

Hedge

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**HEDGE FINANCE LIMITED****BOARD'S REPORT**

To
The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2017.

Financial Performance:

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

(Amount in INR)

Particulars	Year ended 31 st March, 2017	Year ended 31 st March, 2016
Total revenue	6,68,94,242	4,93,39,953
Profit/(Loss) before taxation	3,18,81,030	2,69,88,366
Current Tax	98,62,085	9,206,923
Deferred Tax	<u>39,326</u>	<u>(277,441)</u>
Less/Add: Tax Expenses	99,01,411	<u>89,29,482</u>
Profit/(Loss) after tax	2,19,79,619	1,80,58,884
Add: Balance B/F from the previous year	17,36,888	1,04,150
Less: Proposed dividend and dividend distribution tax	1,28,14,369	1,28,14,369
Less: Transfer to reserve	43,95,924	36,11,777
Balance Profit /(Loss) C/F to the next year	65,06,214	17,36,888

Dividend:

During the Financial Year 2016-17, the company has earned an income of Rs. 2,19,79,619/- after deducting all expenses including tax. Hence, the Board recommends a final dividend of Rs. 0.50/- each on the equity shares paid up amount. The final dividend, if approved by the shareholders at the Annual General Meeting shall be paid/dispatched by the company to the members whose name will appear in the Register of Members, as on the date of ensuing Annual General Meeting.

CIN : U65923KL2011PLC027672

Hedge Finance Ltd.

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State of Company's Affairs and Future Outlook

During the Financial Year 2016-17, the Company has marked an improvement in performance as compared to the previous Financial Year 2015-16. During the year under review the company has earned a total revenue of Rs 6,68,94,242/-, ie., by way of interest income of Rs. 5,55,85,761/-, Loan Processing Income of Rs. 5,09,097/-, income from investment Rs. 21,75,577/-, commission-insurance Rs. 51,772/- and Other income of Rs. 85,72,035/-. Further, the Company has incurred expenses of Rs. 3,50,13,212/- as shown in the Financial Statement. Currently, your Company is focusing on improving the performance and driving down the costs and improving the profitability.

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

There were no material changes and commitments likely to affect the financial position of the Company, which is having an impact on the functioning and working of the Company. The operations of the Company have been effectively being managed and the Management shall review the performance from time to time in order to monitor the business activities of the Company.

Change in nature of business, if any:

Your Company has not deviated its line of business activity nor has expanded the area of activities. Therefore, there was no change in the nature of business during the Financial Year 2016-17.

Reserves:

During the Financial Year 2016-17, the company has transferred 20% of its net profit to reserve, i.e. an amount of, Rs. 43,95,924/- as per Section 45 IC of Reserve Bank of India Act, 1934.

Share Capital:

The Capital structure of the Company is as follows:

Share Capital	31.03.2017	31.03.2016
a) Authorized Share Capital 75,000,000 Equity Shares of Rs.10/- each	750,000,000	750,000,000
b) Issued Share Capital 23,716,544 Equity Shares of Rs. 10/- each	237,165,440	237,165,440

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c) Subscribed and fully paid up Share Capital 21,293,817 Equity Shares of Rs. 10/- each fully paid up	212,938,170	212,938,170
d) Subscribed but not fully Paid up Share Capital 1,150,000 Equity Shares of Rs 10/- each in which Rs 3.05/- per share paid up 1,272, 727 Equity Shares of Rs 10/- each in which Rs 6.5/share paid up	3,507,500 8,272,726	3,507,500 8,272,726
Total	224,718,396	224,718,396

Changes in Share Capital:

There was no change in the share capital of the company during the Financial Year 2016-17

However the company have issued Secured Non Convertible Debentures amounting to Rs. 8,03,89,000/- and Unsecured Non Convertible Debentures of Rs. 8,00,00,000/- by way of private placement during the year.

Revision of Financial Statement:

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

Extract of Annual Return:

As provided under Section 92(3) of the Act, extract of Annual Return for the Financial Year 2016-17, in Form MGT-9, is enclosed with this report marked as **ANNEXURE I**.

Subsidiary/Associate Companies/Joint Ventures:

For the Financial Year ended on 31st March, 2017, the Company has no holding, subsidiaries, associate and joint ventures, therefore, disclosing the names of the respective entities does not arise.

Composition of Board:

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

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DIN	Name of the Director	Designation	Date of Appointment
01254207	Mr. Alex K Babu	Managing Director	15/02/2011
01903646	Mr. Bobby Jose	Whole Time Director	15/02/2011
01903591	Mr. Bhuvanendran N	Whole Time Director	15/02/2011
01038074	Mr. Pradeep Kumar C	Director	25/02/2015
01969624	Mr. Ambrish Naresh Sampat	Director	20/11/2015
06560851	Mr. John George	Director	09/03/2016

During the Financial Year 2016-17, one of the Directors Mr. P S George has ceased to be Director of the Company with effect from 10.08.2016 not being reappointed at the Annual General Meeting . Further on the recommendation of nomination and remuneration committee, Mr. John George, was appointed as an Additional Director, on 9th March, 2016 and was appointed as the Director of the Company as well as an independent director of the company for a period of 5 years at the Annual General Meeting.

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

Key Managerial Personnel:

The Key Managerial Personnel comprised of the following members:-

DIN/PAN	Name	Designation
01254207	Mr. Alex K Babu	Managing Director
CIJPS6370Q	Mr. Suraj Ramachandran	Chief Financial Officer
AZNPT4889J	Ms. Anju Thomas	Company Secretary

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Meetings of the Board of Directors:

During the Financial Year 2016-17, 16 meetings of Board of Directors of the company were held as detailed below;

Date of the meeting	Mr. Pradeep Kumar Cheenankandy	Mr. Alex Kalluvila Babu	Mr. Vettikuzhiyil Sankaran Nair Bhuvanendran	Mr. Bobby Jose Arakunnel	Mr. Ambrish Naresh Sampat	Mr. John George	Mr. P. George*
25.04.2016	Present	Present	Present	Present	Present	Present	Present
13.06.2016	Present	Present	Present	Present	Present	Present	Present
01.07.2016	Present	Present	Present	Present	Present	Present	Present
15.07.2016	Present	Present	Present	Present	Present	Present	Absent
20.09.2016	Present	Present	Present	Present	Present	Present	NA
30.09.2016	Present	Present	Present	Present	Present	Present	NA
02.11.2016	Absent	Present	Present	Present	Present	Present	NA
01.12.2016	Absent	Present	Present	Present	Present	Present	NA
08.12.2016	present	Present	Present	Present	Present	Present	NA
16.12.2016	Present	Present	Present	Present	Present	Present	NA
28.12.2016	Absent	Present	Present	Present	Present	Present	NA
07.01.2017	Absent	Present	Present	Present	Present	Present	NA
09.01.2017	Present	Present	Present	Present	Present	Present	NA
01.02.2017	Absent	Present	Present	Present	Present	Present	NA
01.03.2017	Absent	Present	Present	Present	Present	Present	NA
31.03.2017	Present	Present	Present	Present	Present	Present	NA

*Mr. P. S. George has ceased to be the director of the Company w.e.f. 10th August, 2016

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**General Meeting:**

Date of Meeting	Nature of Meeting	No. of Directors attended the meeting	No. of members attended the meeting
23.05.2016	Extra-ordinary General Meeting	4	7
10.08.2016	Annual General Meeting	3	14

Independent Directors Meeting:

Date of Meeting	Mr. John George	Mr. Ambrish Naresh Sampat
	Independent Director	Independent Director
30.09.2016	Present	Present

Audit Committee:

The Company has constituted an Audit committee as required under Section 177 of the Companies Act, 2013. The Board has accepted all the recommendations of the Audit Committee during the year..

