gold Loan	6,115,100		6,115,100	6,115,100		6,115,100	5,030,600		5,030,600
Promissory Note Loan	187,586		187,586	187,586		187,586	187,586		187,586
Property Loans	81,837		81,837	81,837		81,837	81,837		81,837
Loan against Shares	66,077		66,077	105,450		105,450	325,000		325,000
Loan repayable on demand	87,150,000		87,150,000	80,150,000		80,150,000	89,650,000		89,650,000
Loans to Related Parties	292,980		292,980	246,500		246,500	40,200		40,200
Loans to Employee	283,159		283,159	299,766		299,766	51,876		51,876
Personal Loans & Consumer Loans Receivables	16,706,264		16,706,264	18,775,442		18,775,442	-		-
Inter Corporate Deposits	58,629,720		58,629,720	58,850,000		58,850,000	58,850,000		58,850,000
<b>Total (A) - Gross</b>	<b>169,512,723</b>		<b>169,512,723</b>	<b>164,811,681</b>		<b>164,811,681</b>	<b>154,217,099</b>		<b>154,217,099</b>
Less: Impairment loss allowance	64,458,316		64,458,316	59,182,731		59,182,731	59,119,423		59,119,423
<b>Total (A) - Net</b>	<b>105,054,407</b>		<b>105,054,407</b>	<b>105,628,950</b>		<b>105,628,950</b>	<b>95,097,676</b>		<b>95,097,676</b>
<b>(B) Out of above</b>									
<b>(i) Secured</b>	<b>6,450,600</b>		<b>6,450,600</b>	<b>6,489,973</b>		<b>6,489,973</b>	<b>5,625,023</b>		<b>5,625,023</b>
Less: Impairment loss allowance	269,423		269,423	269,423		269,423	269,423		269,423
<b>Total (i)</b>	<b>6,181,177</b>	-	<b>6,181,177</b>	<b>6,220,550</b>	-	<b>6,220,550</b>	<b>5,355,600</b>	-	<b>5,355,600</b>
<b>(ii) Unsecured</b>	<b>163,062,123</b>		<b>163,062,123</b>	<b>158,321,708</b>		<b>158,321,708</b>	<b>148,592,076</b>		<b>148,592,076</b>
Less: Impairment loss allowance	64,188,893		64,188,893	58,913,308		58,913,308	58,850,000		58,850,000
<b>Total (ii)</b>	<b>98,873,230</b>	-	<b>98,873,230</b>	<b>99,408,401</b>	-	<b>99,408,401</b>	<b>89,742,076</b>	-	<b>89,742,076</b>
<b>Total (B) = (i) + (ii)</b>	<b>105,054,407</b>	-	<b>105,054,407</b>	<b>105,628,951</b>	-	<b>105,628,951</b>	<b>95,097,676</b>	-	<b>95,097,676</b>
<b>(C) Out of above</b>									
<b>(I) Loans in India</b>									
(i) Public Sector			-			-			-
Less: Impairment loss allowance			-			-			-
<b>Subtotal (i)</b>			-			-			-
(ii) Others	169,512,723		169,512,723	164,811,681		164,811,681	154,217,099		154,217,099
Less: Impairment loss allowance	64,458,316		64,458,316	59,182,731		59,182,731	59,119,423		59,119,423
<b>Subtotal (ii)</b>	<b>105,054,407</b>	-	<b>105,054,407</b>	<b>105,628,950</b>	-	<b>105,628,950</b>	<b>95,097,676</b>	-	<b>95,097,676</b>
<b>Total (I)</b>	<b>105,054,407</b>	-	<b>105,054,407</b>	<b>105,628,950</b>	-	<b>105,628,950</b>	<b>95,097,676</b>	-	<b>95,097,676</b>
<b>(II) Loans outside India</b>									
Less: Impairment loss allowance			-			-			-
<b>Total (II)</b>			-			-			-
<b>Total C(I) and C(II)</b>	<b>105,054,407</b>	-	<b>105,054,407</b>	<b>105,628,950</b>	-	<b>105,628,950</b>	<b>95,097,676</b>	-	<b>95,097,676</b>

## Summary of loans by stage distribution

Particulars	As at 31 March 2020				As at 31 March 2019				As at 01st April 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	0-90 DPD	90-180 DPD	180 DPD or more		0-90 DPD	90-180 DPD	180 DPD or more		0-90 DPD	90-180 DPD	180 DPD or more	
Gross carrying amount	104,797,866	1,255,482	63,459,375	169,512,723	105,692,258	-	59,119,423	164,811,681	95,097,676	-	59,119,423	154,217,099
Less: Impairment loss allowance	57,872	941,069	63,459,375	64,458,316	63,308	-	59,119,423	59,182,731	-	-	59,119,423	59,119,423
<b>Net carrying amount</b>	<b>104,739,994</b>	<b>314,413</b>	<b>-</b>	<b>105,054,407</b>	<b>105,628,951</b>	<b>-</b>	<b>-</b>	<b>105,628,951</b>	<b>95,097,676</b>	<b>-</b>	<b>-</b>	<b>95,097,676</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '7'

## Investments

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>(A) At fair value through other comprehensive income</b>			
(i) In equity instruments			
Equity shares	6,354,050	6,344,013	6,344,013
Add: Fair value gain/(losses)	472,908	432,669	432,669
<b>Total (A)</b>	<b>6,826,958</b>	<b>6,776,682</b>	<b>6,776,682</b>
<b>(B) At fair value through profit or loss</b>			
(i) In mutual funds	114,246	11,448	11,354
Add: Fair value gain/(losses)	-	-	-
Sub-total (i)	114,246	11,448	11,354
(ii) In Government securities	18,945	18,945	18,945
Add: Fair value gain/(losses)	-	-	-
Sub-total (ii)	18,945	18,945	18,945
(iii) In equity instruments			
Equity shares	183,316	183,316	183,316
Add: Fair value gain/(losses)	(158,600)	(145,587)	(139,730)
Sub-total (iii)	24,716	37,729	43,586
<b>Total (B) = (i + ii + iii)</b>	<b>157,907</b>	<b>68,122</b>	<b>73,885</b>
<b>Total (A+B)</b>	<b>6,984,865</b>	<b>6,844,804</b>	<b>6,850,567</b>

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>Out of the above</b>			
In India	6,984,865	6,844,804	6,850,567
Outside India	-	-	-
<b>Total</b>	<b>6,984,865</b>	<b>6,844,804</b>	<b>6,850,567</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Particulars	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Units	Amount	Units	Amount	Units	Amount
<b>Mutual Funds</b>						
UTI - Liquid Cash Plan - Institutional Daily Dividend	1.04	1,144	1.04	1,144	1.04	1,052
UTI - Floating Rate Fund-STP-Direct Growth Plan	3.86	12,384	3.86	10,304	3.86	10,302
HDFC Liquid Fund- Growth	25.93	100,718	-	-	-	-
<b>Sub total (i)</b>	<b>30.82</b>	<b>114,246</b>	<b>4.89</b>	<b>11,448</b>	<b>4.89</b>	<b>11,354</b>
<b>Government Securities</b>						
National Savings Certificate VIII issue	1.00	5,000	1.00	5,000	1.00	5,000
UTI Master Share	1,000.00	13,945	1,000.00	13,945	1,000.00	13,945
<b>Sub total (ii)</b>	<b>1,001.00</b>	<b>18,945</b>	<b>1,001.00</b>	<b>18,945</b>	<b>1,001.00</b>	<b>18,945</b>
<b>Others</b>						
<b>Quoted</b>						
South Indian Bank (Right Share)	10.00	58	10.00	165	10.00	40
NEPC India Ltd.	2,000.00	-	2,000.00	-	2,000.00	-
Shree Rama Newsprints Ltd	1,250.00	14,157	1,250.00	27,063	1,250.00	33,045
Anil Products Ltd	39.00	-	39.00	-	39.00	-
<b>Sub total (iii)</b>	<b>3,299.00</b>	<b>14,215</b>	<b>3,299.00</b>	<b>27,228</b>	<b>3,299.00</b>	<b>33,085</b>
<b>UnQuoted</b>						
Catholic Syrian Bank Ltd.	700.00	82,950	700.00	98,000	700.00	98,000
Nawani Corp (India) Ltd.	610,000	6,520,958	610,000	6,465,669	610,000	6,465,669
Regent Chamber Co-Op. Society	10.00	501	10.00	501	10.00	501
Cochin Stock Exchange Ltd	905.00	223,050	905.00	213,013	905.00	213,013
Saraswat Bank Cooperative Bank	1,000.00	10,000	1,000.00	10,000	1,000.00	10,000
<b>Sub total (iv)</b>	<b>612,615.00</b>	<b>6,837,459</b>	<b>612,615.00</b>	<b>6,787,183</b>	<b>612,615.00</b>	<b>6,787,183</b>
<b>Total (i+ii+iii+iv)</b>	<b>616,945.82</b>	<b>6,984,865</b>	<b>616,919.89</b>	<b>6,844,804</b>	<b>616,919.89</b>	<b>6,850,567</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '8'

## Other Financial assets

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Deposit	41,445,526	31,899,069	40,071,277
Rent Deposit	1,861,943	2,089,073	1,914,326
Advance Lease rental	167,415	193,085	87,611
Interest Accrued on ICD	6,611,333	15,616,231	10,567,316
Interest Accrued on Gold Loan , etc.	4,151,650	2,826,430	1,568,013
Interest Accrued on LAS	-	-	5,203
Advance to creditors	179,522	1,894,415	1,440,006
Other Advances	-	38,699	-
TFL-TCCPL and TFCPL Merger Scheme Trust	75,762,500	75,762,500	75,762,500
<b>Total</b>	<b>130,179,889</b>	<b>130,319,502</b>	<b>131,416,251</b>