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

Date of the meeting	Mr. Alex K Babu	Mr. Ambrish Naresh Sampat	Mr. John George
	Executive and Non-independent Director	Non-Executive and Independent Director	Non-Executive and Independent Director
15.07.2016	Present	Present	Present

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Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of Directors decides on the policies and details of remuneration payable to the Directors. On 15.07.2016 a meeting was conducted by the committee and presented all its members. The composition of the Nomination and Remuneration Committee is as follows:-

Sl. No.	Name of the Directors	Category
1.	Mr. Amrish Naresh Sampat	Independent Director
2.	Mr. John George	Independent Director
3.	Mr. Pradeep Kumar Cheenankandy	Non Executive Director

Remuneration Policy:

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

1. the remuneration structure is based on the qualification and skill levels at the time of joining the organisation and reviewed on a yearly basis by way of an assessment of their actual performance, through a robust "Performance Management System".
2. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other NBFCs and the broader financial sector.
3. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
4. remuneration to executive directors, key managerial personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

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Particulars of Loan, Guarantees and investments under Section 186:

The Company, being a Non-Banking Financial Company registered under Chapter IIIB of the Reserve Bank of India Act, 1934, is exempted from the provisions of Loans made by Company under Section 186 of Companies Act, 2013. The company has not made any investments and given guarantee in contraventions of Sub-section (1) of Section 186 of Companies Act, 2013.

Particulars of Contracts or Arrangements with Related Parties:

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

Auditors :

M/s Manikandan & Associates., Chartered Accountants, having firm registration number 008520S, were appointed by the Company at the 4th Annual General Meeting held on 07.08.2015 as statutory auditors of the Company for a period of 4 Financial Year subject to ratification by members each year.

As required under the provisions of Section 139(1) of the Companies Act, 2013, your Company has obtained the written confirmation from M/s Manikandan & Associates. Chartered Accountants, that ratification of their appointment, if made, in the 6th Annual General Meeting, would be in conformity with the limits/conditions specified in Section 141 of the Companies Act, 2013. Your Directors propose and wish their re-appointment as the statutory auditor, for the benefit of the Company and request the Shareholders to approve the same.

Auditor's report:

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

Fraud reporting by the Auditors

During the year, there were no instances of fraud reporting by the Auditors to the Management, hence the provisions of Section 143(12) of the Companies Act, 2013 is not applicable to the Company.

Cost Auditors

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

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Secretarial Auditors:

Section 204 of the Companies Act, 2013 with regard to Secretarial audit is not applicable to your Company during the year under review, since the Company is unlisted public Company and the paid up share capital of the Company is less than Rs. 50 Crore and turnover is also less than Rs. 250 crore.

Conservation of Energy, Technology, Absorption and Foreign Exchange

The particulars as prescribed under sub-section (3) (m) Section 8 of the Companies Act, 2013, read with the Companies (the Companies (Accounts) Rules, 2014) Rules, 2014 as amended up-to-date, are set out hereunder:

A. Conservation of energy:

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

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

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

C. Foreign Exchange Earnings and Outgo:

During the period under report, your Company had not earned any amount of foreign exchange nor had incurred expenditure in foreign exchange.

Risk Management Policy:

As per the Risk Management Policy of the company all fixed assets and machineries are properly maintained. Further the Management is regularly studying market conditions.

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

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

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

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

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

Deposits:

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

Corporate Social Responsibility (CSR) Policy:

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

Statement Indicating the manner in which Formal Annual Evaluation has been made by the Board of its own performance, its Directors and that of its committees:

This Company is not listed in any Stock Exchanges in India. The paid up share capital of our company is Rs. 22,47,18,395.50/- i.e., less than the thresholds specified under Section 134 of Companies Act, 2013. Hence the requirement to disclose the manner in which Formal Annual Evaluation has been made by the Board of its own performance, its Directors and that of its committees is not applicable to the Company during the year under review.

Disclosure of Establishment of Vigil Mechanism:

The provisions of Section 177(9) of the Companies act, 2013 is not applicable since the Company has not borrowed any monies nor or accepted any deposits exceeding the limits prescribed under the act, during the year under review.

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

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

There was no Sexual Harassment of Women reported during the year ended 31.03.2017. There are proper and adequate arrangements so as to avoid occurrence of sexual harassment.

Directors Responsibility Statement:

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

- a) in the preparation of annual accounts for the Financial Year ended 31st March 2017, the applicable accounting standards had been followed and there was no departure from the accounting standards followed ;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2017 and of the profit of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis ;
- e) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees:

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

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Acknowledgement:

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

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

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

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

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

Place: Kochi
Date: 10.05.2017

Alex K Babu
Managing Director
DIN: 01254207

Bhuvanendran N
Whole-Time Director
DIN: 01903591

CIN : U65923KL2011PLC027672

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Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rules 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923KL2011PLC027672
ii) Registration Date	:	15/02/2011
iii) Name of the company	:	HEDGE FINANCE LIMITED
iv) Category/ Sub- Category of the Company	:	Company Limited by Shares/ Indian Non government Company
v) Address of the Registered Office and contact details	:	Hedge House, Palarivattom P.O, Mamangalam, Kochi, Ernakulam- 682025
vi) E-mail	:	cfo@hedgefinance.com
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Nil

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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Sl. No.	Name and description of main products / services	NIC Code of the product/ Service	% to total turnover of the company
1.	To carry on business of lending money either through hire purchase, leasing, gold loan	64910	83.09

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category –wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	Nil	6953423	6953423	29.32	Nil	6953423	6953423	29.32	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total(A)(1):	Nil	6953423	6953423	29.32	Nil	6953423	6953423	29.32	Nil
(2) Foreign									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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Sub-Total(A)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoters (A)=(A)(1)+(A)(2)	Nil	6953423	6953423	29.32	Nil	6953423	6953423	29.32	Nil
B. Public Shareholding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1. Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Bodies Corporate Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	1000	1000	0.01	Nil	1000	1000	0.01	Nil
i. Individual shareholders holding nominal sh. Capital upto Rs.1 lakh	Nil	1000	1000	0.01	Nil	1000	1000	0.01	Nil
ii. Individual shareholders holding nominal sh. Capital in excess of Rs.1 lakh	Nil	16762121	16762121	70.67	Nil	16762121	16762121	70.67	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	16763121	16763121	70.68 %	Nil	16763121	16763121	70.68 %	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	16763121	16763121	70.68 %	Nil	16763121	16763121	70.68 %	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	23716544	23716544	100%	Nil	23716544	23716544	100%	Nil

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

(ii) Shareholding of Promoters

SL No	Shareholders name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Alex K Babu	4489787	18.93	NIL	4489787	18.93	NIL	NIL
2.	Bobby Jose	300000	1.26	NIL	300000	1.26	NIL	NIL
3.	Bhuvanendran N	300000	1.26	NIL	300000	1.26	NIL	NIL
4.	Pradeep Kumar C	963636	4.06	NIL	963636	4.06	NIL	NIL
5.	Nithya Alex	300000	1.26	NIL	300000	1.26	NIL	NIL
6.	Teslin Abraham	300000	1.26	NIL	300000	1.26	NIL	NIL
7.	Raji C.P	300000	1.26	NIL	300000	1.26	NIL	NIL

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

There has been no change in the shareholding of the promoters

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Hedge Finance Ltd.

Hedge House, Mamangalam, Kochi - 682025, Kerala, India | Tel: 0484 - 3040400 | Fax: 0484 - 3040404

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Web: www.hedgefinance.com

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Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Alex K Babu					
	At the beginning of the year (01.04.2016)		4489787	18.93	4489787	18.93
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	4489787	18.93	4489787	18.93

2.	Bobby Jose					
	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	300000	1.26	300000	1.26

3.	Bhuvanendran N					
	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	300000	1.26	300000	1.26

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4.	Pradeep Kumar C					
	At the beginning of the year (01.04.2016)		963636	4.06	963636	4.06
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	963636	4.06	963636	4.06

5.	Nithya Alex					
	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	300000	1.26	300000	1.26

6.	Teslin Abraham					
	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	300000	1.26	300000	1.26

7.	Raji C.P					
	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)	No change	300000	1.26	300000	1.26

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

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	K C Babu					
	At the beginning of the year (01.04.2016)		6295455	26.54	6295455	26.54
	15.07.2016	Acquired shares through transfer	100000		6395455	26.97
	At the end of the year (31.03.2017)		6395455	26.97	6395455	26.97
2.	Rapheal P Thomas					
	At the beginning of the year (01.04.2016)		2500000	10.54	2500000	10.54
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		2500000	10.54	2500000	10.54
3.	DR. P S George*					
	At the beginning of the year (01.04.2016)		1,666,666	7.03	1,666,666	7.03
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		1,666,666	7.03	1,666,666	7.03
4.	Kiran B					
	At the beginning of the year (01.04.2016)		1000000	4.22	1000000	4.22
			Nil	Nil	Nil	Nil

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	At the end of the year (31.03.2017)		1000000	4.22	1000000	4.22
5.	Dr. Joseph V T & Celine Joseph					
	At the beginning of the year (01.04.2016)		1000000	4.22	1000000	4.22
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		1000000	4.22	1000000	4.22
6.	Cheriyath Varghese					
	At the beginning of the year (01.04.2016)		1000000	4.22	1000000	4.22
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		1000000	4.22	1000000	4.22
7.	Lissy Mathew					
	At the beginning of the year (01.04.2016)		425000	1.79	425000	1.79
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		425000	1.79	425000	1.79
8.	Mathew Philip					
	At the beginning of the year (01.04.2016)		425000	1.79	425000	1.79
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		425000	1.79	425000	1.79
9.	Asha John					
	At the beginning of the year (01.04.2016)		250000	1.05	250000	1.05
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		250000	1.05	250000	1.05

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10.	Aswathi Annie Abraham					
	At the beginning of the year (01.04.2016)		150000	0.63	150000	0.63
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		150000	0.63	150000	0.63
11	Ajit Jones Mathew					
	At the beginning of the year (01.04.2016)		150000	0.63	150000	0.63
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		150000	0.63	150000	0.63

*Mr. P. S. George holds 1,666,666 shares of the company, since he cease to be director of the company from 10.08.2016, he will be counted as a shareholder of the company for the year ended 31st March 2017

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Alex K Babu					
	At the beginning of the year (01.04.2016)		4489787	18.93	4489787	18.93
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		4489787	18.93	4489787	18.93
2.	Bobby Jose					

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	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		300000	1.26	300000	1.26
3.	Bhuvanendran N					
	At the beginning of the year (01.04.2016)		300000	1.26	300000	1.26
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		300000	1.26	300000	1.26
4.	Pradeep Kumar C					
	At the beginning of the year (01.04.2016)		963636	4.06	963636	4.06
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		963636	4.06	963636	4.06
5.	Ambrish Naresh Sampat					
	At the beginning of the year (01.04.2016)		500	0.002	500	0.002
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		500	0.002	500	0.002
6.	John George					
	At the beginning of the year (01.04.2016)		500	0.002	500	0.002
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		500	0.002	500	0.002
7.	Suraj Ramachandran					
	At the beginning of the year (01.04.2016)		Nil	Nil	Nil	Nil
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		Nil	Nil	Nil	Nil

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8	Anju Thomas					
	At the beginning of the year (01.04.2016)		Nil	Nil	Nil	Nil
			Nil	Nil	Nil	Nil
	At the end of the year (31.03.2017)		Nil	Nil	Nil	Nil

(vi) INDEBTEDNESS:**Indebtedness of the company including interest outstanding/accrued but not due for payment**

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) principal amount	71,164,000	Nil	0	71,164,000
ii) interest due but not paid	2,228,167	Nil	Nil	2,228,167
iii) interest accrued but not due	Nil		Nil	
Total (i+ii+iii)	73,392,167	0	0	73,392,167
Change in Indebtedness during the financial year				
*Addition	81,380,446	80,000,000	0	161,380,446
*reduction	39,560,947	0	0	39,560,947
Net changes	41819499	80,000,000	0	121,819,499

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Indebtedness at the end of the financial year				
-i) principal amount	112,983,499	80,000,000	0	192,983,499
ii) interest due but not paid	3165689	1898632	Nil	5,064,321
iii) interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	116,149,188	81,898,632	0	198,047,820

(vii) REMUNERATION OF DIRECTORS AND KEY MANEGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Name of Managing Director/WTD/Manager			Total amount
		Alex K Babu (Managing Director)	Bobby Jose (Whole Time Director)	Bhuvanendran (Whole Time Director)	
1.	Gross Salary a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 b) Value of perquisites under Section 17(2) Income Tax Act 1961 c) Profit in lieu of salary under Section 17(3) Income Tax Act 1961	2,216,604/-	1,200,000/-	0	3,416,604/-
2.	Stock Option		0		0
3.	Sweat Equity		0		0

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4.	Commission - As % of profit - -others, specify		0		0
5.	Others, please specify		0		0
	Total (A)	2,216,604/-	1,200,000/-	0	3,416,604/-
	Ceiling as per the Act	84,00,000	24,26,819	0	

B. Remuneration to other Directors

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

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

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 b) Value of perquisites under Section 17(2) Income Tax Act 1961 c) Profit in lieu of salary under Section 17(3) Income Tax Act 1961	0	225,000/-	480,000/-	705,000/-
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - As % of profit - -others, specify	0	0	0	0
5.	Others, please specify	0	0	0	0
	Total	0	225,000/-	480,000/-	705,000/-

CIN : U65923KL2011PLC027672

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XII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

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



Alex K Babu
Managing Director
DIN: 01254207



Bhuvanendran N
Whole-Time Director
DIN: 01903591

Place: Kochi
Date: 10.05.2017

CIN : U65923KL2011PLC027672

Hedge Finance Ltd.

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Email: hf@hedgefinance.com

Web: www.hedgefinance.com



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)

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

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

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

(b) Nature of contracts/arrangements/ Transactions :

Name of the Related Party	Hedge Equities Limited
Nature of contract/ agreement/ transaction	Lease agreement/ Commission from Mutual Fund distribution/ amount received from investment in derivatives
Duration of contract/agreements/ transactions	1 year (from 01/04/2016 to 31/03/2017)
Salient terms of the contracts or arrangements or transaction including the value, if any	NA
Date of approval by the Board, if any	15.07.2016
Amount paid as advances, if any	-

CIN : U65923KL2011PLC027672

Hedge Finance Ltd.

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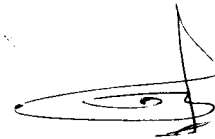


2. Details of material contracts or arrangement or transactions not at arm's length basis : NIL

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



Alex K Babu
Managing Director
DIN: 01254207



Bhuvanendran N
Whole-Time Director
DIN: 01903591

Place: Kochi
Date:10.05.2017

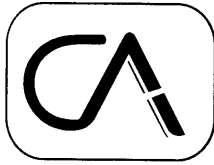
CIN : U65923KL2011PLC027672

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Independent Auditors' Report

To the members of **Hedge Finance Limited**

Report on the financial statements

We have audited the accompanying financial statements of **Hedge Finance Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss for the year then ended, the Cash flow Statement for the year ended March 31st 2017 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the

overall presentation of the financial statements. 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.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance sheet, of the State of Affairs of the Company as at March 31, 2017; and
- (b) In the case of Statement of profit and loss, of the Profit for the year ended on March 31st 2017; and
- (c) Its cash flow statement for the year ended 31st March 2017.

Emphasis of Matters

Nil

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, 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 obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of account;
- (c) In our Opinion, the Company has no independent branches and hence there is no need to prepare report on the accounts of Branch Office of the company audited under sub section (8).
- (d) The Balance Sheet and Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
- (e) In our opinion, the balance sheet and statement of profit and loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2014; and
- (f) In our opinion, the comments or observations don't have any adverse effect on functioning of the company.
- (g) On the basis of written representations received from the directors as at March 31, 2017, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2017, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.

- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
- (i) With respect to the 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 no pending litigations on its financial statements.
 - (ii) The Company has no material foreseeable losses.
 - (iii) There is no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company.