## NOTE '9'

## Inventories

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Shares Held In Stock - In - Trade	723,039	723,039	1,761,390
<b>Total</b>	<b>723,039</b>	<b>723,039</b>	<b>1,761,390</b>

## NOTE '10'

Current tax assets (NET)	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Advance Payment of Income Tax (Including TDS)(Net of Provisions)	11,033,193	11,793,829	8,734,441
<b>Total</b>	<b>11,033,193</b>	<b>11,793,829</b>	<b>8,734,441</b>

## NOTE '11'

## Deferred tax Assets (Net)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Deferred Tax	21,326,644	19,983,574	19,504,968
<b>Total</b>	<b>21,326,644</b>	<b>19,983,574</b>	<b>19,504,968</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## Deferred tax assets recorded in Balance Sheet

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
Deferred tax relates to the following:			
<i>Deferred tax assets</i>			
Depreciation on property, plant and equipment	939,277	948,515	346,353
On application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109 and amortisation of net income under Effective Interest Rate Method not adjusted under Income Tax Act, 1961	20,061,233	18,688,167	18,688,167
Present value of security deposit	653,358	661,462	644,921
Provision of employee benefit	76,057	43,102	-
Effective Interest Rate (EIR) on financial instruments	71,319	100,517	-
<b>Gross deferred tax assets</b>	<b>21,801,244</b>	<b>20,441,763</b>	<b>19,679,442</b>
<i>Deferred tax liabilities</i>			
Net gain on fair valuation of Investments not adjusted under Income Tax Act, 1961	122,956	112,494	112,494
Effective Interest Rate (EIR) on financial instruments	114,628	113,722	13,827
Provision of employee benefit	-	14,764	-
Present value of security deposit	60,377	40,570	17,387
Depreciation and amortiation on Property, Plant & Equipment	129,535	129,535	-
Other timing differences	47,104	47,104	30,765
<b>Gross deferred tax liabilities</b>	<b>474,601</b>	<b>458,190</b>	<b>174,474</b>
<b>Deferred tax assets/(liabilities), net</b>	<b>21,326,644</b>	<b>19,983,573</b>	<b>19,504,968</b>



## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### NOTE '12'

#### Property, plant and equipment and intangible assets For the financial year 2019-20

Particulars	Gross Block			Depreciation and amortisation				Net Block As at 31st March, 2020
	As at 1st April, 2019	Additions	Deductions/ Adjustments	As at 31st March, 2020	As at 1st April, 2019	Addition	Deductions Adjustments	
<b>Property, plant and equipment</b>								
Furniture	16,324,621	3,582,410	-	19,907,031	13,911,139	-	-	965,236
Computers	22,128,503	1,017,026	(97,645)	23,243,174	21,818,843	-	-	366,107
Office Equipments	17,803,021	398,334	97,645	18,103,709	13,860,092	-	-	969,472
Vehicles (refer note c)	6,660,847	-	-	6,660,847	5,845,790	-	-	512,861
Office Premises No. 403 (refer note a)	47,887,926	-	-	47,887,926	3,933,490	-	-	1,049,675
Office Premises No. 405 (refer note b)	48,657,169	-	-	48,657,169	9,427,881	-	-	858,727
Residential Premises	234,470	-	-	234,470	114,201	-	-	2,614
Land	3,085,500	-	-	3,085,500	-	-	-	-
<b>Sub-Total</b>	<b>162,782,057</b>	<b>4,997,769</b>	-	<b>167,779,826</b>	<b>68,911,436</b>	-	-	<b>4,724,692</b>
<b>Intangible Asset</b>								
Goodwill	400,000	-	-	400,000	-	-	-	-
Right of Use Asset (refer note d)	-	6,281,168	-	6,281,168	-	-	-	1,472,425
Software	9,586,389	352,369	-	9,938,758	9,494,031	-	-	80,836
License	11,826,335	500,000	-	12,326,335	11,337,058	-	-	260,870
Bombay Stock Exchange	1,000,000	-	-	1,000,000	1,000,000	-	-	-
NMCE	100,000	-	-	100,000	100,000	-	-	-
MCX	251,000	-	-	251,000	251,000	-	-	-
NCDEX	500,000	-	-	500,000	500,000	-	-	-
NSEL	250,000	-	-	250,000	202,877	-	-	25,000
<b>Sub-Total</b>	<b>23,913,724</b>	<b>7,133,537</b>	-	<b>31,047,261</b>	<b>22,884,966</b>	-	-	<b>1,839,130</b>
<b>Total</b>	<b>186,695,781</b>	<b>12,131,306</b>	-	<b>198,827,087</b>	<b>91,796,402</b>	-	-	<b>6,563,822</b>

#### Footnotes

- Carrying amount of Office Premises No. 403 has been hypothecated as a security by the Company against the overdraft facility taken by Vertex Securities Limited
- Carrying amount of Office Premises No. 405 has been hypothecated as a security by the Company against the overdraft facility taken by the Company
- Carrying amount of Vehicles amounting to ₹ 2,82,375 has been pledged as a security by the Company.
- Represents Right-of-use assets recognised on application of Ind AS 116 'Leases' w.e.f 1 April 2019.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

For the financial year 2018-19

Particulars	Gross Block		Depreciation and amortisation		Net Block		
	As at 1st April, 2018	Additions	Deductions/ Adjustments	As at 31st March, 2019	Addition	Deductions Adjustments	As at 31st March, 2019
<b>Property, plant and equipment</b>							
Furniture	16,146,723	650,115	472,217	16,324,621	-	414,128	2,413,482
Computers	21,788,639	242,219	-	22,128,503	-	-	309,660
Office Equipments	17,629,482	511,184	240,000	17,803,021	12,953,828	1,047,532	3,942,928
Vehicles (refer note c)	6,631,847	29,000	-	6,660,847	5,466,495	379,295	815,057
Office Premises No. 403 (refer note a)	47,887,926	-	-	47,887,926	2,911,098	1,022,392	43,954,436
Office Premises No. 405 (refer note b)	48,657,169	-	-	48,657,169	8,589,845	838,036	39,229,288
Residential Premises	234,470	-	-	234,470	111,650	2,551	120,269
Land	3,085,500	-	-	3,085,500	-	-	3,085,500
<b>Sub-Total</b>	<b>162,061,756</b>	<b>1,432,518</b>	<b>712,217</b>	<b>162,782,057</b>	<b>65,415,163</b>	<b>4,051,669</b>	<b>93,870,616</b>
<b>Intangible Asset</b>							
Goodwill	400,000	-	-	400,000	-	-	400,000
Software	9,540,889	45,500	-	9,586,389	9,369,703	124,328	92,358
License	11,826,335	-	-	11,826,335	11,051,481	285,577	489,277
Bombay Stock Exchange	1,000,000	-	-	1,000,000	1,000,000	-	-
NIMCE	100,000	-	-	100,000	100,000	-	-
MCX	251,000	-	-	251,000	251,000	-	-
NCDEX	500,000	-	-	500,000	500,000	-	-
NSEL	250,000	-	-	250,000	177,877	25,000	47,123
<b>Sub-Total</b>	<b>23,868,224</b>	<b>45,500</b>	<b>-</b>	<b>23,913,724</b>	<b>22,450,061</b>	<b>434,905</b>	<b>1,028,754</b>
<b>Total</b>	<b>185,929,980</b>	<b>1,478,018</b>	<b>712,217</b>	<b>186,695,781</b>	<b>87,865,224</b>	<b>4,486,574</b>	<b>94,899,370</b>

## Footnotes

- a) Carrying amount of Office Premises No. 403 has been hypothecated as a security by the Company against the overdraft facility taken by Vertex Securities Limited  
b) Carrying amount of Office Premises No. 405 has been hypothecated as a security by the Company against the overdraft facility taken by the Company  
c) Carrying amount of Vehicles amounting to ₹ 3,51,594 has been pledged as a security by the Company

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## TRANSWARRANTY FINANCE LIMITED

Particulars	Gross Block			Depreciation and amortisation			Net Block	
	As at 1st April, 2017	Additions	Deductions/ Adjustments	As at 31st March, 2018	As at 1st April, 2017	Addition	Deductions Adjustments	As at 31st March, 2018
<b>Property, plant and equipment</b>								
Furniture	10,913,749	5,342,442	109,468	16,146,723	9,214,274	3,590,392	104,957	13,704,898
Computers	21,927,961	391,853	131,175	21,788,639	21,373,569	337,400	131,175	21,677,349
Office Equipments	14,551,955	3,238,449	160,922	17,629,482	9,103,807	2,786,403	91,963	12,953,828
Vehicles (refer note c)	6,675,987	-	44,140	6,631,847	4,982,012	-	44,140	5,466,495
Office Premises No. 403 (refer note a)	-	47,887,926	-	47,887,926	-	84,926	-	2,911,098
Office Premises No. 405 (refer note b)	-	48,657,169	-	48,657,169	-	6,274,212	-	44,976,828
Residential Premises	-	234,470	-	234,470	-	104,391	-	40,067,324
Land	-	3,085,500	-	3,085,500	-	-	-	122,820
<b>Sub-Total</b>	<b>53,669,652</b>	<b>108,837,809</b>	<b>445,705</b>	<b>162,061,756</b>	<b>44,673,862</b>	<b>13,177,724</b>	<b>372,235</b>	<b>65,415,163</b>
<b>Intangible Asset</b>								
Goodwill	400,000	-	-	400,000	-	-	-	400,000
Software	9,514,639	26,250	-	9,540,889	9,157,580	-	212,123	9,369,703
License	11,826,335	-	-	11,826,335	10,611,014	-	440,467	11,051,481
Bombay Stock Exchange	1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000
NIMCE	100,000	-	-	100,000	100,000	-	-	100,000
MCX	251,000	-	-	251,000	251,000	-	-	251,000
NCDEX	500,000	-	-	500,000	500,000	-	-	500,000
NSEL	250,000	-	-	250,000	152,877	-	-	177,877
<b>Sub-Total</b>	<b>23,841,974</b>	<b>26,250</b>	<b>-</b>	<b>23,868,224</b>	<b>21,772,471</b>	<b>-</b>	<b>-</b>	<b>22,450,061</b>
<b>Total</b>	<b>77,511,626</b>	<b>108,864,059</b>	<b>445,705</b>	<b>185,929,980</b>	<b>66,446,134</b>	<b>13,177,724</b>	<b>372,235</b>	<b>87,865,224</b>

**Footnotes**

- a) Carrying amount of Office Premises No. 403 has been hypothecated as a security by the Company against the overdraft facility taken by Vertex Securities Limited
- b) Carrying amount of Office Premises No. 405 has been hypothecated as a security by the Company against the overdraft facility taken by the Company
- c) Carrying amount of Vehicles amounting to ₹ 4,37,781 has been pledged as a security by the Company

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '13'

## Other non-financial assets

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Capital Advances	40,775,000	44,345,921	40,775,000
Balance with tax authorities	300,241	107,728	324,468
MAT Credit Entitlement	1,339,017	1,339,017	3,007,212
Deposits against appeals	-	-	-
Prepaid Expense	1,229,393	3,210,410	2,298,570
Plan asset - Gratuity	771,053	1,599,288	1,477,005
Cenvat Credit	198,607	222,496	423,392
Advances to others	2,675,811	2,178,343	2,616,081
<b>Total</b>	<b>47,289,121</b>	<b>53,003,203</b>	<b>50,921,729</b>

## NOTE '14'

## Payables

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
<b>(I) Trade Payables*</b>			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	112,559,616	128,060,531	119,820,355
<b>Total (I)</b>	<b>112,559,616</b>	<b>128,060,531</b>	<b>119,820,355</b>
<b>(II) Other Payables**</b>			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,026,780	3,034,670	4,797,075
<b>Total (II)</b>	<b>3,026,780</b>	<b>3,034,670</b>	<b>4,797,075</b>
** Includes payable to related parties ₹ 6,59,025 (Previous year ₹ 6,36,568).			



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

NOTE '15'

Debt Securities

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April 2018
<b>(A) At amortised cost</b>			
<b>(I) Secured</b>			
Privately placed redeemable non-convertible debentures (refer note a)	17,810,563	7,957,900	-
<b>Sub-Total (I)</b>	<b>17,810,563</b>	<b>7,957,900</b>	-
<b>(II) Unsecured</b>			
Privately placed redeemable non-convertible debentures	4,473,572	1,662,336	-
<b>Sub-Total (II)</b>	<b>4,473,572</b>	<b>1,662,336</b>	-
<b>Total (I + II)</b>	<b>22,284,135</b>	<b>9,620,236</b>	-
<b>(B) Out of above</b>			
In India	22,284,135	9,620,236	-
Outside India	-	-	-
<b>Total</b>	<b>22,284,135</b>	<b>9,620,236</b>	-

Footnotes:

a. Secured by way of first ranking pari passu charge with the existing secured creditors on the movable assets of the company to the extent of 100% of the amount of outstanding NCDs and interest thereon.

**(C) (i) Terms of repayment of non-convertible debentures (NCDs) :**

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>(a) Secured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years	11.25% - 11.75%	1,325,403	11.75%	392,629		-
Maturity between 1 to 3 years	11.25% - 11.50%	9,097,868	11.25% - 11.50%	3,628,459		-
Maturity within 1 year	11.00%	7,387,292	11.00%	3,936,812		-
<b>Total at face value</b>		<b>17,810,563</b>		<b>7,957,900</b>		-
Less: Unamortised finance cost						-
<b>Total amortised cost</b>		<b>17,810,563</b>		<b>7,957,900</b>		-
<b>(b) Unsecured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years	11.75% - 12.00%	4,473,572	12.00%	1,662,336		-
Maturity between 1 to 3 years		-		-		-
Maturity within 1 year		-		-		-
<b>Total at face value</b>		<b>4,473,572</b>		<b>1,662,336</b>		-
Less: Unamortised finance cost						-
<b>Total amortised cost</b>		<b>4,473,572</b>		<b>1,662,336</b>		-

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '16'

## Borrowings (other than debt securities)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April 2018
<b>At Amortised Cost:</b>			
<b>(I) In India</b>			
<b>(A) Term loans</b>			
(i) from banks	12,715	154,776	16,040,853
<b>(B) Loans from related parties</b>	12,396,500	12,510,900	13,160,900
<b>(C) Loans repayable on demand</b>			
(a) Overdraft Facility			
(i) from banks	103,296,091	91,122,066	35,137,527
(ii) from other parties	609	52,477	325,743
<b>(D) Other Loans</b>			
Inter corporate Deposit	87,150,000	80,150,000	89,650,000
<b>Total</b>	<b>202,855,915</b>	<b>183,990,218</b>	<b>154,315,023</b>
<b>(II) Outside India</b>			
In India	202,855,915	183,990,218	154,315,023
Outside India	-	-	-
<b>Total</b>	<b>202,855,915</b>	<b>183,990,218</b>	<b>154,315,023</b>
<b>(III) Out of above</b>			
Secured	103,309,415	91,329,318	51,504,123
Unsecured	99,546,500	92,660,900	102,810,900
<b>Total</b>	<b>202,855,915</b>	<b>183,990,218</b>	<b>154,315,023</b>

## (IV) Terms of repayment of term loans :

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Secured</b>						
<b>On maturity</b>						
Maturity between 1 to 3 years		-		12,715	10.50%	15,214,258
Maturity within 1 year		12,715		142,060	10.50%	826,595
<b>Total at face value</b>		<b>12,715</b>		<b>154,776</b>		<b>16,040,853</b>
Less: Unamortised finance cost						-
<b>Total amortised cost</b>		<b>12,715</b>		<b>154,776</b>		<b>16,040,853</b>

a. Secured against Office Premises situated at 405, Regent Chambers, Nariman Point, Mumbai

b. Vehicle Loan taken from HDFC Bank is secured by hypothecation of Motor Car.



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

(V) Terms of repayment of Related parties:

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Unsecured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years	15.00%	12,396,500	15.00%	12,510,900	15.00%	13,160,900
Maturity between 1 to 3 years		-		-		-
Maturity within 1 year		-		-		-
<b>Total at face value</b>		<b>12,396,500</b>		<b>12,510,900</b>		<b>13,160,900</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>12,396,500</b>		<b>12,510,900</b>		<b>13,160,900</b>

(VI) Terms of Loans repayable on demand (Overdraft facility)

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Secured</b>						
<b>On maturity</b>						
Maturity within 1 year	10.50% - 13.40%	103,296,091	10.75% - 13.40%	91,122,066	10.75% - 15.25%	35,137,527
<b>Total at face value</b>		<b>103,296,091</b>		<b>91,122,066</b>		<b>35,137,527</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>103,296,091</b>		<b>91,122,066</b>		<b>35,137,527</b>

- (a) Overdraft from The CSB Bank Limited is Working Capital Facility for lending in Gold Loans, Personal Loans and Loans under digital platform. The credit facility is secured by first pari passu charge on movable assets and personal guarantee of the Managing Director. Tenure of the credit facility is for 12 months and repayable on demand. This shall be renewed before the expiry of the sanctioned period of one year.
- (b) Overdraft from The South Indian Bank Limited is Working Capital Facility for Onward lending. Loan is Secured against entire current Assets of the company, collateral security of Office premises No. 405 and personal guarantee of the Managing Director. Tenure of the loan is for 12 months and repayable on demand. Limit shall be renewed before the expiry of the sanctioned period of one year.
- (c) Overdraft from The South Indian Bank Limited is Working Capital Facility secured against mortgage of property owned by Transwarranty Finance Limited, Corporate Guarantee of Holding Company and Personal Guarantee of the Chariman. The total limit allowed is 3.5 crores and the interest rate on the overdraft facility is 10.75% pa.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## (VII) Terms of Loans repayable on demand from others:

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Secured</b>						
<b>On maturity</b>						
Maturity between 3 to 5 years						
Maturity between 1 to 3 years						
Maturity within 1 year	10.00%	609	10.00%	52,477	10.00%	325,743
<b>Total at face value</b>		<b>609</b>		<b>52,477</b>		<b>325,743</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>609</b>		<b>52,477</b>		<b>325,743</b>

Credit Facility from Aditya Birla Finance Limited is for Line Of Credit against unencumbered and tradable Securities. Sanctioned Limit is of ₹600 Lakhs. The validity of the Credit Facility is 12 months.