Kochi
Dated 10th May, 2017

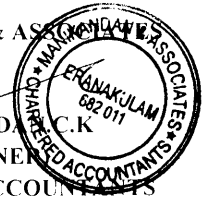
For, MANIKANDAN & ASSOCIATES


MANIKANDAN C.K.
(PARTNER)

CHARTERED ACCOUNTANTS

MEMBERSHIP No.208654

FIRM.No.008520S



**Annexure I to the Independent Auditors' Report of
Hedge Finance Limited
as of and for the year ended March 31, 2017
(referred to in our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) There is no immovable property held in the name of the company.
- (ii) The Company has no inventory and hence Para 3 (ii) of the Companies (Auditors Report) order, 2016 is not applicable to the company.
- (iii) The Company has granted loan to Hedge Equities Limited and balance outstanding as on 31-03-2017 is ₹ 3 Cr.
- (a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest
- (b) The company is regular in payment of interest where applicable.
- (c) Since no amount is overdue this clause is not applicable.
- (iv) The company has not granted any loans, investments, guarantees, and security covered under the provisions of section 185 and 186 of the Companies Act, 2013 and hence this clause is not applicable to the company.
- (v) The Company has not accepted any deposits from the public as per the provisions of sections 73 to 76 of the Companies Act and the rules framed there under. Hence this clause is not applicable to the Company.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any services rendered by the company.
- (vii) (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues.
- (b) According to the information and explanations given to us, there are no dues outstanding of income tax, sales tax, customs duty, service tax, excise duty and cess on account of any dispute.

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, or dues to debenture holders.
- (ix) The company has not raised any money by way of public offer or further public offer including debt instruments and term loans and hence this clause is not applicable.
- (x) There are no instances of fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) Managerial Remuneration had been paid by the company during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to Companies Act.
- (xii) The company is not a Nidhi company and hence paragraph 3(xii) of Companies (Auditors Report) order, 2016 is not applicable to the company.
- (xiii) All the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in financial statements, as required by the applicable accounting standards.
- (xiv) The company has issued redeemable non convertible debentures and the company has complied with Section 42 of the Companies Act, 2013 and the amount raised has been used for the purpose for which it was raised.
- (xv) The company has not entered into any non cash transactions with Directors or persons connected with him.
- (xvi) The company is registered under Section 45 IA of the Reserve Bank of India Act, 1934 and has obtained registration certificate.

Kochi
Dated 10th May 2017

For, MANIKANDAN ASSOCIATES

MANIKANDAN ASSOCIATES
(PARTNER)
CHARTERED ACCOUNTANTS
MEMBERSHIP No.208654
FIRM.No.008520S

Annexure 2 To The Independent Auditor's Report of Even Date on The Financial Statements of Hedge Finance Limited

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

We have audited the internal financial controls over financial reporting of Hedge Finance Limited (the company) as of 31st March 2017 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, 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 the 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 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 authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance may 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 31st March 2017, based on the internal financial 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 Institute of Chartered Accountants of India.

Kochi
Dated 10th May 2017

For, MANIKANDAN & ASSOCIATES


MANIKANDAN & ASSOCIATES
(PARTNERS ACCOUNTANTS)
CHARTERED ACCOUNTANTS
MEMBERSHIP No.208654
FIRM.No.0085205



To the Board of Directors of

Hedge Finance Ltd

1. We have audited the attached Balance Sheet of Hedge Finance Ltd as at March 31st, 2017 and also the Statement of Profit and Loss for the year ended on that date annexed thereto and issued our audit opinion.
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit report.
2. As required by the Non – Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India ('the RBI') and amended from time to time ('the Directions'), based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereunder on the matters specified in paragraphs 3 and 4 of the Directions:
 - a) The company is engaged in the business of a Non- Banking Financial Institution ('NBFI') as defined in section 45 –I(a) of the Reserve Bank of India Act, 1934 ('the Act') during the year ended March 31, 2017. The company was registered with the RBI as an NBFI without accepting public deposits vide certificate of Registration ('CoR') number (COR No. N-16.00190 dated 16/04/2012 from the RBI.)
 - b) Based on the asset/income pattern as on March 31, 2017 determined by the Management in accordance with the audited financial statements for the year ended as on that date, and with reference to paragraph 15 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, the Company is entitled to continue to hold such CoR.
 - c) Based on the criteria set forth by the RBI in Company Circular No.DNBS.PD .CC No.85/03.02.089/2006-07 dated December 6, 2006 for classification of NBFCs, the company has been correctly classified as Loan Company as defined in Non-Banking Financial Companies, Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the financial year ended March, 2017.
 - d) The Board of Directors has passed a resolution on 25-04-2016 for Non-Acceptance of Public deposits.
 - e) The Company has not accepted any public deposits during the year ended March 31st, 2017.
 - f) The company has complied with the prudential norms relating to income recognition, accounting Standards, asset classification and provisioning for bad & doubtful debts as applicable to it in terms of Non- Systemically Important Non Banking Financial (Non Deposit Accepting or Holding)Companies Prudential Norms (Reserve Bank)Directions,2015 during the year ended March 31st ,2017.
3. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion mentioned in paragraph 1.

4. This report is issued solely for reporting matters specified in paragraphs 3 and 4 of the Directions, to the Board of Directors and is not to be used or distributed for any other purpose

For, MANIKANDAN & ASSOCIATES



MANIKANDAN
(PARTNER)

CHARTERED ACCOUNTANTS
MEMBERSHIP No.208654
FIRM.No.008520S

Kochi
Dated 10th May 2017

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

[as required in terms of paragraph 13 of Non –Systemically Important Non- Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015]

(₹ In lakhs)

Particulars			
Liabilities side			
(1)	Loans and advances availed by the non-banking financial inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue
	(a) Debentures: Secured	1152.00	Nil
	: Unsecured	819.00	Nil
	(Other than falling within the meaning of public deposits)		
	(b) Deferred credits	Nil	Nil
	(c) Term loans	12.44	Nil
	(d) Inter corporate loans and borrowing	Nil	Nil
	(e) Commercial paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
Assets side			
		Amount outstanding	
(2)	Break up of Loans and Advances including Bills receivable (other than those included in (4) below:		
	(a) Secured	2743.87	
	(b) Unsecured	197.88	
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	i. Lease assets including lease rentals under sundry debtors:		Nil
	(a) Financial lease		
	(b) Operating lease		
	ii. Stock on hire including hire charges under Sundry debtors		Nil
	(a) Assets on hire		
	(b) Repossessed Assets		
	iii Other loans counting towards AFC activities		Nil
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		

4	Break – up of Investments:			
	<i>Current Investments:</i>			
	1. Quoted:			
	(i) Shares: (a) Equity	19.19		
	(b) Preference	Nil		
	(ii) Debentures and Bonds	2.78		
	(iii) Units of mutual funds	10.00		
	(iv) Government Securities	Nil		
	(v) Others	4.11		
	2. Unquoted:			
	(i) Shares: (a) Equity	Nil		
	(b) Preference	Nil		
	(ii) Debentures and Bonds	Nil		
	(iii) Units of mutual funds	Nil		
(iv) Government securities	Nil			
(v) Others				
Long term investments:				
1. Quoted:				
(i) Shares: (a) Equity	Nil			
(b) Preference	Nil			
(ii) Debentures and Bonds	Nil			
(iii) Units of Mutual funds	Nil			
(iv) Government Securities	Nil			
(v) Others				
2. Unquoted:				
(i) Shares : (a) Equity	Nil			
(b) Preference	Nil			
(ii) Debentures and Bonds	Nil			
(iii) Units of mutual funds	Nil			
(iv) Government securities	Nil			
(v) Others	Nil			
5	Borrower group wise classification of assets financed as in (2) and (3) above			
	Amount net of Provisions			
		Secured	Unsecured	Total
	Category			
	1.Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	298.95	Nil	298.95
	(c) Other related parties	331.91	151.29	483.20
	2. Other than related parties	2103.40	43.83	2'47.23
	Total	2734.26	195.12	2929.38
6	Investor group –wise classification of all investments (current and long term) in shares and securities(both quoted and unquoted)			
	Category			
	1.Related parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil

	2 Other than related parties	Nil	Nil	Nil
	Total	Nil	Nil	Nil
7	Other information			
	1) Gross Non Performing Assets			
	i) Related Parties	Nil	Nil	Nil
	ii) Other than related Parties	Nil	2.08	2.08
	2) Net Non performing Assets			
	i) Related parties	Nil	Nil	Nil
	ii) Other than related parties	Nil	2.08	2.08
	Assets acquired in satisfaction of debt	Nil	Nil	Nil

For and on Behalf of the Board of Directors

Alex K Babu



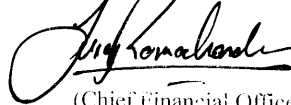
(Managing Director)

Bhuvanendran N



(Whole-time Director)

Suresh Eemachandran



(Chief Financial Officer)

Anju Thomas



(Company Secretary)

Kochi

Dated 10th May 2017

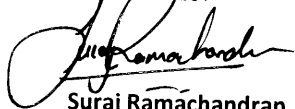
HEDGE FINANCE LTD
BALANCE SHEET AS AT 31st MARCH 2017

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
		<i>Amount in ₹</i>	<i>Amount in ₹</i>
<u>I. EQUITY AND LIABILITIES</u>			
1 Shareholders' Funds			
Share Capital	4	22,47,18,396	22,47,18,396
Reserves and Surplus	5	2,03,76,480	1,12,11,230
2 Non-current liabilities			
Long-term Borrowings	6	19,29,83,499	7,11,64,000
Deferred Tax Liabilities (Net)			
3 Current Liabilities			
Other Current Liabilities	7	68,63,364	30,87,219
Short-term Provisions	8	1,48,89,471	1,41,35,342
TOTAL		45,98,31,210	32,43,16,187
<u>II. ASSETS</u>			
1 Non-current Assets			
Fixed Assets	9		
(i) Tangible Assets		34,17,546	16,63,610
(ii) Intangible Assets		1,20,000	96,000
Deferred Tax Asset(net)	10	2,21,604	2,60,930
Long-term Loans and Advances	11	4,29,08,129	4,02,91,876
2 Current Assets			
Current Investments	12	36,08,544	21,66,062
Cash and Cash Equivalents	13	14,99,77,240	2,18,74,867
Short-term Loans and Advances	14	25,62,22,443	25,38,92,036
Other Current Assets	15	33,55,704	40,70,806
TOTAL		45,98,31,210	32,43,16,187

For and on behalf of the Board



Alex K Babu
(Managing Director)
DIN:01254207



Suraj Ramachandran
(Chief Financial Officer)



N. Bhuvanendran
(Whole-Time Director)
DIN:01903591



Anju Thomas
(Company Secretary)

As per our Report of even date attached
For, MANIKANDAN & ASSOCIATES



C. K. MANIKANDAN
(PARTNER)

CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 008520S

Kochi

Dated 10/05/2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

Particulars	Note No.	Year Ended 31st March 2017 Amount in ₹	Year Ended 31st March 2016 Amount in ₹
I Income			
Revenue from Operations	16	5,55,85,761	4,41,71,354
Other Income	17	1,13,08,481	51,68,599
Total Revenue		6,68,94,242	4,93,39,953
II Expenses			
Employee Benefits Expenses	18	1,25,61,678	82,45,061
Finance costs	19	1,27,58,527	59,24,139
Other expenses	20	91,82,186	77,17,739
Depreciation and amortization expenses	21	5,10,821	4,64,648
Total Expenses		3,50,13,212	2,23,51,587
III Profit Before Tax		3,18,81,030	2,69,88,366
IV Tax expense:			
Current tax		98,62,085	92,06,923
Deferred tax		39,326	-2,77,441
Total Tax Expense:		99,01,411	89,29,482
V Profit for the year		2,19,79,619	1,80,58,884
VI Earnings per Equity Share:			
Basic	22	0.98	0.80
Diluted		0.98	0.80

For and on behalf of the Board



Alex K Babu
(Managing Director)
DIN:01254207



Suraj Ramachandran
(Chief Financial Officer)



N.Bhuvanendran
(Whole-Time Director)
DIN:01903591



Anju Thomas
(Company Secretary)

As per our Report of even date attached
For, MANIKANDAN & ASSOCIATES



C.K. MANIKANDAN
(PARTNER)

CHARTERED ACCOUNTANTS
MEMBERSHIP NO: 208654
FIRM REG NO: 0085205

HEDGE FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st - March - 2017

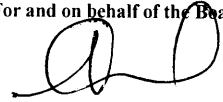
	As At 31st March 2017	As At 31st March 2016
CASH FLOWS FROM OPERATING ACTIVITY		
Net profit before taxation and extraordinary items	3,18,81,030	2,69,88,366
Add : Adjustment For :		
Depreciation / amortization	5,10,821	4,64,648
Provision for standard asset &NPA	-83,991	7,93,578
Interest on debenture	1,24,93,743	25,14,910
Less: Adjustment For :		
Income from Investment	21,66,499	(14)
Operating profit before working capital changes	4,26,35,104	3,07,61,516
Movements in working capital		
Decrease/(increase) in long term loans & Advances	-26,16,253	24,75,76,940
Decrease/(increase) in short term loans & Advances	-23,30,407	-25,31,31,729
Decrease/(increase) in Other current assets	7,15,102	18,20,879
Increase/(Decrease) in current liabilities	37,76,145	12,92,026
Cash generated from /(used in) operations	4,21,79,691	2,83,19,633
Less: Direct tax paid (including TDS)	90,23,965	92,06,923
Net cash flow from /(used in) Operating Activities (A)	3,31,55,726	1,91,12,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-22,88,757	-3,45,535
Purchase of Investment	-3,13,34,80,228	-16,29,09,209
Sale of Investment	3,13,56,46,727	16,29,09,195
Income From Investments		
Other investment	-14,42,482	-9,38,776
Net cash flow from Investing Activities (B)	-15,64,740	-12,84,325
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		59,07,500
Proceeds from Secured Debentures	16,03,89,000	7,11,64,000
Increase/Decrease in Loan from financial institution	9,91,446	-6,23,72,071
Redemption of Debentures	-3,95,60,947	-
Interest on debentures	-1,24,93,743	-25,14,910
Dividend Paid	-1,06,46,909	-1,02,21,909
DDT paid	-21,67,460	-17,37,213
Net cash flow from Financing Activities (C)	9,65,11,387	2,25,397
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	12,81,02,373	1,80,53,781
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	2,18,74,867	38,21,086
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	14,99,77,240	2,18,74,867

Notes on accounts

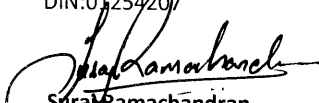
The schedules and the notes thereon form an integral part of the Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board


Alex K Babu
(Managing Director)

DIN:01254207


Sdraj Ramachandran
(Chief Financial Officer)


N. Bhuvanendran
(Whole-Time Director)

DIN:01903591


Anju Thomas
(Company Secretary)

As per our Report of even date attached

For, MANIKANDAN & ASSOCIATES


C.K. MANIKANDAN
(PARTNER)

CHARTERED ACCOUNTANTS

MEMBERSHIP NO: 208654

FIRM REG NO: 0085205

Kochi

Dated 10/05/2017

HEDGE FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts are in Indian Rupees, unless otherwise stated)

1. Corporate Information

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

2. Basis of preparation of Financial Statements

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the guidelines issued by Reserve Bank of India as applicable to a non deposit accepting NBFC. The Financial Statements are prepared under the historical convention on accrual basis of accounting (except otherwise stated) and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013

3. Significant Accounting Policies

a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Such interests, where installments are overdue in respect of nonperforming assets are recognized on realization basis.

c) Inflation

Assets and Liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

d) Fixed Asset

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

e) Depreciation

Depreciation on Fixed Assets has been provided on Straight Line Method in the manner prescribed in Schedule II to the Companies Act, 2013 by adopting the useful lives prescribed as part C of schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value.

f) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less accumulated amortization and accumulated Impairment losses if any. Intangible assets are amortized on straight line basis over the estimated useful economic life of 5years

g) Impairment of Assets

A Substantial portion of the company's asset comprise "Financial Assets" to which Accounting Standard 28 on impairment of Asset issued by the Institute of Chartered Accountants of India is not applicable. In the opinion of the company the fixed assets possessed by the company are in the nature of "Corporate Assets" and are not cash generating unit as defined by the said Accounting Standard and there is no impairment of any Fixed Asset.

h) Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

i) Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income", issued by Institute of Chartered Accountants of India. Income Tax comprises both current tax and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961.