## (VII) Inter Corporate Deposit

Original Maturity of loan (In no. of days)	As at 31st March 2020		As at 31st March 2019		As at 01st April 2018	
	Interest range	Amount (Rs)	Interest range	Amount (Rs)	Interest range	Amount (Rs)
<b>Unsecured</b>						
<b>On maturity</b>						
Maturity between 1 to 3 years	10.00% to 12.50%	87,150,000	10.00% to 12.50%	80,150,000	10.00% to 12.50%	89,650,000
<b>Total at face value</b>		<b>87,150,000</b>		<b>80,150,000</b>		<b>89,650,000</b>
Less: Unamortised finance cost						
<b>Total amortised cost</b>		<b>87,150,000</b>		<b>80,150,000</b>		<b>89,650,000</b>





Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

NOTE '17'

Other Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Interest Accrued	5,158,531	6,069,774	2,898,116
Book Overdraft	14,506,511	7,509,260	3,181,721
Unclaimed Dividends	24,859	24,859	25,624
Deposit	769,231	683,734	607,985
Security Deposit from Franchises & Advances	6,645,005	6,656,474	6,631,317
Employee benefits payable	158,870	296,541	957,707
Advance Lease Rental	200,622	289,788	378,954
Others	228,555	204,189	202,868
<b>Total</b>	<b>27,692,185</b>	<b>21,734,619</b>	<b>14,884,291</b>

NOTE '18'

Provision

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
<b>(a) Provision for employee benefits</b>			
Gratuity	390,404	146,617	88,702
Compensated absences	1,344,805	1,277,210	1,080,954
<b>Total</b>	<b>1,735,209</b>	<b>1,423,827</b>	<b>1,169,656</b>

NOTE '19'

Other Non-Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Statutory Dues	2,346,270	2,547,104	3,678,726
Lease liability	5,061,360		
Others	3,615,654	3,216,931	3,780,565
<b>Total</b>	<b>11,023,284</b>	<b>5,764,035</b>	<b>7,459,291</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '20'

## Equity Share capital

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>Authorised</b>			
31,000,000 Equity Shares of Rs.10/- each	310,000,000	310,000,000	310,000,000
<b>Issued, Subscribed and Paid Up</b>			
24,460,568 Equity Shares of Rs.10/- each fully paid up	244,605,680	244,605,680	244,605,680
<b>Total</b>	<b>244,605,680</b>	<b>244,605,680</b>	<b>244,605,680</b>

## (A) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	Nos.	Amount (Rs)
Equity share capital issued, subscribed and fully paid up	24,460,568	244,605,680
<b>As at 31st March 2018</b>	<b>24,460,568</b>	<b>244,605,680</b>
As at 1 April 2018		
Equity share capital issued, subscribed and fully paid up	24,460,568	244,605,680
<b>As at 31st March 2019</b>	<b>24,460,568</b>	<b>244,605,680</b>
As at 1 April 2019		
Equity share capital issued, subscribed and fully paid up	24,460,568	244,605,680
<b>As at 31st March 2020</b>	<b>24,460,568</b>	<b>244,605,680</b>

## (B) Terms/rights/restrictions attached to equity shares

The company has only one class of Equity share having a Par Value of Rs.10/- each. Each holder of equity share is entitled for one vote per share.

The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the share holders in the ensuring Annual General Meeting.

In the event of liquidation of the company, the holder 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.

## (C) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01st April 2018	
	Nos.	% of Holding	Nos.	% of Holding	Nos.	% of Holding
Kumar Nair	12,708,694	51.96	12,708,694	51.96	12,708,694	51.96
TFL-TCCPL and TFCPL Merger Trust	5,225,000	21.36	5,225,000	21.36	5,225,000	21.36



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

NOTE '21'

Other equity

Particulars	As at 31st March 2020	As at 31st March 2019	As at 01st April 2018
<b>(I) Retained Earnings</b>			
Balance at the beginning of the year (a)	(25,999,479)	(28,787,727)	24,344,589
Profit for the year (b)	(65,850,128)	3,019,986	4,743,157
Other Comprehensive income - Defined benefit obligation	(467,174)	21,272	
Effects of first time adoption of Ind AS	-		(53,292,905)
Change in Non Controlling Interest of Vertex Securities Ltd (a subsidiary)	109	-	-
<b>Appropriations:</b>			
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	-	253,011	162,452
Other- Deduction due to amalgamation	-	-	4,431,186
<b>Total appropriations (c)</b>	-	<b>253,011</b>	<b>4,593,638</b>
Addition due to Amalgamation	-	-	11,070
<b>Balance at the end of the year (a+b+c)</b>	<b>(92,316,672)</b>	<b>(25,999,479)</b>	<b>(28,787,727)</b>
<b>Other Comprehensive Income - fair value on equity instruments</b>			
Balance at the beginning of the year	(438,526)	(432,669)	-
Gain / (Loss) on fair valuation on equity instruments	32,550	(5,857)	-
Effects of first time adoption of Ind AS	-	-	(432,669)
<b>Balance at the end of the year</b>	<b>(405,976)</b>	<b>(438,526)</b>	<b>(432,669)</b>
<b>(II) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934</b>			
Balance as at the beginning of the year	34,139,639	33,886,628	33,724,176
Add: Transferred during the year	-	253,011	162,452
<b>Balance as at the end of the year</b>	<b>34,139,639</b>	<b>34,139,639</b>	<b>33,886,628</b>
<b>(III) General Reserve</b>			
Balance as at the beginning of the year	10,410,757	10,410,757	10,410,757
Add:- Received during the year	-	-	-
<b>Balance at the end of the year</b>	<b>10,410,757</b>	<b>10,410,757</b>	<b>10,410,757</b>
<b>Total</b>	<b>(48,172,253)</b>	<b>18,112,391</b>	<b>15,076,989</b>

**Nature and purpose of other equity**

**(i) Retained earnings**

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

**(ii) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934**

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve. Every year 20% of the Profit after Tax transferred to the said reserve.

**(iii) General reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '22'

## Interest Income

Particulars	For the Year ended 31st March 2020		
	On financial assets measured at		
	FVOCI	Amortised Cost	Total
On Loan	-	7,872,828	7,872,828
Interest on Fixed Deposits & Others *		2,166,193	2,166,193
<b>Total</b>	-	<b>10,039,021</b>	<b>10,039,021</b>

Particulars	For the Year ended 31st March 2019		
	On financial assets measured at		
	FVOCI	Amortised Cost	Total
On Loan	-	3,332,846	3,332,846
Interest on Fixed Deposits & Others *		2,786,745	2,786,745
<b>Total</b>	-	<b>6,119,591</b>	<b>6,119,591</b>

\* interest received on fixed deposit with bank which are pledged with exchange for margin purpose.

## NOTE '23'

## Fees and Commission Income

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Trade Finance</b>		
CB-Syndication Fees	9,753	15,664
ICD-Syndication Fees	1,319,984	865,319
LC-Syndication Fees	3,283,562	3,476,798
Processing Fees & Other Charges	1,039,702	67,660
Fees and commission income	47,467,853	58,630,161
Income from DP operation	2,147,365	1,889,391
Suppliers Credit & Buyers Credit	174,023	85,500
<b>Total</b>	<b>55,442,242</b>	<b>65,030,493</b>

## NOTE '24'

## Sale of Stock

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Sale of Products		
Sale of Shares held in Stock -in -Trade	-	57,141,563
<b>Total</b>	-	<b>57,141,563</b>



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

NOTE '25'

Corporate Finance

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Corporate Finance	500,000	1,000,000
<b>Total</b>	<b>500,000</b>	<b>1,000,000</b>

NOTE '26'

Investment Banking

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Investment Banking	-	40,131,000
<b>Total</b>	<b>-</b>	<b>40,131,000</b>

NOTE '27'

Other Income

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Rent Income	2,276,210	2,176,036
Net gain/loss on Sale of Investments	-	16,787
Dividend Income	22,873	15,494
Interest on Inter Corporate Deposits	5,795,017	5,715,309
Other interest income	3,759,226	3,680,999
Unwinding of discounting of deposits	55,558	62,842
Miscellaneous Income	3,232,499	5,762,019
<b>Total</b>	<b>15,141,383</b>	<b>17,429,486</b>

NOTE '28'

Finance costs

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest on borrowings	25,979,968	21,967,306
Interest expense on lease liability	647,596	-
Other Financial Charges	338	886,929
<b>Total</b>	<b>26,627,902</b>	<b>22,854,235</b>

NOTE '29'

Purchases of Stock-in-trade

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Purchase of Shares held in Stock-in-Trade	-	57,153,377
<b>Total</b>	<b>-</b>	<b>57,153,377</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## NOTE '30'

## Employee Benefits Expenses

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Employees emoluments	39,182,392	36,655,823
Contribution to provident fund	1,788,536	1,955,104
Staff welfare expenses	990,664	1,243,220
<b>Total</b>	<b>41,961,592</b>	<b>39,854,147</b>

## NOTE '31'

## Depreciation and amortization

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Depreciation on tangible assets	4,724,692	4,051,669
Amortisation on intangible assets	1,839,130	434,905
<b>Total</b>	<b>6,563,822</b>	<b>4,486,574</b>

## NOTE '32'

## Other Expenses

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Rent	4,649,995	6,587,160
Rates, taxes and energy	4,342,512	1,286,749
Annual Subscription	1,134,500	247,599
AMC Charges	2,624,106	707,975
Connectivity Charges	4,052,813	3,707,117
Repairs and maintenance	727,048	467,482
Marketing fee/Commission paid	7,224,815	8,314,569
Brokerage and Commission	14,459,995	16,209,263
Legal and Professional charges	2,794,805	3,657,440
Society Charges	410,183	1,456,820
Travelling Expense	1,957,408	2,327,421
Communication Cost	783,707	892,635
Printing and stationery	488,419	579,409
Advertisement and publicity	950,668	677,857
Director's fees, allowances and expenses	799,401	660,668
Auditor's fees and expenses	523,206	511,471
Insurance	383,575	391,537
Client Meeting Expenses and Business Promotion	320,739	300,622
Stock Exchange Charges	205,698	117,567
Bank Charges	737,492	177,201

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Electricity Charges	240,250	445,437
Loss on Futures & Options	509,646	259,197
Balance Written Off	155,971	16,951
Bad Debts Written Off	1,370,655	-
Computer Expense	460,614	206,721
Listing Expense	540,000	540,000
Annual Custody Fees	114,959	150,000
Collectors Fees	175,000	-
Credit Verification Charges	356,213	159,232
Impairment Allowance	33,753,664	63,307
Miscellaneous Expenses	5,886,144	6,443,602
<b>Total</b>	<b>93,134,199</b>	<b>57,563,007</b>

Particulars	For the year ended	
	31st March 2020	31st March 2019
(i) Payments to the auditors comprises of		
For Statutory audit	351,000	351,000
For taxation matters	75,000	75,000
Other Services	97,206	85,471
	<u>523,206</u>	<u>511,471</u>

**Note '33'****Earnings per share (EPS)**

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

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended	
	31st March 2020	31st March 2019
(A) Net profit attributable to owners of equity	(65,850,128)	3,019,986
(B) Weighted average number of equity shares for basic and diluted earnings per share	24,460,568	24,460,568
Basic earning price per share (Rs) (A/B)	(2.69)	0.12
Diluted earning price per share (Rs) (A/B)	(2.69)	0.12

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note '34'

#### Segment Information

Disclosure under Indian Accounting Standard 108 – 'Operating Segments' is not given as, in the opinion of the management, the entire business activity falls under one segment, viz. ,primarily engaged as stock and securities broker and providing the financial services. The Company conducts its business only in one Geographical Segment, viz., India. Also there are no revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2020 or 31 March 2019.

### Note '35'

#### Revenue from contract with customers

Particulars	For the year ended	
	31st March 2020	31st March 2019
<b>Type of Service</b>		
CB-Syndication Fees	9,753	15,664
ICD-Syndication Fees	1,319,984	865,319
LC-Syndication Fees	3,283,562	3,476,798
Processing Fees & Other Charges	1,039,702	67,660
Fees and commission income	47,467,853	58,630,161
Income from DP operation	2,147,365	1,889,391
Suppliers Credit & Buyers Credit	174,023	85,500
Corporate Finance	500,000	1,000,000
Investment Banking	-	40,131,000
<b>Total</b>	<b>55,942,242</b>	<b>106,161,493</b>
<b>Geographical market</b>		
India	55,942,242	106,161,493
Outside India	-	-
<b>Total</b>	<b>55,942,242</b>	<b>106,161,493</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	55,942,242	106,161,493
Services transferred over time	-	-
<b>Total</b>	<b>55,942,242</b>	<b>106,161,493</b>

#### Contract Balances

Particulars	For the year ended	
	31st March 2020	31st March 2019
Gross Trade receivables ( refer note 5)	106,058,144	141,773,675
<b>Total</b>	<b>106,058,144</b>	<b>141,773,675</b>



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## Note '36'

## Income tax expense

Particulars	For the year ended	
	31st March 2020	31st March 2019
<b>(a) Income tax expense is as follows:</b>		
<i>Current tax</i>		
Current tax on profits for the year	-	930,000
<b>Total Current tax expense</b>	<b>-</b>	<b>930,000</b>
<i>Deferred tax</i>		
Decrease / (increase) in deferred tax asset		
(Decrease) / increase in deferred tax liabilities	(1,343,070)	(478,606)
<b>Total Deferred tax expense/(benefit)</b>	<b>(1,343,070)</b>	<b>(478,606)</b>
<b>Total Income tax expense</b>	<b>(1,343,070)</b>	<b>451,394</b>
<b>Income tax expense/(credit) is attributable to:</b>		
Profit from continuing Operations	(1,343,070)	451,394
Profit/(Loss) from discontinuing Operations	-	-
<b>Total</b>	<b>(1,343,070)</b>	<b>451,394</b>

## (b) Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate

Particulars	For the year ended	
	31st March 2020	31st March 2019
Profit before income tax expense	(87,164,869)	4,940,794
	<b>(87,164,869)</b>	<b>4,940,794</b>
Tax at the Indian tax rate of 26% (FY 2018-19 : 26%)	-	1,284,607
<b>Add/(less) effect of :</b>		
Effect of expenses that are not deductible in determining taxable profit	-	733,045
Effect of expenses that are partially deductible in determining taxable profit	-	(216,753)
Others	-	(38,199)
Deffered tax at different rate	(1,343,070)	(478,606)
<b>Income tax expense</b>	<b>(1,343,070)</b>	<b>1,284,093</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## Note '37'

## Contingent liabilities and commitments

## (a) Contingent liabilities not provided for in respect of

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
Claims against the Company not acknowledged as debts			
Tax Demand in respect of			
Income Tax demand order for FY 2013-14	127,290	127,290	127,290
Service Tax orders for FY 2006-07 to 2009-10	622,000	622,000	622,000
Service Tax orders for FY 2008-09 to 2012-13	882,042	882,042	882,042
Service Tax orders for FY 2009-10 to 2013-14	4,174,056	4,174,056	4,174,056
Service Tax orders for FY 2011-12 to 2013-14	1,086,974	1,086,974	1,086,974
Service Tax orders for FY 2013-14	54,560	54,560	54,560
Service Tax orders for FY 2014-15	110,971	110,971	110,971
Income tax for Assessment Year 2011-12	-	-	546,710
Income tax for Assessment Year 2012-13	-	-	2,358,110
<b>Total</b>	<b>7,057,893</b>	<b>7,057,893</b>	<b>9,962,713</b>

## (b) Capital and other commitments

Particulars	As At		
	31st March, 2020	31st March, 2019	01st April, 2018
(i) Capital Commitments			
Capital expenditure contracted at the end of reporting period but not recognised as liabilities is as follows:			
Gross Capital Commitment	-	3,980,744	
Less: Capital Advance	-	(3,570,921)	
<b>Net Capital Commitments</b>	<b>-</b>	<b>409,823</b>	<b>-</b>
(ii) Other commitments – towards partially disbursed/un-cashed loans			
Guarantees issued by the company for acquiring office premises.	-	-	40,600,000
Corporate Guarantee given to bank on behalf of subsidiary company Vertex Commodities & Finpro (P) Limited	20,000,000	20,000,000	20,000,000
Counter guarantee issued in favour of the banker for guarantee given by them to NSE for margin requirement for ` 52.80 Mn and to BSE ` 2.57 Mn for Margin requirement	55,375,000	55,375,000	50,000,000
Counter guarantee issues in favour of the banker for guarantee given by them to MCX for margin requirement	2,500,000	2,500,000	2,500,000
Counter Guarantees issued by Transwarranty Finance Limited to bankers on behalf of its subsidiary Vertex Securities Limited for margin requirements	80,000,000	80,000,000	50,000,000
Counter Guarantees issued by Transwarranty Finance Limited to bankers on behalf of its subsidiary Vertex Securities Limited for OD Facilities	35,000,000	50,000,000	50,000,000



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

**(C) Lease commitments**

The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 22 months and are renewable as may be mutually decided. These are generally cancellable lease. Lease payments recognized in the Statement of Profit and Loss as 'Rent' under Note No. 32 is Rs. 46,49,995/- (P.Y. Rs. 65,87,160/- ). Future minimum lease rent payable are as follows:

Particulars	As at		
	31st March, 2020	31st March, 2019	01st April, 2018
Minimum lease obligations:			
Not later than one year	5,695,661	5,690,994	2,215,725
Later than one year but not later than five years	3,048,684	6,312,375	113,478
Later than five years	720,000	864,000	-

**Note '38'**

**Related Parties Disclosure**

**38.1 Names of Related Parties & Nature of Relationship with whom the company have transaction during the year, as required by the Ind As 24 "Related Party Disclosures" and Companies Act, 2013.**

Sr. No.	Name of Related Party	Relationship
1	Vertex Securities Limited (VSL)	Subsidiary
2	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Subsidiary
3	Transwarranty Capital Market Services Private Limited (TCMSPL)	Subsidiary
4	Welworth Sales & Services Pvt. Ltd. (WSSPL)	Common Controlled Entity
5	Mr. Kumar Nair (Managing Director)	Key Management Personnel
6	Mr. Ramachandran Unnikrishnan ( Director & Chief Financial Officer )	Key Management Personnel
7	Mrs. Leena Nair (Wife of Mr. Kumar Nair)	Relative of Key Management Personnel
8	Mrs. Jyoti Ramachandran (Wife of Mr. Ramachandran Unnikrishnan)	Relative of Key Management Personnel
9	Mr. Rajendran U. (Brother of Mr.Ramachandran Unnikrishnan)	Relative of Key Management Personnel

**38.2 Transactions with Related Parties**

	Name of Related Party and Nature of relationship	Nature of Transaction	2020 Transactional Value (Rs)	2019 Transactional Value (Rs)
<b>A)</b>	<b>Common Controlled Entity</b>			
1	Welworth Sales & Services Pvt. Ltd. (WSSPL)	Inter corporate deposit given	10,200	18,800
<b>B)</b>	<b>Key Management Personnel</b>			
1	Kumar Nair	Salary and Other Allowances	2,400,008	2,400,008
		Rent Paid	1,800,000	1,800,000
		Loan Received	100,000	640,000
		Loan Paid	250,000	1,290,000
		Interest paid	1,862,284	1,898,839