The tax effect of the timing difference that results between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred

tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance sheet date.

Deferred tax asset are recognized only to the extent there is reasonable certainty of its realization

j) Foreign Currency Transactions-Nil (Previous year Nil)

k) Earnings per share

Basic earnings per share are 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. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

l) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit & Loss.

m) Related Party Disclosure

Disclosures are made as per the requirements of the Accounting Standard 18 read with the clarifications issued by The Institute of Chartered Accountants of India.

n) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases.

o) Provisions and Contingencies

There are no contingencies as at the balance sheet date that needs to be disclosed. Also there are no events occurring after the balance sheet date that necessitate adjustment of assets and liabilities or other events that require disclosure.

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and

are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand and at bank with an original maturity of three months or less.

HEDGE FINANCE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 - March - 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Note No:-4

Equity Share Capital

	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount In Rs	Number	Amount In Rs
Authorised				
Equity Shares of Rs 10/- each	7,50,00,000	75,00,00,000	7,50,00,000	75,00,00,000
	7,50,00,000	75,00,00,000	7,50,00,000	75,00,00,000
Issued				
Equity Shares Rs 10/-each	2,37,16,544	23,71,65,440	2,37,16,544	23,71,65,440
	2,37,16,544	23,71,65,440	2,37,16,544	23,71,65,440
Subscribed & fully Paid up				
Equity Shares of Rs10/-each fully paid up	2,12,93,817	21,29,38,170	2,12,93,817	21,29,38,170
	2,12,93,817	21,29,38,170	2,12,93,817	21,29,38,170
Subscribed but not fully Paid up				
Equity Shares of Rs 10/- each Rs 3.05/share paid up	11,50,000	35,07,500	11,50,000	35,07,500
Equity Shares of Rs 10/- each Rs 6.5/share paid up	12,72,727	82,72,726	12,72,727	82,72,726
Total	24,22,727	1,17,80,226	24,22,727	1,17,80,226

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount In Rs	Number	Amount In Rs
Shares of Rs.10/-				
Shares outstanding at the beginning of the year	2,37,16,544	22,47,18,396	2,37,16,544	21,88,10,896
Shares Issued during the year				
Share amount received for partly paid up shares				59,07,500
Preference shares converted into equity shares during the year				
Shares bought back during the year				
Shares outstanding at the end of the year	2,37,16,544	22,47,18,396	2,37,16,544	22,47,18,396

b. Terms/rights attached to equity shares

The company has only one type of equity shares having par value of Rs 10/- each. Every member shall have one vote for every share held by him. The transfer, transmission or consolidation of shares shall be effected within one month from the date of lodgment of application. The company in the general meeting may declare dividends & the Board may from time to time pay to the members such interim dividends as justified by the profits of the company.

Dividend has been declared during the year ended 31.03.2017

Upon the winding up of the company, the surplus assets shall be distributed among the members in specie or kind.

c. Details of Shareholders holding more than 5% shares in the company

Name of the share holder	As at 31st March, 2017		As at 31st March, 2016	
	No of shares	Percentage of holding	No of shares	Percentage of holding
Alex K Babu	4489787	19	4489787	19
Raphael P Thomas	2500000	11	2500000	11
Dr P S George	1666666	7	1666666	7
K C Babu	6395455	27	6295455	27

NOTE No. 5 Reserves and Surplus		
	As at 31st March 2017	As at 31st March 2016
a. Statutory Reserve		
Opening Balance	94,74,342	58,62,565
Current year transfer	43,95,924	36,11,777
Total (A)	1,38,70,266	94,74,342
b. Surplus		
Opening balance	17,36,888	1,04,150
(+) Net Profit/(Net Loss) For the current year	2,19,79,619	1,80,58,884
(+) Transfer from Reserves		
(-) Proposed Dividends	1,06,46,909	1,06,46,909
(-) Tax on Proposed Dividends	21,67,460	21,67,460
(-) Transfer to Reserves 20%	43,95,924	36,11,777
Total (B)	65,06,214	17,36,888
Total	2,03,76,480	1,12,11,230

Note No :- 6 Long Term Borrowings		
	As at 31st March 2017	As at 31st March 2016
a) Debentures		
(i) Secured Non Convertible Debentures-2nd Series	8,03,89,000	
(ii) Secured Non Convertible Debentures-1st Series	3,16,03,053	7,11,64,000
(iii) Un secured Non Convertible Debentures-1st Series	8,00,00,000	
b) Term Loan-Vehicle		
From Banks	9,91,446	
Total	19,29,83,499	7,11,64,000

The company has issued Redeemable non convertible secured and unsecured debentures in various schemes. The debentures issued have repayment period depending on the scheme it falls under. The schemes range from monthly, annually and maturity interest payment. The rate of interest on these debentures range from 11.5% to 13.5% p.a.

Note No :- 7 Other Current Liabilities		
	As at 31st March 2017	As at 31st March 2016
Current Maturities of term loan	2,53,152	
Cash Credit From Others :-		
a) Aditya Birla Finance LTD		19,859
Interest Payable on Debentures	50,64,321	22,28,167
Other Current Liabilities :-		
a) Dues to creditors for expenses	10,88,855	5,44,748
b) Statutory payables	2,68,426	2,90,205
c) Other Payables	1,88,610	4,240
Total	68,63,364	30,87,219

Note No :- 8 Short term Provisions		
	As at 31st March 2017	As at 31st March 2016
Proposed Equity dividend	1,06,46,909	1,06,46,909
Provision for Dividend Tax	21,67,460	21,67,460
Provision for Standard Assets	10,28,885	8,67,946
Provision for NPA	2,08,097	4,53,027
Provision for Taxation	8,38,120	
Total	1,48,89,471	1,41,35,342

Note No. 9
Fixed Assets

Asset	Gross Block					Accumulated Depreciation/Amortization Expense					Net Block	
	Balance As At 01.04.2016	Additions	Disposals	Revaluations / (Impairments)	Balance As At 31.03.2017	Balance As At 01.04.2016	Depreciation/Amortization Expense charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2017	Balance as at 31 March 2016
i) Tangible Assets												
Computers & Accessories	5,92,900	57,800	-	-	6,50,700	3,40,840	1,69,997	-	-	5,10,837	1,39,863	2,52,060
Office Equipments	33,000	6,07,300	-	-	6,40,300	1,331	22,173	-	-	23,504	6,16,796	31,669
Lifts And Battery	2,24,800	-	-	-	2,24,800	1,63,638	37,011	-	-	2,00,649	24,151	61,162
Air Conditioner	39,600	1,48,770	-	-	1,88,370	6,493	18,499	-	-	24,992	1,63,378	33,107
Mobile Phone	73,335	-	-	-	73,335	31,360	41,975	-	-	73,335	-	41,975
Motor Vehicle												
HYUNDAI I20 ASTA KL 7 CB 8800	7,87,574	-	-	-	7,87,574	1,29,653	93,781	-	-	2,23,434	5,64,140	6,57,921
MAKUTHI DEZIRE KL 7 BZ 6987	7,63,592	-	-	-	7,63,592	1,77,876	90,925	-	-	2,68,801	4,94,791	5,85,716
Bhczar ZDI	-	14,14,887	-	-	14,14,887	-	460	-	-	460	14,14,427	-
Total(A)	25,14,801	22,28,757	-	-	47,43,558	8,51,191	4,74,821	-	-	13,26,012	34,17,546	16,63,610
ii) Intangible Assets												
Computer Software	1,20,000	60,000	-	-	1,80,000	24,000	36,000	-	-	60,000	1,20,000	96,000
Total (B)	1,20,000	60,000	-	-	1,80,000	24,000	36,000	-	-	60,000	1,20,000	96,000
Capital Work In Progress												
Total	-	-	-	-	-	-	-	-	-	-	-	-
Total (A + B)	26,34,801	22,88,757	-	-	49,23,558	8,75,191	5,10,821	-	-	13,86,012	35,37,546	17,59,610
Previous Year	22,89,266	3,45,535	-	-	26,34,801	4,10,543	4,64,648	-	-	8,75,191	17,59,610	18,78,723