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

2	Mr. Ramachandran Unnikrishnan ( Director & Chief Financial Officer )	Professional Charges Paid	-	100,000
3	Mrs. Leena Nair (Wife of Mr. Kumar Nair)	Rent Paid	1,800,000	1,800,000
4	Mrs. Jyoti Ramachandran (Wife of Mr. Ramachandran Unnikrishnan)	Investment in Non Convertible Debentures	-	1,000,000
		Interest paid on Non Convertible Debentures	120,000	5,918
5	Mr. Rajendran U. (Brother of Mr. Ramachandran Unnikrishnan)	Investment in Non Convertible Debentures	700,000	200,000
		Interest paid on Non Convertible Debentures	65,766	6,843

## 38.3 Balances as at the end of the year:

	Name of Related Party and Nature of relationship	Nature of Transaction	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	<b>(In the books of Transwarranty Finance Limited)</b>				
	<b>Receivables</b>				
<b>A)</b>	<b>Common Controlled Entity</b>				
	Welworth Sales & Services Pvt. Ltd. (WSSPL)	Inter corporate deposit	41,500	31,300	12,500
<b>B)</b>	<b>Key Management Personnel</b>				
	Kumar Nair	Loan account	-	-	13,160,900
	<b>Payables</b>				
<b>A)</b>	<b>Key Management Personnel</b>				
	Kumar Nair	Loan account	12,360,900	12,510,900	-
		Interest payable	254,537	141,279	-
	<b>(In the books of Vertex Securities Limited)</b>				
	<b>Payables</b>				
<b>B)</b>	<b>Key Management Personnel</b>				
	Kumar Nair	Trading account	-	(734)	(734)



## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note '39'

#### First-time adoption of Ind AS

These are the Parent Company's first consolidated financial statements prepared in accordance with Ind AS.

The Parent Company has prepared its Ind AS compliant consolidated financial statements for year ended on 31 March 2020, the comparative period ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 1 April 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2018 and the financial statements as at end for the year ended 31 March 2019.

For periods ended up to the year ended 31 March 2019, the Parent Company had prepared its consolidated financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

#### (A) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Parent Company.

##### Mandatory exceptions

The Parent Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

##### (i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Parent Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

##### (ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

##### (iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

##### (iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

##### Optional exemptions availed

##### (i) Investment in subsidiary

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to measure its investment in subsidiary as per previous GAAP carrying value.

##### (ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Company has elected to apply this exemption for such contracts/arrangements.

##### (iii) Property, Plant & Equipment

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

## (B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition 01<sup>st</sup> April 2018 and as at 31st March 2019

Particulars	Explanatory Note No.	As at 31st March, 2019			As at 01st April, 2018		
		Previous IGAAP	Adjustments	Ind AS	Previous IGAAP	Adjustments	Ind AS
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash and cash equivalents		23,722,583	-	23,722,583	16,275,963	-	16,275,963
Bank Balance other than (a) above		33,712,359	-	33,712,359	31,025,624	-	31,025,624
Receivables							
(I) Trade Receivables	1	141,773,675	(12,675,000)	129,098,675	106,995,151	(12,675,000)	94,320,151
Loans	2 (a) & (b)	164,805,305	(59,176,355)	105,628,950	154,217,099	(59,119,423)	95,097,676
Investments	3	8,706,822	(1,862,018)	6,844,804	8,712,585	(1,862,018)	6,850,567
Other Financial assets	4	130,414,807	(95,306)	130,319,502	131,514,733	(98,482)	131,416,251
		<b>503,135,551</b>	<b>(73,808,678)</b>	<b>429,326,873</b>	<b>448,741,155</b>	<b>(73,754,923)</b>	<b>374,986,232</b>
<b>Non-financial Assets</b>							
Inventories		723,039	-	723,039	1,761,390	-	1,761,390
Current tax assets (Net)		11,793,829	-	11,793,829	8,734,441	-	8,734,441
Deferred tax Assets (Net)	8	862,082	19,121,492	19,983,574	346,353	19,158,615	19,504,968
Property, Plant and Equipment		93,870,616	-	93,870,616	96,646,588	-	96,646,588
Goodwill on consolidation		68,041,472	-	68,041,472	68,041,472	-	68,041,472
Other Intangible assets		1,028,754	-	1,028,754	1,418,159	-	1,418,159
Other non-financial assets		53,015,162	(11,960)	53,003,203	50,921,729	-	50,921,729
		<b>229,334,954</b>	<b>19,109,532</b>	<b>248,444,487</b>	<b>227,870,132</b>	<b>19,158,615</b>	<b>247,028,747</b>
<b>Total Assets</b>		<b>732,470,505</b>	<b>(54,699,146)</b>	<b>677,771,360</b>	<b>676,611,288</b>	<b>(54,596,308)</b>	<b>622,014,980</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>Financial Liabilities</b>							
<b>Payables</b>							
<b>Trade Payables</b>							
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		128,060,531	-	128,060,531	119,820,355	-	119,820,355
(II) Other Payables		-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,034,670	-	3,034,670	4,797,075	-	4,797,075
Debt Securities	5	9,800,000	(179,764)	9,620,236	-	-	-
Borrowings (Other than Debt Securities)	2(b)	183,990,218	-	183,990,218	154,368,205	(53,181)	154,315,023
Other financial liabilities	6	21,762,547	(27,928)	21,734,619	14,899,052	(14,761)	14,884,291
		<b>346,647,966</b>	<b>(207,693)</b>	<b>346,440,274</b>	<b>293,884,687</b>	<b>(67,943)</b>	<b>293,816,745</b>
<b>Non-Financial Liabilities</b>							
Provisions		1,423,827	-	1,423,827	1,169,656	-	1,169,656
Other non-financial liabilities		5,764,034	-	5,764,034	7,459,291	-	7,459,291
		<b>7,187,861</b>	<b>-</b>	<b>7,187,861</b>	<b>8,628,947</b>	<b>-</b>	<b>8,628,947</b>
<b>EQUITY</b>							
Equity Share capital		244,605,680	-	244,605,680	244,605,680	-	244,605,680
Other Equity		71,796,624	(53,684,233)	18,112,391	68,802,562	(53,725,573)	15,076,989
<b>Total equity attributable to shareholders</b>		<b>316,402,304</b>	<b>(53,684,233)</b>	<b>262,718,071</b>	<b>313,408,242</b>	<b>(53,725,573)</b>	<b>259,682,669</b>
Non Controlling interest		62,232,373	(807,219)	61,425,154	60,689,412	(802,793)	59,886,619
<b>Total</b>		<b>378,634,677</b>	<b>(54,491,453)</b>	<b>324,143,225</b>	<b>374,097,654</b>	<b>(54,528,366)</b>	<b>319,569,288</b>
<b>Total Liabilities and Equity</b>		<b>732,470,505</b>	<b>(54,699,146)</b>	<b>677,771,360</b>	<b>676,611,288</b>	<b>(54,596,308)</b>	<b>622,014,980</b>

Reconciliation of equity as at 01<sup>st</sup> April, 2018 summarised in below table

Particulars	01st April, 2018
<b>Equity as reported under previous GAAP</b>	<b>68,802,562</b>
Adjustments:-	
Impairment Loss on Loan given based on ECL method	(59,202,567)
Fair Valuation on investment	(784,433)
Impairment Loss on Trade Receivable based on ECL method	(12,675,000)
Discounting of Security deposit	62,761
Amortisation of finance element of Security deposit	(70,896)
Impact of EIR based amortisation of loan taken	53,181
Rent income on unwinding of Security deposit taken	66,874
Finance cost on security deposit taken	(52,113)
	<b>(3,799,631)</b>
Add: Deferred tax adjustment	18,876,619
<b>Equity as per Ind AS</b>	<b>15,076,989</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March 2020

Particulars	Explanatory Note no.	As at 31st March, 2019		
		Previous IGAAP	Adjustments	Ind AS
<b>Revenue from operations</b>				
Interest Income	4	6,223,080	(103,489)	6,119,591
Fees and commission Income	2(b)	65,030,493		65,030,493
Sale of Stock		57,141,563	-	57,141,563
Corporate Finance		1,000,000	-	1,000,000
Investment Banking		40,131,000	-	40,131,000
<b>Total Revenue from operations</b>		<b>169,526,136</b>	<b>(103,489)</b>	<b>169,422,647</b>
Other Income	6	17,340,320	89,166	17,429,486
<b>Total Income</b>		<b>186,866,456</b>	<b>(14,323)</b>	<b>186,852,133</b>
<b>Expenses</b>				
Finance Costs	6	23,018,170	(163,935)	22,854,235
Purchases of Stock-in-trade		57,153,377	-	57,153,377
Employee Benefits Expenses	7	39,751,796	102,351	39,854,147
Depreciation, amortization and impairment		4,486,574	-	4,486,574
Others expenses (to be specified)	4	57,499,390	63,617	57,563,007
<b>Total Expenses</b>		<b>181,909,306</b>	<b>2,033</b>	<b>181,911,339</b>
Profit / (loss) before exceptional items and tax (III-IV)		4,957,150	(16,356)	4,940,794
Exceptional items		-		-
<b>Profit/(loss) before tax</b>		<b>4,957,150</b>	<b>(16,356)</b>	<b>4,940,794</b>
<b>Tax Expense:</b>				
Current Tax		930,000	-	930,000
Deferred Tax	8	(515,729)	37,123	(478,606)
<b>Profit/(loss) for the period</b>		<b>4,542,879</b>	<b>(53,479)</b>	<b>4,489,400</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss		-		-
a) Fair valuation on Equity instrument		(5,857)		(5,857)
b) Remeasurement of the net defined benefit obligation gain / (loss)	7	-	90,390	90,390
<b>Other Comprehensive Income</b>		<b>(5,857)</b>	<b>90,390</b>	<b>84,533</b>
<b>Total Comprehensive Income for the period</b>		<b>4,537,022</b>	<b>36,911</b>	<b>4,573,933</b>

## Explanatory Note:

## 1 Trade Receivable

Under Indian GAAP, Company has recognised specific amount towards impairment of Trade receivables on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). Accordingly, additional allowance for impairment amounting to Rs. 126.75 Lakhs has been recognised with the corresponding adjustment to retained earnings as at 1 April 2018 i.e transition date and Rs. 126.75 Lakhs as of 31 March 2019, which has decreased the retained earnings.