NOTE No :- 10			
Deferred Tax Asset(Net)			
	As at 31st March 2017	As at 31st March 2016	
Opening Deferred Tax Asset	2,60,930		-16,511
Fixed Asset			
Impact of difference between tax depreciation and depreciation charged for financial reporting	-12,482		15,084
Provision for Advances	-26,844		2,62,357
Total	2,21,604		2,60,930

NOTE No :- 11			
Long Term Loans and advances			
	As at 31st March 2017	As at 31st March 2016	
a)Loans and advance to related parties (Secured, considered good)	-		NIL
b)Other loans & advance			
Secured considered good	4,27,17,471		4,02,91,876
Unsecured considered good	1,90,958		NIL
Total	4,29,08,129		4,02,91,876

Note No :- 12			
Current Investments			
	As at 31st March 2017	As at 31st March 2016	
a) Investments in Mutual Funds (Quoted at cost)#	10,00,000		21,60,000
b) Investments in Shares	19,19,095		
c) Investments in NCD (Quoted at cost)#	2,78,279		6,062
d) Investments in Derivatives	4,11,170		
Total	36,08,544		21,66,062

#Refer Note 23 for details of investments purchased and sold during the year.

Note No :-13			
Cash and Bank Balances			
	As at 31st March 2017	As at 31st March 2016	
Cash and Cash Equivalents:			
a) Balances with banks			
In current accounts	14,99,67,493		2,18,65,902
b) Cash	402		1,015
c) Others:			
Trading Stamp Paper	9,345		7,950
Total	14,99,77,240		2,18,74,867

Note No :-14		
Short Term Loans &Advances		
	As at 31st March 2017	As at 31st March 2016
a) Secured, considered good-Related parties	6,33,07,961	8,79,86,121
b) secured considered good-Others	16,83,61,816	13,19,82,802
C)Unsecured ,considered good-Related parties	1,51,82,189	90,89,013
d)Unsecured, Considered good - others	44,15,142	2,26,22,766
Income Tax Refund	7,37,635	9,11,334
Other Advances	42,17,700	13,00,000
Total	25,62,22,443	25,38,92,036

Note No :- 15		
Other Current Assets		
	As at 31st March 2017	As at 31st March 2016
(Unsecured, considered good unless otherwise stated)		
(a)Prepaid Expenses	2,88,308	2,54,133
(b)CENVAT on Service Tax	Nil	7,38,948
(c)Other Receivables:	30,67,396	30,77,725
Total	33,55,704	40,70,806

Note No :- 16		
Revenue From Operations		
	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest Income	5,55,85,761	4,41,71,354
Total	5,55,85,761	4,41,71,354

Note No :- 17		
Other Income		
	Year Ended 31st March 2017	Year Ended 31st March 2016
Loan Processing Income	5,09,097	3,94,048
Income from Investments	21,75,577	-14
Other Income	85,72,035	47,74,565
Commission-Insurance	51,772	Nil
Total	1,13,08,481	51,68,599

Note No :- 18		
Employee Benefit Expenses		
	Year Ended 31st March 2017	Year Ended 31st March 2016
Salaries & Allowances	1,13,77,403	70,48,967
Staff Bonus & Incentive	9,58,032	11,96,094
Contribution to PF &ESI	2,26,243	Nil
Total	1,25,61,678	82,45,061

Note No :- 19		
Finance Cost		
	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest Expenses	2,55,932	33,69,944
Interest on Non-convertible secured debentures	1,03,84,147	25,14,910
Interest on Non-convertible Unsecured debentures	21,09,596	Nil
Bank Charges	8,852	39,285
Total	1,27,58,527	59,24,139

Note No :- 20		
Other Expenses		
	Year Ended 31st March 2017	Year Ended 31st 2016
Advertisement Charges	17,67,961	18,08,074
Bad debts Write Off	3,00,000	Nil
Audit fee & Expenses (Refer Note no:20 (a))	4,50,000	3,00,000
Books & Periodicals	1,670	924
Business Promotion	11,42,786	3,58,703
Commission	4,84,102	Nil
Dividend Tax paid	37,159	3,06,568
Income Tax F.Y 2013-14	1,73,699	Nil
Donation	5,92,000	3,70,000
DP transaction Charges	10,959	54,599
Food & Lodging Expenses	1,84,915	40,026
IRDA registration Expenses	41,412	Nil
Insurance Expense	1,74,907	7,067
Internet Charges	34,373	Nil
Marketing Fee	55,650	2,17,332
Mutual Fund registration Expenses	33,394	12,500
Office Expenses	20,352	2,080
Postage & Courier	48,113	5,815
Presents & Compliments	10,000	1,03,000
Printing & Stationery	2,47,199	52,801
Prior Period Expense	Nil	60,000
Professional Charges	5,56,910	20,41,867
Provision for NPA	-2,44,930	4,53,027
Provision for Standard Assets	1,60,939	3,40,551
Rates & Taxes	86,217	1,35,969
Rent	2,40,000	2,40,000
Repairs & Maintenance	1,60,518	98,750
Subscription Charges	10,57,221	2,22,640
Tea & Coffee Staff	Nil	1,811
Telephone Charges	1,24,547	37,748
Travelling Expense	12,30,113	4,45,887
Total	91,82,186	77,17,739
Payment to Auditors (Note no: 20 (a))		
As Auditor		
a.Audit Fee	4,00,000	3,00,000
b.For Taxation Matters	25,000	
c.For Management Services		
d.For Other Services	25,000	
Total	4,50,000	3,00,000

Note No:21			
Depreciation & amortization expenses			
	Year Ended 31st March 2017	Year Ended 31st 2016	March
Depreciation of tangible assets	4,74,821		4,40,648
Amortization of Intangible Assets	36,000		24,000
Total	5,10,821		4,64,648

Note No :- 22			
Earnings Per Share (EPS)			
The following reflects the profit and share data used in the basic and diluted EPS computations :			
	Year Ended 31st March 2017	Year Ended 31st 2016	March
Net profit/(loss) for calculation of EPS	2,19,79,619		1,80,58,884
Weighted average number of equity shares in calculating basic EPS (Nos.)	2,24,71,840		2,24,71,840
Weighted average number of equity shares in calculating diluted EPS(Nos.)	2,24,71,840		2,24,71,840
EPS			
(1) Basic	0.98		0.80
(2) Diluted	0.98		0.80

23. Details of Investments Purchased and sold during the year

(₹ in Lakhs)

Particulars	Purchase Value	Sale Value
HDFC Balanced Fund(G)-Direct Plan	660,000	803,096
HDFC Midcap Opportunities Fund(G)-Equity	680,000	881,932
ICICI Pru balanced Advantage Fund(G)-Hybrid	680,000	785,015
ICICI Pru value Discovery Fund Growth	660,000	787,575
Reliance Liquid Fund -Treasury Plan	1,003,814,011	1,004,091,870
Birla Sun life Cash Plus-Growth	1,494,963,455	1,495,395,275
UTI-Midcap-Direct Growth Plan	680,000	830,273
UTI-Money Market Fund-Institutional Plan	617,318,991	617,497,640
ABB	1,209	1,187
Avenue Super marts Limited	110,331	222,031
Music Broad cast	183,150	202,807
Muthoot Fin	9,463,807	9,606,221
Manappuram	130,154	130,584
Investments in Derivatives	4,135,121	4,411,218
Total	3,133,480,229	3,135,646,724

24. Note 06: Contd Term Loan - Vehicle from The Federal Bank Ltd, Kaloor Branch

(₹ in Lakhs)