## 2 Loan

## a) Impairment Allowance

Under Indian GAAP, Company has recognised specific amount towards impairment of Loans on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). Accordingly, additional allowance for impairment amounting to Rs.591.19 Lakhs has been recognised with the corresponding adjustment to retained earnings as at 1 April 2018 i.e transition date which has decreased the retained earnings.





## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### b) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2019.

#### 3 Investment

Under previous GAAP, non-current investments in quoted/unquoted equity instruments and equity mutual funds were recorded at cost. Under Ind AS, such investments are required to be valued at fair value. The company has classified these instruments as fair value through other comprehensive income (not be reclassified to profit and loss account subsequently on disposal/sale) and adjusted the amounts as on transition date.

#### 4 Other Financial Assets

Interest free security deposit paid for rent of property have been accounted at present value, accordingly interest income and rental expense has increased.

#### 5 Debt Instrument

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in statement of Profit and Loss account over the tenure of the borrowings as part of the interest expenses by applying the Effective Interest rate method. Under Indian GAAP these transaction costs were charged to the statement of profit and loss in the year in which incurred. Accordingly these transaction costs have been reclassified/netted off against borrowings as at each balance sheet date.

#### 6 Other Financial Liabilities

Interest free security deposit taken for rent of property have been accounted at present value, accordingly interest expense and rental income has increased.

#### 7 Re-measurements of post employee benefit obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in Other comprehensive income instead of statement of Profit and Loss. Under Indian GAAP, these re-measurements were forming part of the profit or loss for the year. There is no impact on the other equity as at April 1, 2018.

#### 8 Deferred Tax

Deferred Tax has been recognized on the adjustments made on transition to Ind AS.

### Note '40'

#### Fair values

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.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, investments in equity instruments designated at FVOCI, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

#### Fair value hierarchy

The Parent Company determines fair values of its financial instruments according to the following 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. Equity investments designated under FVOCI has been valued using discounted cash flow method.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020Quantitative disclosures of fair value measurement hierarchy for assets as at 31<sup>st</sup> March 2020

Particulars	FVTPL	FVOCI	Carrying Value	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial Asset</b>							
Cash and cash equivalents			38,161,259	-	-	-	-
Bank balances other than cash and cash equivalents			25,424,859	-	-	-	-
Trade receivables			64,017,744	-	-	-	-
Loans			105,054,407	-	-	-	-
Investments	157,907	6,826,958	-	157,907	-	6,826,958	6,984,865
Other financial assets			130,179,889	-	-	-	-
<b>Total</b>	<b>157,907</b>	<b>6,826,958</b>	<b>362,838,158</b>	<b>157,907</b>	<b>-</b>	<b>6,826,958</b>	<b>6,984,865</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	112,559,616	-	-	-	-
Other payables	-	-	3,026,780	-	-	-	-
Debt Securities	-	-	22,284,135	-	-	-	-
Borrowings (other than debt securities)	-	-	202,855,915	-	-	-	-
Other financial liabilities	-	-	27,692,185	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>368,418,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Quantitative disclosures of fair value measurement hierarchy for assets as at 31<sup>st</sup> March 2019

Particulars	FVTPL	FVOCI	Carrying Value	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial Asset</b>							
Cash and cash equivalents	-	-	23,722,583	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	33,712,359	-	-	-	-
Trade receivables	-	-	129,098,675	-	-	-	-
Loans	-	-	105,628,950	-	-	-	-
Investments	68,122	6,776,682	-	68,122	-	6,776,682	6,844,804
Other financial assets	-	-	130,319,502	-	-	-	-
<b>Total</b>	<b>68,122</b>	<b>6,776,682</b>	<b>422,482,069</b>	<b>68,122</b>	<b>-</b>	<b>6,776,682</b>	<b>6,844,804</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	128,060,531	-	-	-	-
Other payables	-	-	3,034,670	-	-	-	-
Debt Securities	-	-	9,620,236	-	-	-	-
Borrowings (other than debt securities)	-	-	183,990,218	-	-	-	-
Other financial liabilities	-	-	21,734,619	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>346,440,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020Quantitative disclosures of fair value measurement hierarchy for assets as at 01<sup>st</sup> April 2018

Particulars	FVTPL	FVOCI	Carrying Value	Fair value measurement using			
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial Asset</b>							
Cash and cash equivalents	-	-	16,275,963	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	31,025,624	-	-	-	-
Trade receivables	-	-	94,320,151	-	-	-	-
Loans	-	-	95,097,676	-	-	-	-
Investments	73,885	6,776,682	-	73,885	-	6,776,682	6,850,567
Other financial assets	-	-	131,416,251	-	-	-	-
<b>Total</b>	<b>73,885</b>	<b>6,776,682</b>	<b>368,135,666</b>	<b>73,885</b>	<b>-</b>	<b>6,776,682</b>	<b>6,850,567</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	119,820,355	-	-	-	-
Other payables	-	-	4,797,075	-	-	-	-
Debt Securities	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	-	154,315,023	-	-	-	-
Other financial liabilities	-	-	14,884,291	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>293,816,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note '41'

## Risk management

## Liquidity and funding risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

Particulars	As at 31 March 2020			As at 31 March 2019			As at 01st April 2018		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Assets</b>									
<b>Financial assets</b>									
Cash and cash equivalents	38,161,259		38,161,259	23,722,583		23,722,583	16,275,963		16,275,963
Bank balances other than cash and cash equivalents		25,424,859	25,424,859		33,712,359	33,712,359		31,025,624	31,025,624
Trade receivables	64,017,744		64,017,744	129,098,675		129,098,675	94,320,151		94,320,151
Loans	105,054,407		105,054,407	105,628,950		105,628,950	95,097,676		95,097,676
Other financial assets	7,279,732	122,900,157	130,179,889	15,483,050	114,836,451	130,319,500	12,316,326	119,099,926	131,416,252
<b>Non-financial assets</b>									
Inventories	723,039		723,039	723,039		723,039	1,761,390		1,761,390
Current tax assets (net)	11,033,193		11,033,193	11,793,829		11,793,829	8,734,441		8,734,441
Deferred tax assets (net)		21,326,644	21,326,644		19,983,574	19,983,574		19,504,968	19,504,968
Property, plant and equipment		94,143,698	94,143,698		93,870,616	93,870,616		96,646,588	96,646,588
Goodwill		68,041,472	68,041,472		68,041,472	68,041,472		68,041,472	68,041,472
Other intangible assets		6,323,165	6,323,165		1,028,754	1,028,754		1,418,159	1,418,159
Other non-financial assets	5,739,547	41,549,574	47,289,121	6,980,535	46,022,668	53,003,203	8,458,195	42,463,534	50,921,729
<b>Total</b>	<b>232,008,922</b>	<b>379,709,568</b>	<b>611,718,490</b>	<b>293,430,661</b>	<b>377,495,894</b>	<b>670,926,554</b>	<b>236,964,143</b>	<b>378,200,271</b>	<b>615,164,414</b>
<b>LIABILITIES</b>									
<b>Financial liabilities</b>									
Trade payables	112,559,616		112,559,616	128,060,531		128,060,531	119,820,355		119,820,355
Other payables	3,026,780		3,026,780	3,034,670		3,034,670	4,797,075		4,797,075
Debt securities	7,387,292	14,896,843	22,284,135	3,936,812	5,683,424	9,620,236	-	-	-
Borrowings (other than debt securities)	103,309,415	99,546,500	202,855,915	91,316,603	92,673,615	183,990,218	36,289,865	118,025,158	154,315,023
Other financial liabilities	21,022,318	6,669,864	27,692,182	15,053,286	6,681,333	21,734,619	8,227,350	6,656,941	14,884,291
<b>Non-financial liabilities</b>									
Provisions	1,735,209		1,735,209	1,423,827		1,423,827	1,169,656		1,169,656
Other non-financial liabilities	4,917,728	6,105,556	11,023,285	2,964,035	2,800,000	5,764,035	4,393,190	3,066,102	7,459,292
<b>Total</b>	<b>253,958,358</b>	<b>127,218,763</b>	<b>381,177,122</b>	<b>245,789,764</b>	<b>107,838,372</b>	<b>353,628,136</b>	<b>174,697,491</b>	<b>127,748,201</b>	<b>302,445,692</b>

**Market risk**

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

**Interest rate risk**

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day to- day operations. Further, certain interest bearing liabilities carry variable interest rates

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

**Average Exposure to interest rate risk**

Particulars	As at 31 March 2020	As at 31 March 2019
Floating rate borrowings	83,246,493	48,148,991
<b>Total Borrowings</b>	<b>83,246,493</b>	<b>48,148,991</b>

**A change of 50bps in interest rates would have following impact on profit before tax**

Particulars	As at 31 March 2020	As at 31 March 2019
Interest rates - increase by 50 basis point (50 bps)	(416,232)	(240,745)
Interest rates - decrease by 50 basis point (50 bps)	416,232	240,745

**Credit risk**

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial/ contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of counterparties. Inadequate collateral may also lead to financial losses in the event of default. The company has adopted a policy of dealing with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented in the financial statements.

Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis. The Company's major classes of financial assets are cash and cash equivalents, loans, term deposits, trade receivables and security deposits. The nature of loan products across broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk. The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers

**Impairment Assessment**

The Company is mainly engaged in the business of providing gold loans, consumer loans and unsecured personal loans to salaried individuals, traders and self-employed. The tenure of the personal loans generally ranges from 9 months to 18 months.

**Classification of financial assets under various stages**

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes more than 180 days past due on its contractual payments

It is company's policy to assess loss allowance calculations ( ECL ) in all cases where borrower becomes 90 days past due on its contractual payment. The Company classifies its financial assets other than trade receivables in three stages having the following characteristics:

**The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:**

**As at 31<sup>st</sup> March 2020**

Particulars	Stage 1	Stage 2	Stage 3
Days past due (DPD)	0 - 1 year	1-3 year	3 year or more
<b>Trade receivables</b>			
Gross Carrying Value	54,127,093	51,931,051	-
Allowance for ECL	2,784,349	39,256,051	-
ECL Coverage ratio	5	76	-

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020As at 31<sup>st</sup> March 2019

Particulars	Stage 1	Stage 2	Stage 3
Days past due (DPD)	0 - 1 year	1-3 year	3 year or more
<b>Trade receivables</b>			
Gross Carrying Value	116,423,675	25,350,000	-
Allowance for ECL	-	12,675,000	-
ECL Coverage ratio	-	50	-

As at 01<sup>st</sup> April 2018

Particulars	Stage 1	Stage 2	Stage 3
Days past due (DPD)	0 - 1 year	1-3 year	3 year or more
<b>Trade receivables</b>			
Gross Carrying Value	81,645,151	25,350,000	-
Allowance for ECL	-	12,675,000	-
ECL Coverage ratio	-	50	-

## Note 42: Change in liabilities arising from financing activities disclosed as per Ind AS 7, Cash flow statement

Particulars	01st April 2019	Cash Flows	Changes in fair value	Others	31st March 2020
Debt Securities	9,620,236	12,663,899			22,284,135
Borrowings other than debt securities	183,990,218	18,865,697			202,855,915
<b>Total liabilities from financing activities</b>	<b>193,610,454</b>	<b>31,529,596</b>	-	-	<b>225,140,050</b>

Particulars	01st April 2018	Cash Flows	Changes in fair value	Others	31st March 2019
Debt Securities	-	9,620,236			9,620,236
Borrowings other than debt securities	154,315,023	29,675,195			183,990,218
<b>Total liabilities from financing activities</b>	<b>154,315,023</b>	<b>39,295,430</b>	-	-	<b>193,610,454</b>

## Note '43'

## Capital Management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or combination of short term /long term debt as may be appropriate.

## Note '44'

## Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

## Note '45'

"During the year ended 31 March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus followed by another extension of the lockdown by 19 days.

Stock broking and depository services have been declared as essential services and accordingly, the Company has faced no business stoppage/interruption on account of the lockdown. In light of the steep decline in the indices, the Company, in the normal course of business, placed additional margin money with the stock exchanges.

As of 31 March 2020, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern."

## NOTE 46

Pursuant to approval of the Members at the Annual General Meeting held on 27<sup>th</sup> September, 2019, the Company adopted the "Employees Stock Option Plan 2019" (ESOP 2019). As per the said plan, the Company granted 24,99,728 equity shares of ₹ 10 each on 10<sup>th</sup> December 2019.



**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020**

**FORM NO. AOC-1**

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

Statement containing salient features of the financial statement of subsidiaries/ Associate companies/ Joint ventures.

**Part- A Subsidiaries**

(Amount in ₹)

S. No.	Particulars			
1	Serial Number	1	2	3
2	Name of the Subsidiary	Vertex Securities Limited	Vertex Commodities And Finpro Private Limited	Transwarranty Capital Market Services Private Limited
3	The date since when subsidiary was acquired	18.07.2008	18.07.2008	21.07.2016
4	Reporting Period for the subsidiary concerned, if different from the Holding Company's reporting period	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
5	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share Capital	148,024,378	38,615,000	100,000
6	Reserves & Surplus	(48,085,871)	(20,934,217)	(186,831)
7	Total Assets	243,321,750	59,462,813	175,049
8	Total Liabilities	243,321,750	59,462,813	175,049
9	Investments	58,838,380	-	-
10	Turnover	55,151,986	11,129,817	-
11	Profit/(Loss) before Taxation	(34,086,878)	(8,439,646)	(21,998)
12	Provision For Taxation	Nil	Nil	Nil
13	Profit / (Loss) after Taxation	(34,086,878)	(8,439,646)	(21,998)
14	Proposed Dividend	Nil	Nil	Nil
15	% of Share Holding	53.04%	0%	100 %

**Notes:-**

- 1) There are no subsidiaries which are yet to commence operations
- 2) Names of Subsidiaries which have been liquidated or sold during the Year: Nil
- 3) The company has no Associates Companies and Joint Ventures.

**As per our attached report of even date**

For **S.S. Khan & Co**

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration No.133324W

**Sarfaraz Khan**

Proprietor

Membership No. 144212

**Kumar Nair**

Managing Director

DIN 00320541

**Ramachandran Unnikrishnan**

Director & CFO

DIN 00493707

29<sup>th</sup> July, 2020

Mumbai

**Suhas Bargoankar**

Company Secretary

## **SUBSIDIARY COMPANIES**

### **VERTEX SECURITIES LIMITED**

Vertex Securities Limited is national level retail broking company with around 200 branch / franchise offices across India having membership in National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), and depository services (NSDL).

The Company is also a SEBI registered full service Merchant Banker.

- Retail Stock Broking
- Distribution of Mutual Funds, IPO and other Financial Products
- Retail investment advisory services
- Depository Participant
- Institutional Broking
- Arbitrage
- AMFI Certified Corporate Agent

### **Merchant Banking**

- Management of Initial Public Offers / Follow on Offers / Rights Issue
- Management of debt (Bond) issues for Companies / Institutions / Corporations / Government Undertakings / Any other entity eligible to make a bond issue
- Placement of Equity Shares with QIP / Private Equity Funds
- Placement of Preference Shares
- Corporate Restructuring
- Valuations of Companies / Enterprises / Shares
- Listing services on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
- Buy Back of Shares
- Take Over & Offer for Sale
- ESOPs
- Certifications

### **VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED**

Vertex Commodities And Finpro Private Limited, a subsidiary of Vertex Securities Limited is also a national level retail broking company with around 200 branch / franchise offices across India having membership in the National Commodities & Derivatives Exchange (NCDEX), Multi Commodity Exchange (MCX) and National Multi Commodity Exchange of India Limited (NMCE).

- Retail Commodities Broking
- Corporate Agency for comprehensive insurance products

### **TRANSWARRANTY CAPITAL MARKET SERVICES PRIVATE LIMITED**



## TRANSWARRANTY FINANCE LIMITED

Transwarranty Finance Limited (TFL) is a RBI registered full service Investment Bank providing a wide range of Financial Services to over 1000 large and mid cap companies and thousands of retail clients all over India since 1994.

### Advisory Business:

#### Investment Banking

- Mergers and Acquisitions
- Venture Capital
- Private Equity
- International Capital Markets through FCCB / ADR / GDR / AIM listing
- Joint Ventures (Indian / International)
- Corporate Advisory Services
- Business Re-Structuring

#### Corporate Finance

- Structured Finance
- Rupee / Foreign Currency Loans
- External Commercial Borrowing (ECB)
- Working Capital Facilities from Banks
- Acquisition Finance both in India and abroad
- Stressed Assets Finance
- Debt Re-structuring

#### Trade Finance

- LC Bills Discounting
- Clean Bills Discounting
- Inter Corporate Deposits
- Unsecured Working Capital Loan
- Import and Export Finance (Supplier's / Buyer's Credit)

#### Project Finance

- Financial Structuring
- Project Report and Financial Feasibility Study
- Raising Project Equity
- Raising Project Loans both in Rupee and Foreign Currency

### Fund Based Business:

- **Gold Loan** - Retail loans against security of Gold
- **Online Personal Loans**
- **Online Consumer Loans**

### Membership and Licenses

- Reserve Bank of India (RBI) Registration for Financial Services
- Securities and Exchange Board of India (SEBI) Registration for Merchant Banking
- SEBI Registration for Securities Broking
- Association of Mutual Funds of India (AMFI) Registration for Mutual Funds Distribution
- Member of the Association of Merchant Bankers of India (AMBI)
- Membership of the National Stock Exchange (NSE) for broking in Equities, Derivatives Segments and Currency Segments
- Membership of the Bombay Stock Exchange (BSE) for Broking in Equities Segment
- Membership of the National Commodities & Derivatives Exchange (NCDEX)
- Membership in the Multi Commodity Exchange (MCX) (Commodity and Currency)
- Membership in the National Multi Commodity Exchange of India Limited (NMCE)
- Membership in National Securities Depository Limited (NSDL)

#### Regd. Office:

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Tel.:022-40010900•Fax:022-66306655  
Website:www.transwarranty.com•Email:mail@transwarranty.com