Sl. No	Financial Institution	Facility availed	Sanction Limit and Interest rate	Repayment terms	Primary and Collateral Security	Balance as at March 31, 2017	Balance as at March 31, 2016
1	The Federal Bank Limited	Term Loan	10.25 (Present Interest rate is 8.95 p.a)	Repayable in 60 equal installments	Hypothecation of Brand New Maruti Breeza	9.91	Nil

25. Note 07: Contd Other Current liabilities

(₹ in Lakhs)

Sl. No	Financial Institution	Facility availed	Sanction Limit and Interest rate	Repayment terms	Primary and Collateral Security	Balance as at March 31, 2017	Balance as at March 31, 2016
1	Aditya Birla Finance	Cash Credit	10 Crores (Present Interest rate is 12.50% p.a)	Repayable on Demand	Pledge of Basket of securities as per the approved list of securities of ABFL at applicable margins. No unapproved scrip will be accepted except without specific approval for the same.	Nil	0.198
2	The Federal Bank Limited	Term Loan	10.25 (Present Interest rate is 8.95 p.a)	Repayable in 60 equal installments	Hypothecation of Brand New Maruti Breeza	2.53	Nil

26. Loan portfolio and Provision for Non Performing Assets for major categories of loan portfolio:

(₹ in Lakhs)

	Gross Loan outstanding		Provision for NPA		Net Loan Outstanding	
	2017	2016	2017	2016	2017	2016
a) Loan against Shares	269.42	220.81	0.95	2.44	268.47	218.37
b) Loan against Property	2005.01	1870.44	7.02		1997.99	1870.44
c) Loan against Guarantee	182.38	317.03	2.71	2.08	179.67	314.95
d) Margin Funding	426.38	511.45	1.49		424.89	511.45
e) HP	43.06		0.15		42.91	
f) Agricultural loan	15.5		0.05		15.45	
Total	2941.75	2919.73	12.37	4.52	2929.38	2915.21

27. Managerial Remuneration under section 197 of the Companies Act, 2013

(₹ in Lakhs)

	Current Year	Previous Year
Salaries & allowances	34.17	35.05

28. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

Particulars	Current year	Previous year
Profit after tax attributable to equity shareholders (₹)	2,19,79,619	1,80,58,884
Weighted average number of equity shares outstanding during the year	22471840	22471840
Basic /Diluted Earnings per share (₹)	0.98	0.8
Nominal value per share (₹)	10	10

29. No amount was due for transfer to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 on March 31st 2017.

30. There is no Micro and Small enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2017. This information as required to be disclosed under the Micro, Small and Medium enterprises development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

	As on 31 -Mar - 2017	As on 31 - Mar - 2016
31. Expenditure in foreign currency	NIL	NIL
32. Value of imports	NIL	NIL
33. Value of all imported raw material	NIL	NIL
34. Foreign remittance on account of dividends	NIL	NIL
35. Earnings in foreign exchange	NIL	NIL
36. Contingent liabilities	NIL	NIL

37. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November to 30th December, 2016.

	SBNs	Other denomination Notes	Total
Closing cash in hand as on 08/11/2016	NIL	80x100 = 8,000	8,923.00
		18x50 = 900	
		10x2 = 20	
		2x1 = 2	
		1x1 = 1	
(+) Permitted receipts	NIL	80000 (total receipts)	80,000.00
(-) permitted payments	NIL	64575 (total payments)	64,575.00
(-) Amount deposited in Banks	NIL	-	-
Closing cash in hand as on 30/12/2016	NIL	24,348.00	24,348.00

Hedge

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

(All amounts are in Indian Rupees, unless otherwise stated)

38) As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the accounting standard are given below:

1) List of related parties where control exists and related parties with whom transaction have taken place and relationships.

SI No	Name of the related party	Relationship
1	Alex.K.Babu	Key management Personnel
2	Bobby Jose Arakkunel	Key management Personnel
3	Vetikuzhiyil Sankaran Nair Bhuvanendran	Key management Personnel
4	John George	Key management Personnel
5	Pradeepkumar Cheenankandy	Key management Personnel
6	Peediyakal Samuel George	Key management Personnel
7	Ambrish Naresh Sampat	Key management Personnel
8	Nithya Alex	Relative of Key Management personnel
9	Raji .C.P	Relative of Key Management personnel
10	Babu Chandy	Relative of Key Management personnel
11	Hedge Equities Limited	Associate
12	Hedge Commodities Limited	Associate
13	Hedge school of Applied Economics limited	Associate
14	Anuja Property Developers Private Limited	Associate
15	Hedge Info Systems Private Limited	Associate
16	Hedge Properties private Limited	Associate
17	Glial Property Developers Private Limited	Associate
18	Aesthetics Securities Private Limited	Associate
19	Cordate Property Developers Private Limited	Associate
20	Lexine Builders and developers Private Limited	Associate
21	Trigger Logistics Private Limited	Associate
22	Omnicores Solutions Private Limited	Associate
23	Carlton Logistics Private Limited	Associate
24	Grass Hopper Farms & Plantations Limited	Associate
25	Senahu Technology solutions Private limited	Associate
26	Kensha Builders and Developers Private Limited	Associate
27	Kannur Textiles Industries Limited	Associate
28	Samaritan Super Speciality Hospital & Research Centre Limited	Associate
29	Baby Marine Products	Associate
30	Baby Marine Exports	Associate
31	Baby Memorial Hospital	Associate
32	Baby Marine Sea food Retail Private limited	Associate
33	Dreams Screens Private Limited	Associate

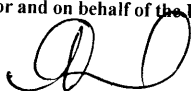
II) Transactions during the year and balances at the year end*

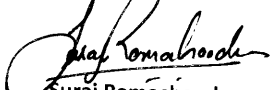
SI No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management person or their relatives	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
1	Loan advanced						
	Hedge Equities Limited						
	Kensha Builders and Developers Private Limited					3,00,00,000	5,85,83,305
	Babu Chandy						90,89,013
	Raji.C.P			3,28,38,147	2,79,80,714		
	Nithya Alex			4,69,814	14,21,499		
	Baby Marine Sea food Retail Private limited				603		
3	Interest on Loan					1,51,82,189	
	Hedge Equities Limited						
	Kensha Builders and Developers Private Limited					94,05,306	94,87,541
	Babu Chandy					4,31,596	1,40,476
	Raji.C.P			49,98,523	50,85,879		
	Nithya Alex			3,36,381	41,259		
	Baby Marine Products						
	Baby Memorial Hospital						49,675
	Baby Marine Exports						7,55,798
	Baby Marine Sea food Retail Private limited					8,17,357	
4	Remuneration					9,24,587	
	Alex.K.Babu	22,16,604	17,05,897				
	Bobby Jose Arakkunel	12,00,000	12,00,000				
	Vettikuzhiyil Sankaran Nair Bhuvanendran		6,00,000				
5	Rent paid						
	Hedge Equities Limited					2,40,000	2,40,000
	Travelling Expenses						
	Alex.K.Babu	4,59,270					
7	Commission Received						
	Hedge Equities Limited					6,48,887	35,12,104
8	Other Receivables						
	Hedge Equities Limited					2,25,952	10,329


*Transactions with relatives of key management personnel are based on declarations by the key management personnel & relied upon by the Auditors

39) Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

For and on behalf of the Board

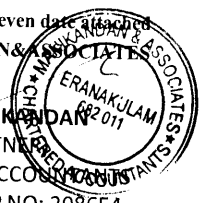

Alex K Babu
 (Managing Director)
 DIN:01254307


Suraj Ramachandran
 (Chief Financial Officer)


N. Bhuvanendran
 (Whole-Time Director)
 DIN:01903591


Anju Thomas
 (Company Secretary)

As per our Report of even date attached
 For, MANIKANDAN & ASSOCIATES


C.K. MANIKANDAN
 (PARTNER)
 CHARTERED ACCOUNTANTS
 MEMBERSHIP NO: 208654
 FIRM REG NO: 0085205

Kochi
 Dated 10/05/2017